

CORPORATE SOCIAL LIABILITY IN GLOBAL VALUE CHAINS (FROM VOLUNTARY COMMITMENTS TO LEGAL OBLIGATIONS)

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Abstract:

This article explores the global transition from voluntary Corporate Social Responsibility (CSR) to enforceable Corporate Social Liability (CSL) in the governance of transnational business operations and Global Value Chains (GVCs). While CSR has traditionally relied on ethical self-regulation and reputational incentives, it has consistently failed to prevent systemic human rights abuses, labour exploitation, and environmental harm, especially in jurisdictions with weak regulatory capacity. CSL offers a normative and legal alternative grounded in principles of de facto control, economic dependency, and transnational influence. Through a comparative and doctrinal methodology, the article analyses key jurisprudential developments such as *Urbaser v Argentina*, *Vedanta v Lungowe*, and *Okpabi v Shell* alongside statutory models like France's Duty of Vigilance Law and the EU Corporate Sustainability Due Diligence Directive. Special attention is given to India's statutory CSR regime under Section 135 of the Companies Act, 2013, which, despite its pioneering status, lacks due diligence obligations and accountability mechanisms. The article proposes integrating CSL into Indian law through targeted legislative amendments, regulatory empowerment of bodies like SEBI and the NGT, and constitutional interpretation under Article

21. By linking socio-legal theory with practical enforcement tools, the study argues for a rights-based model of corporate governance that prioritises legal accountability over symbolic compliance, offering a roadmap for India and other Global South jurisdictions to lead the next phase of responsible globalisation.

Keywords: Corporate Social Liability (CSL), Corporate Social Responsibility (CSR), Global Value Chains (GVCs), Human Rights Due Diligence (HRDD), Transnational Corporate Accountability, Comparative Corporate Governance, Comparative Law, etc.

1. Introduction:

The contemporary global economy is increasingly shaped by the operational logic of Global Value Chains, wherein multinational enterprises decentralise production across multiple jurisdictions with low regulatory thresholds while retaining strategic control over capital, design, logistics, and intellectual property. This disaggregation has created a critical and persistent gap in transnational corporate accountability. Lead firms are able to benefit from the economic efficiencies of outsourcing while remaining legally insulated from the harms such as human rights abuses, labour exploitation, and ecological degradation—that often occur in distant and weakly governed nodes of their supply chains. Although frameworks of CSR emerged over recent decades to address such concerns, their reliance on voluntary commitments, ethical codes, and reputational incentives has proven both normatively inadequate and legally ineffective. CSR initiatives, while rhetorically powerful, often function as instruments of brand management rather than genuine mechanisms of accountability. In many cases, they mask structural exploitation through selective transparency and unverified disclosures, leaving affected workers and communities without effective remedy.

In response, the concept of Corporate Social Liability has emerged as a necessary and urgent normative shift in global corporate governance. CSL challenges the entrenched legal doctrines of corporate separateness and limited liability by anchoring responsibility in functional relationships of control, economic dependency, and transnational influence. It is not merely an evolution of CSR but a qualitatively distinct legal and regulatory paradigm one that seeks to institutionalise enforceable obligations, particularly in cross-border contexts where accountability is often diffused or denied. Landmark decisions such as *Urbaser v Argentina*, *Vedanta v Lungowe*, and *Okpabi v Shell*

demonstrate a growing judicial willingness to hold parent or lead companies accountable for harms caused within their operational or contractual spheres of influence. In parallel, legislative developments such as France's Duty of Vigilance Law and the European Union's Corporate Sustainability Due Diligence Directive represent significant steps toward embedding CSL into national and supranational legal frameworks. These reforms signal a global shift from reputational compliance to legal enforceability.

India's experience with CSR provides a compelling case study in this transition. As the first country in the world to legislate CSR obligations through Section 135 of the Companies Act, 2013, India institutionalised a unique model premised on mandatory financial allocation for social initiatives. However, this statutory CSR regime remains fundamentally philanthropic and lacks core features of CSL namely, risk-based due diligence, enforceable duties, and access to remedies. At the same time, India's deep integration into global supply chains and its progressive constitutional jurisprudence under Article 21 which has expanded the right to life to include livelihood, health, and environmental security position it well to evolve a domestic jurisprudence of CSL. The potential exists to move beyond symbolic compliance and to lead a Global South legal response that balances investment with accountability and growth with justice.

This article builds on interdisciplinary insights from law, economics, and global governance to critique the limits of CSR and articulate CSL as a robust alternative. It engages with socio-legal theory, comparative jurisprudence, and recent legislative models to map out the theoretical underpinnings and operational mechanisms of CSL. It also proposes a tailored framework for India's legal and institutional context, offering a roadmap for rights-based corporate governance anchored in enforceability, transparency, and transnational justice.

2. CSR, GVCs, and Legal Gaps: A Conceptual Review:

Corporate Social Responsibility has undergone a paradigmatic evolution from its philanthropic origins to a globally institutionalised governance model embedded in transnational economic systems. Early CSR conceptualisations were primarily normative and voluntarist, aiming to align corporate conduct with societal values. *Edward Freeman's* seminal *Stakeholder Theory* reoriented the corporate objective away from shareholder primacy, proposing instead that firms owe duties to a broader set of stakeholders, including workers, consumers, and communities affected by their operations.¹ Expanding on this idea, *Matten and Crane's* notion of *corporate citizenship* suggested that in spaces where state governance is weak or absent such as in many regions integrated into global supply chains corporations increasingly act as de facto regulatory agents.² This extension of corporate influence, however, rarely correlates with corresponding legal accountability.

Further theoretical contributions, such as *Donaldson and Dunfee's Integrative Social Contracts Theory*, attempted to reconcile local cultural norms with universal ethical obligations through the formulation of "hypernorms."³ Similarly, *Carroll's* influential CSR pyramid offered a four-tiered model economic, legal, ethical, and philanthropic responsibilities though critics argue that most corporations continue to prioritise the economic layer, with the other tiers serving as reputational façades.⁴ Scholars like *Subhabrata Bobby Banerjee* challenge CSR's ideological underpinnings, arguing that it often serves to legitimise neoliberal capitalist structures and deflect demands for legal regulation.⁵ *Rhys Jenkins* similarly contends that CSR, particularly in global contexts, creates an

¹Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.

²Crane, A., & Matten, D. (2005). Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of Management Review*, 30(3), 166–179.

³Donaldson, T., & Dunfee, T. (1999). *Ties that bind: A social contracts approach to business ethics*. Boston, MA: Harvard Business School Press.

