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## ENVIRONMENTAL LAW & COMPANIES ACCOUNTABILITY: LAWFUL VITAL FOR SUSTAINABLE DEVELOPMENT

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### ABSTRACT

The meeting of corporate accountability and environmental law describes an important outline for the growth of sustainable development in the present global scenario. Various International treaties like the Rio Declaration, the Paris Agreement & Sustainable Development Goals etc. have framed the legal and standardized the basic foundations that are needed by all the states and the companies for facilitating the preservation of ecology and responsible for the management of the resources used which are given by the nature. This paper scrutinizes how the laws related to the environment outline the conduct of the company through the various liabilities related to the compliance mandates, combining the provisions of various principles and doctrines like polluter pays, precautionary principles, etc. Study of the jurisprudence, literature, and the provisions of the various statutes, which shows the various gaps between the intention and implementation. This research paper will conclude by citing the important shift towards binding the obligations that are lawful for companies under environmental law, which ensures that corporate governance is not restricted to self-regulation but functions as a duty imposed by law to justify multigenerational equity and world security related to ecology.

**Key Words:** Corporate Social Responsibility, Environmentally Sustainable Goals, Sustainable Development, Treaties, World Sustainable Development.

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## **Introduction**

According to the Report of Brundtland the Sustainable Development means the development that fulfills the present time without any compromising ability for the future generations for meeting their own needs of the generations (United Nations, 1987, p.43), gives the normative framework regarding the balance of economic progress, social justice and protection of the environment. Companies play an important engine for the production and consumption of environmental resources at the world at large provided by the nature to us for the better living. The usage of the resources by them acts as both a contributor and a signal towards the lowering of the Sustainable Development, which makes the companies accountable and a main aim for environmental law and concern (Tietenberg & Lewis, 2018).

For regulating the corporate environmental attitude through which societies and states constitute the legal architecture, environmental law plays an important role. This law mentions the standards, provides for the liability and provides incentives for compliance of the law. In today's time, companies are not only treated as profit-making actors but also liable and duty-bound towards the impact and factors affecting the environment and the society which sometimes leads to the negative impact over the society and nature due to the wrong usage of the resources available to the companies (Faure & Hart, 2006).

When accountability is paired with the resilient leadership of corporate it moves beyond mere compliance and becomes a strategic imperative for long term viability and competitive advantage. This integrated approach allows businesses to better manage risks that adapt the effective and rapid changing world. CEA (Corporate Environmental Accountability) involves the various liabilities with the transparency, reporting etc. Regulatory demands, market pressure and ethical considerations are considered as the core of environmental accountability with relation to corporate liability.

Ethical and Visionary guidance, Oversight and integration, culture and empowerment, proactive risk management, etc., are the main roles of resilient corporate leadership which are important and embedded in environmental accountability into the core strategy of the business.

This research asserts the lawful accountability of the companies, which is a requisite for sustainable development. It further examines the development of the conditions for examining the documents, which checks the corporate behavior for analyzing the accountability and the challenges for regulating the challenges regarding the environment and sustainable development by the companies. For

identifying the research gaps and for recommending the reforms for strengthening the accountability, doctrinal analysis, case studies and empirical examinations of the corporate disclosure practices.

### **Literature Review**

An extensive scholarly literature showcases the accountability of the companies that harm the environment. This scrutiny arranges the field in three important stands: (i) doctrinal and normative analyses of the liability frameworks; (ii) reporting of the empirical and policy evaluations, and (iii) due diligence on transitional perspectives of supply chains.

**Normative and Doctrinal Analysis:** Traditional laws related to the environment were limited towards the Indian Jurisdictions only. Various doctrines of the law of tort, like negligence, nuisance and strict liability, were considered as the main avenues for the redress for the violations of the provisions related to the environment (Burr & Ghosh, 2019). Researchers and Legal Scholars faced difficulties in imputing the causation regarding the diffusion of pollution and were criticized for the lack of compensation when there was a need for ecological restoration in society for the violations of these provisions, which harm both the environment and the society (French & Schon-Riley, 2010). Due to this, the principle of corporate criminal liability got the attention, specifically concerning deterrence and symbolic criticism (Faure & Hart, 2006). Still, the research focuses on the criminal sanctions and fines and sometimes fails to show the scale of corporate wealth for such violations (Johns, 2013).

**Disclosure and market-based mechanisms:** The second strand discusses the various range of disclosure obligations, market-based mechanisms, and voluntary governance mechanisms or regimes. Research related to corporate social responsibility (CSR) and environmental, social, and governance (ESG) reporting has illustrated the trade-off between transparency and greenwashing of the violations of the provisions regarding the protection of the environment through various laws prevailing in the state (Delmas & Burbano, 2011). Eccles and Serafeim (2013) propose that a quality disclosure should allow for standardization and third-party verification. Recent literature also examines the impact of the Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB), both streamlining disclosure frameworks (FSB/TCFD, 2023; IFRS Foundation/ISSB, 2023)

**Multinational Accountability and Supply Chains:** The new and current wave of research checks the accountability of the companies across the worldwide supply chain. As per the debate by the European Union's Corporate Sustainability Due Diligence Directive (CSDDD), has shared the views

about the obligations with regard to due diligence (European Commission, 2024; EUR-Lex, 2024). Researchers debate laws that extend the responsibility from the direct operations involving both the upstream and downstream impacts (Leite, 2024). Though optimistic, enforcement in developing jurisdictions, proof of causation, and transnational compliance monitoring continue to pose challenges (Mancini, 2020; Eller, 2025).