⁴Carroll, A. (2008). A history of corporate social responsibility. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 19–46). Oxford, UK: Oxford University Press.

⁵Banerjee, S. B. (2007). *Corporate social responsibility: The good, the bad and the ugly*. Cheltenham, UK: Edward Elgar.

illusion of accountability through corporate codes and private standards, ultimately acting as a barrier to binding reforms.⁶

The structural limitations of CSR are most evident in the context of Global Value Chains—the transnational production networks through which modern capitalism operates. As theorised by Gereffi, Humphrey, and Sturgeon, GVCs represent a system where lead firms in the Global North retain control over high-value segments such as design, branding, and logistics, while outsourcing labour-intensive, risk-heavy functions to suppliers and subcontractors in the Global South.⁷ These relationships are governed contractually, not hierarchically, enabling lead firms to exercise *de facto* economic control without *de jure* legal liability. The fragmentation of production across jurisdictions, combined with legal doctrines such as privity of contract, separate legal personality, and limited liability, allows corporations to disavow responsibility for human rights violations and environmental harm occurring in their supply chains.

John Ruggie's influential concept of the “governance gap” captures this disjunction between corporate power and legal regulation, noting that the transnational reach of corporations far exceeds the capacity of national laws to regulate their conduct.⁸ The UN Guiding Principles on Business and Human Rights (UNGPs) were a landmark normative intervention in this space, but their voluntary and non-binding nature limits their enforcement capacity.⁹ *Anna Aseeva* extends this critique by illustrating how firms exploit the jurisdictional fragmentation inherent in GVCs to engage in *regulatory arbitrage*, thereby externalising both risk and responsibility while remaining legally insulated from harm.¹⁰ The resulting framework of accountability is asymmetrical while firms benefit from the global reach of production, affected communities lack effective legal recourse.

In response to these systemic failures, recent scholarship has explored the emergence of CSL as a normative and legal alternative to voluntary CSR. *Aseeva's* articulation of CSL represents a shift from ethics-based compliance to rights-based accountability, grounded in legal doctrines such as *duty of care*, *economic dependency*, and *de facto* control.¹¹ Drawing from socio-legal traditions and critical legal studies, particularly Teubner's notion of reflexive law and *Duncan Kennedy's* analysis of power structures within legal formalism, CSL challenges the doctrinal fictions that enable corporate impunity.¹² It posits that lead firms in GVCs, despite lacking formal ownership of downstream actors, exert sufficient influence to warrant direct legal liability for harms caused by those entities.

This shift is increasingly visible in comparative legal developments. France's Duty of Vigilance Law (2017) imposes mandatory due diligence requirements on large corporations and allows for civil liability if harms occur due to inadequate vigilance plans.¹³ The UK Modern Slavery Act (2015) requires transparency reporting but lacks enforcement teeth, while the US Dodd–Frank Act section 1502 mandates disclosure on conflict minerals, though its impact remains contested.¹⁴, ¹⁵

⁶Jenkins, R. (2001). *Corporate codes of conduct: Self-regulation in a global economy*. Geneva, Switzerland: United Nations Research Institute for Social Development (UNRISD).

⁷Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of International Political Economy*, 12(1), 78–104.

⁸Ruggie, J. (2013). *Just business: Multinational corporations and human rights*. New York, NY: W. W. Norton.

⁹United Nations Human Rights Council. (2011, March 21). *Guiding principles on business and human rights* (UN Doc. A/HRC/17/31). Geneva, Switzerland: United Nations..

¹⁰Aseeva, A. (2021). *From corporate social responsibility to corporate social liability: A socio-legal study of corporate liability in global value chains*. Oxford, UK: Hart Publishing.

¹¹Aseeva, 2021.

¹²Teubner, G. (1983). *Reflexive law: Social theory and the legal system*. Oxford, UK: Oxford University Press., Kennedy, D. (1976). Form and substance in private law adjudication. *Harvard Law Review*, 89(8), 1685–1778.

¹³France. (2017). *Loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre* [Law No. 2017-399 of 27 March 2017 on the duty of vigilance of parent and ordering companies]. *Journal officiel de la République française*.

¹⁴United Kingdom. (2015). *Modern Slavery Act 2015, section 54*. London: The Stationery Office.

¹⁵United States. (2010). *Dodd–Frank Wall Street Reform and Consumer Protection Act, section 1502*. Washington, DC: U.S. Government Publishing Office.

Switzerland's Responsible Business Initiative, though defeated at the referendum stage, sparked alternative legislation requiring public reporting. Scholars like *Jennifer Zerk* and *Surya Deva* caution that the effectiveness of such laws depends not only on their textual content but also on the political and institutional willingness to enforce them.^{16, 17}

Despite these incremental advances, voluntary CSR remains the dominant framework in most jurisdictions, and enforcement remains sporadic. The recent adoption of the EU Corporate Sustainability Due Diligence Directive (CSDDD) in 2024 marked a regional breakthrough, though subsequent political resistance from key member states has highlighted the enduring tension between economic liberalisation and legal accountability.¹⁸ Against this backdrop, the CSL model offers a promising doctrinal response one that aligns legal obligations with actual corporate influence and embeds enforceability at the heart of transnational corporate regulation.

3. Methodological and Theoretical Approach:

The present study adopts a socio-legal theoretical orientation rooted in the understanding that law is not merely a formal construct but a social practice embedded within power structures, institutional choices, and economic interests. It draws heavily on *Anna Aseeva's* theory of Corporate Social Liability, which departs from the voluntarist logic of CSR and articulates a model of legal accountability grounded in *de facto* control, economic dependency, and transnational influence.¹⁹ Her framework is deeply informed by critical legal studies and socio-legal jurisprudence that challenge the doctrinal fictions of corporate separateness and legal insulation in GVCs.

The theoretical foundations of this article are located within global legal pluralism, which recognises the multiplicity of overlapping legal and normative systems state law, corporate codes, soft law instruments, and community norms that govern transnational corporate activity²⁰ It also invokes the tradition of legal realism, which exposes the gap between legal form and economic function, and questions how formal doctrines often serve to reproduce power asymmetries.²¹ *Duncan Kennedy's* analysis of legal indeterminacy and the structural role of legal interpretation in preserving elite interests is especially relevant here.²² In a similar vein, *Gunther Teubner's* idea of *reflexive law* which treats private norm-making (such as corporate codes of conduct) as a form of functional legal ordering highlights the blurring boundaries between public regulation and private governance.²³ These perspectives allow for a nuanced understanding of how corporate norms evolve outside traditional legal structures yet produce concrete effects on rights and remedies.

To this is added the dependency theory of transnational production, drawing from World Systems thinkers like *Immanuel Wallerstein*, and modern GVC theorists such as *Gereffi* and *Humphrey*, who illustrate how lead firms in the Global North exercise vertical economic control over peripheral suppliers in the Global South through contractual, market-based, and relational mechanisms.²⁴ Despite such control, legal doctrines often deny liability due to the absence of formal ownership or direct contractual ties. This contradiction between economic dependence and legal independence is central to the CSL proposition and is explored critically throughout the article.

Methodologically, this article adopts a doctrinal and comparative socio-legal approach. It conducts a

¹⁶ Zerk, J. (2006). *Multinationals and corporate social responsibility: Limitations and opportunities in international law*. Cambridge, UK: Cambridge University Press.

¹⁷ Deva, S. (2012). *Regulating corporate human rights violations*. Abingdon, UK: Routledge.

¹⁸ European Union. (2024). *Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence* [2024] OJ L1760/1. Brussels: Official Journal of the European Union.

¹⁹ Aseeva, 2021.

²⁰ Berman, P. S. (2007). Global legal pluralism. *Southern California Law Review*, 80(5), 1155–1238.

²¹ Llewellyn, K. (1930). *The bramble bush: The classic lectures on the law and law school*. Oxford, UK: Oxford University Press.

²² Kennedy, D. (2001). Legal formalism. In N. J. Smelser & P. B. Baltes (Eds.), *Encyclopedia of the social and behavioral sciences* (Vol. 13, pp. 8634–8639). Oxford, UK: Elsevier.

²³ Teubner, G. (1983). *Reflexive law: Social theory and the legal system*. Oxford, UK: Oxford University Press.

²⁴ Gereffi, Humphrey, & Sturgeon, 2005

critical literature review to interrogate the theoretical and normative bases of CSR and CSL, and to reveal how voluntary ethics have consistently failed to prevent or remedy harm in transnational business contexts. The article relies on doctrinal legal analysis to interpret statutes such as France's Duty of Vigilance Law, the UK's Modern Slavery Act, the US Dodd- Frank Act, and Switzerland's Responsible Business Initiative and PSSA. These instruments are not merely described but analysed for their capacity to embed enforceable obligations and create cause-of-action pathways for affected populations.

In addition, the paper utilises a jurisprudential method, focusing on key decisions such as *Urbaser v Argentina*, which marked a historic shift by recognising that corporations may bear human rights obligations under international law.²⁵ It also examines domestic decisions such as *Vedanta Resources Plc v Lungowe* and *Okpabi v Shell*, where UK courts acknowledged that parent companies may be liable for the acts of foreign subsidiaries if factual control is established.²⁶ These cases serve to demonstrate the emerging legal convergence toward CSL principles.

Finally, the methodology includes a comparative law dimension, identifying both the convergences and divergences in how various legal systems civil law (France, Switzerland), common law (UK, US), and hybrid systems have approached corporate accountability in global supply chains. The comparative element is used not merely for descriptive comparison but as a normative tool to frame best practices and expose systemic gaps.

This study's scope is confined to doctrinal and normative analysis and does not include empirical data collection. The focus is on legal instruments, jurisprudence, and theoretical materials from primarily civil and common law jurisdictions, with illustrative inclusion of India and the European Union. The limitations include the absence of field-level compliance data, enforcement metrics, and direct stakeholder interviews. The study does not evaluate the operationalisation of due diligence requirements on the ground but rather explores the legal conceptualisation and enforceability of CSL as an emerging norm.

4. Tracing the Evolution of Corporate Accountability:

The conceptual foundations of CSR can be traced to the early industrial period when figures such as *Robert Owen* in Britain and *George Pullman* in the United States implemented social reforms for workers that combined welfare with industrial discipline.²⁷ These paternalistic models, though progressive for their time, were deeply discretionary and tied to managerial benevolence rather than legal mandate. CSR during this era functioned more as a tool of labour pacification and productivity enhancement than as an enforceable obligation. It reflected the political economy of an era where state regulation was weak and capitalists had the freedom to define the contours of social good.²⁸

The post-World War II period introduced a more structured attempt to institutionalise global economic governance, with the formation of the Bretton Woods institutions the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (GATT). However, these institutions failed to create binding legal norms for transnational corporate accountability. Repeated efforts including the Havana Charter (1948), the UNCTAD Draft Code of Conduct on Transnational Corporations (1970s–80s), and the UN Norms on the Responsibilities of TNCs (2003) lacked enforcement mechanisms and were eventually undermined by political disagreements between the Global North and South, and corporate resistance.²⁹ Instead, voluntary frameworks such as the OECD Guidelines for Multinational Enterprises (1976) and the UN Global

²⁵ International Centre for Settlement of Investment Disputes (ICSID). (2016, December 8). *Urbaser S.A. and Consorcio de Aguas Bilbao Bizkaia v. The Argentine Republic*, ICSID Case No. ARB/07/26, Award, paras. 1155–1195. Washington, DC: ICSID.

²⁶ United Kingdom Supreme Court. (2019). *Vedanta Resources Plc v. Lungowe* [2019] UKSC 20. London: UKSC, United Kingdom Supreme Court. (2021). *Okpabi and others v. Royal Dutch Shell Plc and another* [2021] UKSC 3. London: UKSC.

²⁷ Carroll, 2008

²⁸ Carroll, 2008

²⁹ Deva, S. (2012). *Regulating corporate human rights violations*. Abingdon, UK: Routledge.

Compact (2000) filled the normative vacuum, reinforcing the idea of corporate ethics as voluntary and reputational rather than legally mandated.

The neoliberal turn of the 1980s, championed by Reaganomics in the United States and Thatcherism in the United Kingdom, led to a reconfiguration of global capitalism. The Washington Consensus, propagated by the IMF and World Bank, imposed structural adjustment programs across the Global South, often in exchange for debt relief. These policies mandated privatisation, deregulation, and fiscal austerity—conditions that weakened labour protections and environmental safeguards in many jurisdictions.³⁰ As production was increasingly outsourced to low-cost economies, multinational firms consolidated their market power while reducing their direct legal exposure. CSR during this phase was repositioned as a brand management and risk mitigation tool, rather than a normative commitment to justice or sustainability³¹