## **Research Methodology**

### **Research Design**

This work adopts a blended method of design, covering doctrinal legal analysis, comparative case studies, and empirically analyzing the content of the companies' reports. This triangle confirms both the empirical and normative insights.

### **Doctrinal Analysis**

This contains the analysis of the acts, principles, doctrines, and precedents that govern the accountability of companies related to the environment. Various sources like UK Environment Act 2021, EU Directive 2024/1760, and international treaties like Convention of Aarhus (UNECE, 1998), identify the liability standards, remedies and enforcement mechanisms.

### **Comparative Case Analysis**

For examining the legal outcomes, responses by the corporates and the regulatory lessons, three case studies were analyzed:

- (1) Deep-water Horizon (USA, 2010), (2) Bhopal (India, 1984) and
- (3) Contemporary supply chain controversies.

## **Growth of Environmental Principles and Norms**

The evolution of environmental laws has gone through various key and important principles, which is now an integral part of the corporate frameworks and accountability. European Environmental law originated the precautionary principle, which requires companies to work within the realm of scientific uncertainty. For assigning the liability to the parties regarding the economic accountability, the polluter pays principle came into play (OECD, 1972). With respect to the duty toward future generations, various principles like intergenerational equity and sustainable development originated (Weiss, 1992). Landmark judgments like *M.C. Mehta vs. Union of India* (1987) showcased the various judicial applications of these principles for enforcing corporate responsibility.

***Various Statutes governing the Behavior of the Companies Regarding the Environment.***

Many statutes, like the law of tort, criminal laws, administrative laws and various treaties and other laws govern the accountability of the companies.

**Statutory Composition:** There are various acts, like, UK Environment Act, 2021, and the EU Directive Act 2024/1760 impose due diligence and require reporting of the liabilities. While the Environment Protection Act of 1986 empowers regulators to set up the standards and sanctions for violations of the norms and formalities. This framework was developed as the founding liability for the violations of the guidelines.

**Law of Tort:** Various doctrines like the doctrine of nuisance, negligence and strict liability allowed the victims to recover damages. But evidence of causation and limitations in trans boundary harm often harm and stop the efficacy of the law of tort.

**Criminal Liability:** using and discharging of unlawful pollutants in the air sometimes may result in corporate fines, and in some serious situations, the officers may be behind bars as well. In day-to-day practice, penalties remain modest as compared to corporate revenues, which limit the deterrence (Johns, 2013).

**Administrative Remedies:** Licensing regimes, compliance inspections and administrative penalties which support the judicial enforcement via resource constraints that hamper the regulators.

Soft Law: Frameworks like United Nations Guiding Principles on Business and Human Rights (2011) and Organization of Economic Co-operation and Development Guidelines for Multinational Enterprises (2011) encourage voluntary compliance. But they miss the binding effect which raises the concerns regarding the green washing (Delmas & Burbano, 2011).

**Accountability Structure**

Disclosure obligations, civil liability, criminal sanctions and corporate reforms are the accountability mechanisms to ensure the enforcement of corporate environmental obligations.

**Disclosure**

Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB) set out the standards, which are mandatory for reporting frameworks. This

not only improves the transparency but also depends on rigorous enforcement and verification for the companies around the globe.

### **Civil liabilities**

Civil liability is also a very important part of the accountability mechanism. The challenges of securing adequate redress from multinational corporations were clearly illustrated during the Bhopal Gas Tragedy (1984). Civil liability is also considered as a very strong and important part with regard to the accountability mechanisms for companies related to environmental protection and violations of the provisions. The challenges of securing adequate redress from multinational corporations were clearly illustrated during the case of Union Carbide Corporation vs. Union of India (1984), primarily referred to as the Bhopal gas Tragedy, which established the principle of absolute liability ordering the company to pay the claims to the victims. A similar judgment was passed by the court in the case of M.C. Mehta vs. Union of India, referred to as the Shri Ram Fertilizer case or the Oleum Gas leak case.

### **Criminal liability**

Corporate criminal liability is a symbolic condemnation; it performs a deterrent and expressive function, representing legal condemnation. It causes severe environmental harm, but fines are often inadequate, and the lack of enforcement mechanisms often leads to no punishment for the offenders. There are various instances where the judiciary has imposed various penalties on companies that have committed violations of the environmental provisions. Best to discuss cases like the Oleum gas leak case, the Bhopal case tragedy, etc., where the court has convicted various persons for negligence due to which mass destruction took place in society, which provided for the compensation and relief to the aggrieved parties with regard to the justice.