It was in this deregulated transnational space that the Global Value Chain (GVC) model flourished. As theorised by Gereffi, Humphrey, and Sturgeon, GVCs represent a fragmented production architecture wherein lead firms retain control over high-value functions such as design, logistics, and marketing, while outsourcing labour-intensive and risk-prone activities to contractual suppliers, often located in weak governance zones.³² Despite exercising *de facto* economic control, lead firms are legally insulated by doctrines of separate legal personality, limited liability, and contractual autonomy.³³ This disjuncture between economic power and legal accountability created what John Ruggie famously termed the “*governance gap*” a space where corporate conduct is inadequately governed by public law.³⁴ Voluntary CSR initiatives, while numerous, failed to address this structural impunity. Major disasters such as the Bhopal gas leak (1984) and the Rana Plaza factory collapse (2013) dramatically exposed CSR’s limitations in delivering justice and remedy.³⁵

The failure of CSR to impose real obligations led to a paradigmatic shift toward enforceable accountability frameworks. The French Duty of Vigilance Law (2017) was a turning point in this legal evolution. It mandates that large French companies publish vigilance plans identifying and mitigating risks of human rights and environmental harm throughout their operations and supply chains.³⁶ Germany followed suit with its Supply Chain Due Diligence Act (2021). These legislative developments marked the first systematic efforts to translate CSR rhetoric into Corporate Social Liability a model rooted in rights, obligations, and enforceability.

Concurrently, a jurisprudential transformation began to emerge. In *Urbaser v Argentina* (2016), the ICSID tribunal acknowledged, for the first time, that corporations could owe positive obligations under international law, including not impairing fundamental rights such as access to water.³⁷ While the claim was ultimately dismissed, the case signalled a conceptual shift in how corporate duties were understood at the international level. The UK Supreme Court followed with landmark decisions in *Vedanta Resources Plc v Lungowe* and *Okpabi v Royal Dutch Shell*, both of which confirmed that parent companies can be held liable for the actions of foreign subsidiaries if they exercise sufficient oversight or control.³⁸ These cases fundamentally challenged the long-standing legal doctrine of corporate separateness and provided judicial legitimacy to CSL principles.

Legal scholar Anna Aseeva codified this emerging trend under the term *Corporate Social Liability*, distinguishing it sharply from CSR. CSL, according to Aseeva, is premised on economic dependency, transnational influence, and *de facto* control, rather than on ownership or direct

³⁰ Harvey, D. (2005). *A brief history of neoliberalism*. Oxford, UK: Oxford University Press.

³¹ Banerjee, S. B. (2007).

³² Gereffi, Humphrey, & Sturgeon, 2005

³³ Aseeva, 2021

³⁴ Ruggie, 2013

³⁵ Deva, 2006

³⁶ France, 2017

³⁷ ICSID, 2016

³⁸ United Kingdom Supreme Court, 2019; United Kingdom Supreme Court, 2021

causation.³⁹ It aims to establish legal responsibility not based on proximity or formal structures, but on actual leverage, operational control, and systemic embeddedness in supply chain governance. CSL thus represents not merely an extension of CSR but its normative reconstitution a shift from voluntary ethics to enforceable legal norms aligned with human rights law, tort principles, and global constitutionalism.

4.1. India's Postcolonial CSR and Regulatory Trajectory:

India presents a particularly instructive case in the global CSR-CSL transition. As a postcolonial state, India inherited a dual legacy: on one hand, Gandhian notions of trusteeship, which framed corporate responsibility as a moral duty to the community; and on the other, a colonial legal architecture that largely shielded capital from accountability.⁴⁰ In the early post-independence period, CSR in India was embedded within public sector enterprises, which were mandated to contribute to nation-building goals. Industrialists like *J.R.D. Tata* and *G.D. Birla* played prominent roles in advancing philanthropic CSR grounded in cultural and ethical norms, not legal obligation.

The watershed moment came in 1991, with India's adoption of economic liberalisation policies, including deregulation, privatisation, and foreign investment promotion. These reforms integrated India into GVCs, especially in textiles, pharmaceuticals, and IT services. However, the legal regime failed to adapt to the new reality of transnational production. Labour protections weakened, environmental enforcement became fragmented, and corporate governance focused more on market incentives than social obligations.⁴¹ CSR remained primarily symbolic carried out through charitable donations and unverified reports.

In 2013, India became the first country in the world to legislate CSR through Section 135 of the Companies Act. The law mandates that companies exceeding a certain financial threshold spend 2% of their net profits on CSR activities and report compliance.⁴² However, this statutory CSR is expenditure-based and lacks any due diligence, accountability, or grievance mechanisms. It does not impose liability for harms committed within supply chains, nor does it recognise economic dependency or transnational influence as bases for responsibility. As such, it fails to meet the CSL threshold.

Moreover, India has experienced its own version of CSR failure most notably in the Bhopal gas tragedy, where weak regulatory enforcement, corporate impunity, and inadequate legal remedy converged.⁴³ Despite widespread calls for reform, India has yet to introduce a supply chain due diligence law akin to those in France or Germany. Nevertheless, Indian courts have demonstrated some willingness to extend constitutional protections to corporate conduct. The Supreme Court's expanding interpretation of Article 21 which guarantees the right to life offers a potential jurisprudential pathway for CSL through tort law and public interest litigation.^{44, 45} Additionally, regulatory bodies such as the National Green Tribunal (NGT) and Securities and Exchange Board of India (SEBI) have played emerging roles in enforcing environmental and governance standards, though their mandates remain narrow and fragmented.

India thus reflects the ambivalence of Global South legal systems: deeply affected by GVC dynamics, symbolically committed to CSR, but structurally unprepared to enforce corporate accountability. Integrating CSL into India's legal framework would require amending Section 135 to

³⁹ Aseeva, 2021.

⁴⁰ Balasubramanian, N. (2015). The Indian model of CSR: The evolution from philanthropy to responsibility. *Asian Journal of Business Ethics*, 10(2), 129–148.

⁴¹ Tandon, R., & Mohanty, R. (2003). *Does corporate social responsibility make a difference?* New Delhi, India: PRIA.

⁴² India. (2013). *The Companies Act 2013, section 135*. New Delhi, India: Government of India, Ministry of Law and Justice.

⁴³ Deva, 2012

⁴⁴ Supreme Court of India. (1986). *Olga Tellis v. Bombay Municipal Corporation*, AIR 1986 SC 180. New Delhi: Supreme Court of India.

⁴⁵ Supreme Court of India. (1987). *M. C. Mehta v. Union of India*, AIR 1987 SC 1086. New Delhi: Supreme Court of India.

include due diligence, strengthening institutional enforcement, and developing a jurisprudence of parent company liability grounded in economic realism and constitutional values.

5. Comparative Approaches to Corporate Liability:

The global movement toward enforceable corporate accountability laws reveal a fragmented but converging legal landscape. Across jurisdictions, the transition from voluntary CSR to CSL manifests in diverse legal instruments ranging from disclosure mandates to binding due diligence obligations and civil liability frameworks. This comparative legal analysis evaluates how selected jurisdictions France, the United Kingdom, the United States, and Switzerland have approached this transformation, and situates India's CSR law within that evolving trajectory.

France's Duty of Vigilance Law (2017) represents a watershed moment in transnational corporate regulation. Applicable to companies with more than 5,000 domestic or 10,000 global employees, the law requires vigilance plans identifying risks and preventing human rights and environmental violations throughout supply chains. These plans must include risk mapping, impact assessments, monitoring, and grievance mechanisms. Crucially, the law allows victims to sue companies for failing to implement or follow their plans, creating an enforceable standard of corporate care.⁴⁶ French courts have accepted cases under this law, including suits against Total Energies and Lafarge, making it the most advanced legal articulation of CSL.⁴⁷

In contrast, the United Kingdom's Modern Slavery Act (2015) requires large businesses to publish annual statements disclosing efforts to combat slavery and human trafficking in their supply chains. However, there are no sanctions for non-compliance, and many companies release generic or duplicated disclosures.⁴⁸ Though initially lauded as a legislative innovation, the Act's disclosure-based structure lacks substantive obligations. Attempts to strengthen enforcement mechanisms through the 2023 review process stalled. However, the UK Bribery Act (2010) provides a model of procedural liability, imposing strict corporate responsibility for failing to prevent bribery, subject to a defence of "adequate procedures."⁴⁹ These two laws illustrate the UK's uneven approach to CSL: progressive in anti-bribery enforcement, cautious in human rights compliance.

The United States follows a largely transparency-driven model. The California Transparency in Supply Chains Act (2010) obligates major businesses to disclose anti-slavery efforts but lacks penalties or verification.⁵⁰ Similarly, Section 1502 of the Dodd-Frank Act (2010) requires reporting on conflict minerals sourced from the Democratic Republic of Congo. Though intended to prevent the financing of armed groups, the law has been criticised for its economic impact on artisanal miners and for its symbolic rather than substantive effects.⁵¹ In 2017, the Trump administration suspended its enforcement, and although oversight has resumed under the SEC, corporate compliance remains inconsistent. These U.S. laws thus reflect a minimalist CSL model focused on transparency without liability.

Switzerland provides an illustrative case of civil society mobilisation confronting institutional caution. The Responsible Business Initiative (RBI) sought to introduce binding due diligence obligations and parent company liability for harms caused abroad. While it secured majority support from voters in a 2020 referendum, it failed due to Switzerland's "double majority" rule. The Swiss parliament enacted a weaker counterproposal that mandates disclosure but imposes no civil liability.⁵² In parallel, the Federal Act on Private Security Services Provided Abroad (PSSA)

⁴⁶ France, 2017

⁴⁷ Business & Human Rights Resource Centre. (2017). *France's Duty of Vigilance Law*. Retrieved June 18, 2025, from <https://www.business-humanrights.org/en/big-issues/corporate-legal-accountability/frances-duty-of-vigilance-law/>

⁴⁸ United Kingdom. (2015). *Modern Slavery Act 2015, section 54*. London: The Stationery Office.

⁴⁹ United Kingdom. (2010). *Bribery Act 2010, section 7*. London: The Stationery Office.

⁵⁰ California. (2010). *California Transparency in Supply Chains Act 2010, Cal. Civ. Code § 1714.43*. Sacramento, CA: California Legislature.

⁵¹ California, 2010.

⁵² BBC News. (2020, November 29). *Swiss vote to reject Responsible Business Initiative*. Retrieved June 18, 2025, from

imposes legal liability on Swiss firms for unlawful acts by their security affiliates abroad, making it one of the few sector-specific extraterritorial accountability laws.⁵³ Together, these efforts reveal Switzerland’s internal tension between public demand for CSL and legislative conservatism.

Despite differing outcomes, these jurisdictions reflect an emerging typology of CSL legal strategies:

- **France** leads with a full liability model.
- **UK** exemplifies mixed procedural and disclosure regimes.
- **USA** maintains disclosure mandates with weak enforcement.
- **Switzerland** oscillates between ambitious civic proposals and narrow sectoral liability.

These comparisons align with *Aseeva*’s framework, which interprets CSL not as a monolithic legal instrument but as a flexible doctrine grounded in economic dependency, *de facto* control, and transnational harm.⁵⁴ The normative shift from soft ethics to enforceable duties is clear, though unevenly realised.

5.1. India’s CSR Law and the Liability Void:

India occupies a distinctive position in the global CSR-CSL debate. Through Section 135 of the Companies Act (2013), India became the first country to legislate CSR expenditure for qualifying companies.⁵⁵ Under this provision, firms with net worth exceeding ₹500 crore, turnover of ₹1,000 crore, or net profits of ₹5 crore must spend 2% of their average net profits on CSR and disclose the details in board reports. However, this model is budgetary and non-punitive—non-compliance is met with disclosure obligations rather than liability.

Critically, India’s CSR regime lacks any supply chain due diligence mandate. It does not require risk mapping, stakeholder engagement, or grievance redress for harms linked to corporate operations or subcontractors. There is also no legal remedy for affected communities in case of human rights or environmental violations. This absence is especially troubling given India’s deep integration into GVCs and its history of corporate disasters. The Bhopal Gas Tragedy (1984) arguably the world’s worst industrial disaster exemplifies the consequences of regulatory fragility and jurisdictional fragmentation. Despite extensive litigation, Union Carbide Corporation (now a Dow Chemical subsidiary) evaded meaningful criminal or civil liability.⁵⁶ Unlike France or Germany, India has yet to introduce legislation on Human Rights and Environmental Due Diligence (HREDD). Neither the Ministry of Corporate Affairs nor bodies like SEBI or the National Green Tribunal currently exercise jurisdiction over transnational supply chain accountability. Judicial interventions through Article 21 of the Indian Constitution have expanded environmental and human rights protections, but courts remain reluctant to pierce the corporate veil in GVC-related harm cases.⁵⁷ Thus, India’s CSR law is substantively disconnected from CSL principles, as it is neither grounded in economic control nor attached to legal remedies. In comparative terms, India scores low on both enforceability and scope, as shown in the matrix below.

Table 1: Enforceability and Scope of CSL Laws Across Jurisdictions

Country	Law/Instrument	Type	Enforceability	Scope
France	Duty of Vigilance Law	Liability	3	3
UK	Modern Slavery & Bribery Acts	Disclosure + Due Diligence	2	2

<https://www.bbc.com/news/world-europe-55122172>

⁵³ Switzerland. (2013). *Federal Law on Private Security Services Provided Abroad 2013*. Bern, Switzerland: Federal Assembly of the Swiss Confederation.