### **Government Reforms**

There are various sources and documents that showcases about the enforcement models, key tools and mechanisms by the government for the reforms related to the companies violating the environmental provisions. Some of them are:

**The Environment Rules, 2025:** to deal with human resources and the deficits with the infrastructure of the CPCB and SPCBs, the ministry of Environment, Forest and Climate Change ordered by the Environment Audit Rules of 2025. It had involved key features like third party verification, Random Assignments and broad scope of the provisions (MoEFCC, 2025).

**Key Environmental Regulations:** Uses the command and control permits for the punitive actions, providing for the closure orders of electricity, water fines etc. with the core philosophy of deterrence and regulations including penalties and fines.

**Corporate Sustainability & Laws:** Juris Centre provides for compulsory reporting of the Business Responsibility reports for the top listed companies of the country, with the aim to have proper transparency with inputs and outputs sometimes lack behind the penalties for the performance of the companies with reference to the work related to the environmental protection.

Case Studies

### **Deep-water Horizon (USA, 2010)**

The BP oil spill resulted in the largest environmental disaster in US history. Litigation led to over USD 65 billion in fines and settlements. This case demonstrates the potential for strong penalties but also reveals the devastating ecological and social consequences of regulatory failure.

Many causes, including a series of mechanical failures and poor decisions and an insufficient safety culture, including defective cement, failed pressure test, BOP, etc. are found during regular investigation by official investigation. This incident was a huge disaster marked as an ecological and environmental disaster. Approximately 210 million gallons of oil leaked, causing direct physical, chemical and ecological harm to marine life presented at Gulf of Mexico, Shorelines of Louisiana, Mississippi, Alabama and Florida, etc. were highly affected and faced severe damages. Though the spill affected human health, economy and legal and financial framework but environmental damage was highest damage. This case showed the negligence and ignorance of corporate companies towards environmental sustainability.

### **Bhopal Gas Tragedy (India, 1984)**

One of the biggest disasters of Indian history, and a prime example of corporate negligence and hazardous outcomes of such irresponsibility, the Bhopal Gas Tragedy is marked dark page of history. This disaster was caused by combination of corroborative management negligence and poor maintenance. Toxic gas cloud was formed due to sudden and uncontrollable leak of methyl isocyanate (a very toxic and dangerous gas) causing immediate death, respiratory distress and pulmonary edema etc. Union Carbide Corporation (UCC) parent company of UCIL was held liable for not tracking and mismanagement of safety measures and procedures. This established the principle of absolute liability, providing the companies liable for the act even if they have taken proper care and measure (UCC vs. Union of India, AIR 1988 SC 1531).

### **Supply chain accountability**

Corporations implicated in deforestation through palm oil and soy sourcing illustrate challenges of monitoring complex global supply chains. Recent EU due diligence laws seek to impose extraterritorial accountability.

### **M.C. Mehta and Anr. v. Union of India & Ors. & Shriram Foods and Fertiliser Industries**

It is considered as one of the most important case in the Indian Environmental Jurisprudence. It also introduced the principle of absolute liability which strengthens the accountability of the dangerous industries. Further, this case showed the importance of Article 21 of Indian Constitution.

### **Transnational Dimensions**

Courts are now more willing to make parent companies answerable for harm caused abroad. Accountability is difficult due to globalization as companies work in many countries under various sets of law. The UN's draft on business and Human Rights is few of the major efforts to fix this, which creates common international rules. *Milieudefensie v. Shell* (2021) is a good example, where a Dutch court held Shell responsible for environmental damage that was caused by its Nigerian operation.

### **Corporate Governance and Environmental Risk**

Enforcing duties is still weak because the law does not clearly define directors' environmental responsibilities. Though, under Section 172 of the UK Companies Act 2006, directors must consider various environmental issues while making a decision. Stronger environmental, social, and governance (ESG) practices are strongly pushed by shareholders and investors.

### **Policy Recommendations**

- Strengthen penalties by making punishments stronger to ensure proportional deterrence and stop companies from breaking rules.
- Expanding statutory due diligence by making companies check their whole supply chain.
- For enforcing law, especially in developing countries, to improve the ability of governments.
- Verification and company reporting to create common international rules for company.
- Clarifying directors' duties related to enforcing accountability for protecting the environment.
- For worldwide integrating co-operation among companies.

## Conclusion

Achieving sustainable development requires strong corporate accountability within environmental law through enforceable legal obligations, not just goodwill. While legal frameworks are in place, inconsistent enforcement across jurisdictions hampers real progress. Leadership accountability must be made official; directors and executives should face personal liability for environmental violations. This will ensure decision-makers cannot shift ecological costs onto others without facing consequences.

Sustainable corporate governance needs to include environmental duties as part of fiduciary responsibilities. This shift will change boards from passive observers into active guardians of ecological integrity. Global reporting standards must be legally binding, and transparent disclosure processes should be reviewed by independent audits and regulatory oversight.

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