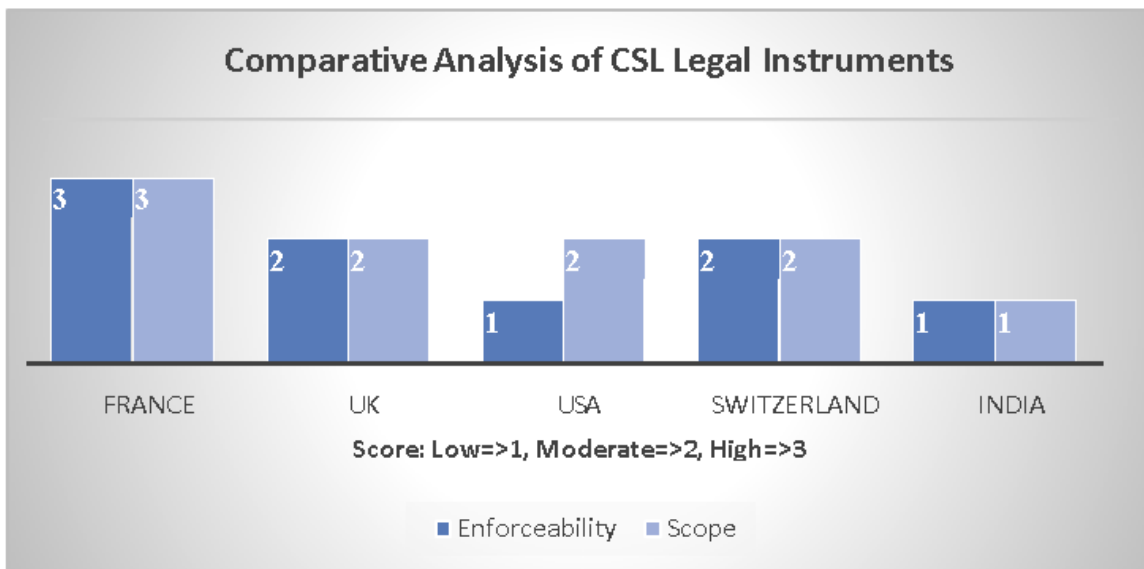
⁵⁴ Aseeva, 2021.

⁵⁵ India, 2013, s. 135.

⁵⁶ Deva, 2012

⁵⁷ Supreme Court of India, 1986.

USA	Dodd-Frank & CA Transparency Act Disclosure	1	2
Switzerland	RBI (rejected) & PSSA	Mixed	2
India	Section 135 Companies Act	Statutory CSR (Budgetary)	1



India’s inclusion highlights the Global South’s challenge in transitioning from symbolic CSR to rights-based CSL. Given India’s economic significance and its role as a key node in GVCs, the lack of legal liability mechanisms is a regulatory blind spot. Incorporating due diligence and legal enforceability into Section 135, or enacting a separate Supply Chain Responsibility Act, would bring India closer to global accountability norms and help bridge its current liability void.

6. Doctrinal Shifts in Corporate Liability:

In recent years, courts and arbitral tribunals have begun to reshape the doctrinal landscape of corporate accountability by recognising that private companies may owe duties previously reserved for states or public actors. This jurisprudential evolution reflects an increasing convergence toward CSL as a normative and enforceable legal standard. Landmark decisions such as *Urbaser v Argentina*, *Vedanta v Lungowe*, and *Okpabi v Royal Dutch Shell* illustrate this trend, shifting the discourse from formal legal separateness to de facto control, oversight, and functional responsibility.

The case of *Urbaser SA and Consorcio de Aguas Bilbao Bizkaia v Argentina*, decided by the International Centre for Settlement of Investment Disputes (ICSID) in 2016, marked a doctrinal turning point in international law. For the first time, an arbitral tribunal accepted that corporate investors, as non-state actors, may owe obligations under international human rights law⁵⁸ Although the tribunal ultimately rejected Argentina’s counterclaim, it affirmed that corporations can be held responsible not to impair fundamental rights, particularly when those rights are clearly recognised, such as the right to water.⁵⁹ This case demonstrated a normative shift from corporations being exclusively rights-holders to potential duty-bearers in international law, setting a precedent that has informed subsequent academic and legal discussions on CSL.⁶⁰

Parallel shifts have occurred within domestic common law systems, particularly in the United Kingdom. In *Vedanta Resources Plc v Lungowe* [2019], the UK Supreme Court held that a parent

⁵⁸ ICSID, 2016, para. 1155

⁵⁹ ICSID, 2016, paras. 1180–1210

⁶⁰ Aseeva, 2021.

company could owe a duty of care to foreign claimants affected by the activities of its Zambian subsidiary if it had exercised control or supervision over its operations.⁶¹ The Court rejected the automatic application of separate legal personality, focusing instead on the factual matrix of control, oversight, and published sustainability commitments that created a relationship of reliance and responsibility.

A similar doctrinal approach was adopted in *Okpabi and others v Royal Dutch Shell Plc* [2021], where the Court reiterated that the determination of a duty of care is a fact-sensitive inquiry, and that control or influence exercised by the parent company could ground liability for the acts of its Nigerian subsidiary.⁶² These rulings reflect an increasing readiness by domestic courts to pierce the corporate veil and assess liability based on substantive relationships rather than formal structures.

Taken together, these cases challenge the long-dominant Salomon principle of corporate separateness, traditionally invoked to shield parent companies from liability for subsidiary actions.⁶³ While this principle still governs corporate law globally, these judgments carve out exceptions grounded in factual control and operational integration, aligning with the CSL framework proposed by *Aseeva*, which emphasises economic dependency, de facto influence, and transnational harm.⁶⁴

The doctrinal implications are far-reaching. First, they reflect a shift from shareholder primacy to stakeholder responsibility, acknowledging the corporate group as a functional, integrated unit. Second, they open the door to transnational tort litigation, where victims in the Global South may seek remedy in Global North jurisdictions, subject to procedural thresholds like forum non conveniens and jurisdictional competence. Third, they reinforce the jurisprudential case for embedding CSL principles in statutory frameworks, such as France’s Duty of Vigilance Law and the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD).

To visualise these developments, a comparative jurisprudential table is presented below:

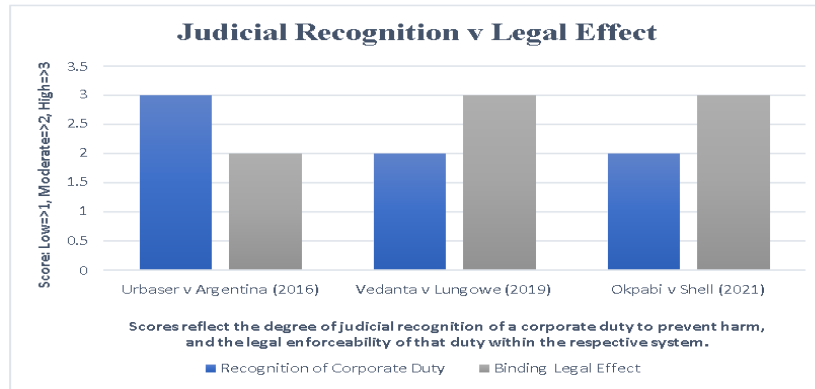
Case	Forum	Recognition of Corporate Duty	Binding Effect	Legal
<i>Urbaser v Argentina</i> (2016)	ICSID	3	2	
<i>Vedanta v Lungowe</i> (2019)	UK Supreme Court	2	3	
<i>Okpabi v Shell</i> (2021)	UK Supreme Court	2	3	

⁶¹United Kingdom Supreme Court. (2019). *Vedanta Resources Plc and another v. Lungowe and others* [2019] UKSC 20. London: UKSC.

⁶²United Kingdom Supreme Court. (2021). *Okpabi and others v. Royal Dutch Shell Plc and another* [2021] UKSC 3. London: UKSC.

⁶³House of Lords. (1897). *Salomon v. A. Salomon & Co. Ltd* [1897] AC 22 (HL). London: House of Lords.

⁶⁴Aseeva, 2021.



These cases collectively form a judicial foundation for CSL, recognising that corporate legal responsibilities are not confined to contracts or statutory obligations but may arise from actual control, public representations, and hierarchical oversight. They also affirm the idea that legal doctrines must evolve to meet the realities of global capitalism, where multinational enterprises operate through structurally fragmented yet operationally integrated networks.

While critics may argue that these decisions remain jurisdictionally limited and fact-specific, their cumulative effect signals a broader normative realignment in corporate law. The fact that international arbitral bodies and top domestic courts are converging on the recognition of corporate duty even absent legislative mandate demonstrates that CSL is no longer merely theoretical, but an emerging facet of judicial reasoning.

Incorporating these jurisprudential trends into national legislation and transnational regulatory frameworks remains the next critical step in realising the full potential of CSL. Until then, cases like *Urbaser*, *Vedanta*, and *Okpabi* will serve as doctrinal reference points in the global movement to make corporations legally accountable for the human rights and environmental impacts of their transnational operations.

Although Indian jurisprudence has yet to directly articulate corporate liability in GVCs, landmark decisions such as *Olga Tellis v Bombay Municipal Corporation* and *M.C. Mehta v Union of India* have significantly expanded the scope of constitutional protections under Article

These cases recognise the right to livelihood, environmental justice, and the State's duty to prevent harm principles that could serve as a constitutional foundation for recognising CSL in the Indian context. While they stop short of addressing transnational corporate conduct, their normative thrust aligns with the emerging global jurisprudence that reimagines responsibility beyond formal legal boundaries. These precedents may guide Indian courts in evolving a domestic jurisprudence of Corporate Social Liability, particularly in contexts where State inaction enables private harm across supply chains.

7. **Building the Legal Foundations of Corporate Social Liability:**

The failure of voluntary CSR mechanisms to prevent corporate harm across transnational supply chains has led to growing advocacy for enforceable legal alternatives. The CSL framework responds to this enforcement gap by embedding legal obligations for corporate conduct within a rights-based and institutionally grounded model. Distinct from CSR's reliance on ethical persuasion and reputational self-regulation, CSL is grounded in de facto control, economic dependency, and transnational influence, offering a doctrinal basis for binding corporate accountability.

a. Legal Foundations: From Control to Responsibility:

The legal foundation of CSL departs from formalistic notions of corporate separateness and

embraces a function-based theory of liability. Lead firms in Global Value Chains often exercise substantial influence over subcontractors and suppliers without owning them outright. This influence manifests through purchasing power, technical standard-setting, and operational coordination amounting to de facto control.⁶⁵

Simultaneously, many suppliers operate under conditions of economic dependency, where a single or dominant buyer constitutes a firm's primary source of revenue, effectively limiting its autonomy⁶⁶

To reflect this asymmetry, the CSL model imposes a duty of care on parent and lead firms based not on equity ownership but on actual capacity to prevent harm.⁶⁷ This reconceptualisation allows CSL to hold firms liable for environmental, labour, and human rights violations that occur along their production networks, regardless of jurisdictional fragmentation.⁶⁸ As *Anna Aseeva* notes, this doctrinal turn aligns with jurisprudential trends that assess factual control and functional integration as bases for liability⁶⁹

b. Operational Mechanisms: Embedding Due Diligence in Corporate Practice:

CSL must be operationalised through mechanisms that are mandatory, transparent, and verifiable.

First, companies operating in high-risk industries or geographies should be legally required to conduct vigilance and risk mapping exercises, identifying potential adverse impacts within their supply and subcontracting networks.⁷⁰ These risk maps must be publicly disclosed and updated periodically.

Second, firms must prepare and publish due diligence reports outlining steps taken to prevent, mitigate, or remediate harm. These reports should be subject to third-party verification, ensuring independent audit of their accuracy and completeness.⁷¹

Third, companies must establish grievance mechanisms accessible to affected communities, workers, and civil society actors. Such mechanisms should offer both anonymous channels and procedural safeguards for whistleblowers, with the option for escalation to judicial or regulatory forums.⁷²

Together, these measures shift corporate accountability from rhetorical codes of conduct to legally monitored compliance protocols.

c. Enforcement Architecture: Making Accountability Real:

No CSL framework can be effective without credible enforcement. The proposed model advocates a dual enforcement track combining civil and administrative liability. Civil remedies should allow victims to seek damages and injunctive relief in the courts of the lead firm's domicile or principal place of business.⁷³ Importantly, liability should be joint and several across corporate groups to prevent blame deflection and procedural shielding.

On the administrative side, CSL must be enforced through an independent regulatory body with investigative powers, rule-making authority, and sanctioning capacity⁷⁴ This body should have the ability to levy fines, issue compliance orders, revoke licenses, and maintain a blacklist of non-

⁶⁵Aseeva, 2021.

⁶⁶Aseeva, 2021.

⁶⁷ United Kingdom Supreme Court, 2019.

⁶⁸ United Kingdom Supreme Court, 2021

⁶⁹ Aseeva, 2021.

⁷⁰ United Kingdom, 2015.

⁷¹ OECD. (2023). *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. Paris: OECD Publishing. Retrieved June 24, 2025, from <https://www.oecd.org/corporate/mne/>

⁷² United Nations Human Rights Council, 2011, UN Doc. A/HRC/17/31.

⁷³ European Union, 2024)

⁷⁴ Business & Human Rights Resource Centre. (2024). *France's Duty of Vigilance Law*. Retrieved June 24, 2025, from <https://www.business-humanrights.org/>

compliant firms. To ensure autonomy, it should be insulated from political interference and guided by international standards such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.⁷⁵

8. Implementing CSL in the Indian Legal Context:

India presents both a compelling need and a strategic opportunity for CSL implementation. As one of the largest economies integrated into GVCs, particularly in textiles, pharmaceuticals, electronics, and agribusiness, India faces a dual challenge: rising investor interest in sustainability and persisting labour and environmental violations. Yet, the current CSR regime under Section 135 of the Companies Act, 2013 is structurally unfit to address these concerns.⁷⁶ The law mandates that qualifying firms spend 2% of their net profits on CSR activities but imposes no liability for harm, no due diligence obligations, and no supply chain oversight. To align with global CSL norms, India must reform its legal framework in three critical directions:

First, Section 135 should be expanded to include mandatory human rights and environmental due diligence (HREDD) for firms operating across borders or in high-risk sectors. Due diligence obligations should include risk mapping, community consultation, and grievance mechanisms, with judicial remedies for affected parties.⁷⁷

Second, regulatory bodies like the National Green Tribunal (NGT), the Securities and Exchange Board of India (SEBI), and the Ministry of Corporate Affairs (MCA) should be empowered to enforce CSL norms through sectoral guidelines, ESG reporting mandates, and sustainability-linked penalties. SEBI's recent amendments to Business Responsibility and Sustainability Reporting (BRSR) norms could serve as an institutional foothold.⁷⁸

Third, the Indian judiciary can play a catalytic role by interpreting the right to life under Article 21 to include corporate obligations in GVCs, particularly where State inaction perpetuates harm. The Supreme Court's expansive environmental and labour jurisprudence offers an existing doctrinal base for such innovation.⁷⁹ Drawing on precedents like *M.C. Mehta v Union of India* and *Vellore Citizens' Forum*, courts can articulate corporate constitutional duties, particularly in industries where *de facto* control and economic dependency mirror the CSL doctrine.⁸⁰

Comparatively, these reforms would place India closer to jurisdictions like France (Vigilance Law) and Germany (Supply Chain Due Diligence Act), while addressing the Global South's unique vulnerabilities to regulatory arbitrage. Implementation must be carefully phased to account for SME capacity and enforcement bandwidth, potentially using tiered compliance thresholds or sectoral risk gradations.

⁷⁵Business & Human Rights Resource Centre, 2024

⁷⁶India, 2013, s. 135.

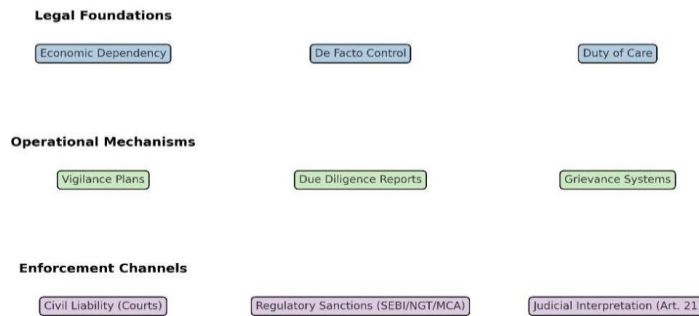
⁷⁷Deva, 2012.

⁷⁸ Securities and Exchange Board of India (SEBI). (2023). *Business responsibility and sustainability reporting* (Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2023/15). Mumbai, India: SEBI.

⁷⁹ Supreme Court of India, 1986

⁸⁰*Supreme Court of India, 1987, Supreme Court of India, 1996*

CSL Framework (with Indian enforcement illustrations)



This model integrates universal CSL architecture with India-specific regulatory and constitutional mechanisms.

9. Conclusion and Recommendations:

The global evolution from voluntary CSR to enforceable Corporate Social Liability marks a critical turning point in the governance of transnational business conduct. This article has argued that the prevailing CSR model—rooted in ethics, discretion, and reputational compliance has failed to address the structural power asymmetries inherent in GVCs. Instead, a rights-based framework of corporate accountability is emerging, grounded in doctrines of *de facto* control, economic dependency, and functional integration. Jurisprudential shifts, including *Urbaser*, *Vedanta*, and *Okpabi*, as well as statutory interventions like France’s Duty of Vigilance Law, demonstrate that the legal imagination is slowly adapting to the realities of globalised corporate operations. These developments collectively challenge the orthodoxy of corporate separateness and endorse a more integrated and relational approach to liability.

India’s experience offers both a cautionary tale and a transformative opportunity. While the country was the first to legislate CSR through Section 135 of the Companies Act, 2013, its model remains expenditure-based and lacks any obligation of due diligence, grievance redressal, or supply chain oversight. Yet, India also possesses unique institutional and constitutional tools that could facilitate the domestic grounding of CSL. The Supreme Court’s interpretation of Article 21 to encompass environmental and socio-economic rights, along with the expanding mandates of regulators such as SEBI, the National Green Tribunal (NGT), and the Ministry of Corporate Affairs, provide fertile terrain for legal innovation. If India were to extend its statutory CSR regime into a due diligence-based liability framework, it could emerge as a normative leader in the Global South, shaping accountability discourse in similarly positioned economies.

Policy reforms must focus on expanding Section 135 to include mandatory human rights and environmental due diligence, establishing independent oversight mechanisms, and ensuring access to remedy for affected communities. At the same time, judicial creativity and civil society engagement will remain essential in testing the boundaries of constitutional and tort-based corporate obligations. Future research may explore empirical compliance patterns, stakeholder engagement models, and the implementation challenges of CSL across sectors, particularly in emerging economies. Such studies would provide valuable insights into the operational efficacy of CSL and inform the global debate on corporate accountability.

As the world navigates the pressing challenges of climate change, labour exploitation, and digital rights, the move from voluntary commitments to legal obligations is not merely a policy choice it is a constitutional and moral imperative. The CSL framework, while still evolving, offers a pragmatic and principled roadmap for embedding justice and responsibility at the heart of global economic governance.