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Corporate Social Responsibility in International Business Law: Structures, Evolution, and Contemporary Challenges

Article History:

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Abstract: In 2025, Corporate Social Responsibility (CSR) has evolved into a critical legal and strategic priority for multinational enterprises operating across complex regulatory environments. What began as a voluntary commitment to ethical conduct has transformed into a legally enforceable framework shaped by national legislation, international standards, and stakeholder expectations. This article explores CSR's multidimensional foundation—economic, legal, ethical, and philanthropic—and assesses how international business law is adapting to codify corporate accountability through mandatory disclosure, environmental stewardship, human rights protections, and anti-corruption measures. Drawing on comparative legal developments from the EU, U.S., India, China, and beyond, the paper examines the transition from soft law norms (e.g., UN Global Compact, OECD Guidelines) to hard law mandates such as the EU's Corporate Sustainability Reporting Directive (CSRD) and India's amended Companies Act. Through visual aids and case studies, it investigates the interplay between state sovereignty, international treaties, and extraterritorial compliance. Challenges such as legal fragmentation, greenwashing, and resource constraints are critically analyzed, while opportunities for reputational growth, risk mitigation, and sustainable innovation are highlighted. The article concludes with best practices for integrating global CSR compliance frameworks into international business operations, emphasizing transparency, due diligence, and forward-looking regulatory adaptation.

Keywords: Corporate Social Responsibility, CSR 2025, international business law, ESG compliance, CSR regulation, EU CSRD, India Companies Act 2025, SEC climate disclosure, supply chain due diligence,

INTRODUCTION

Corporate Social Responsibility (CSR) is a foundational framework in today's global business landscape, demanding that companies recognize and address the social, environmental, and ethical dimensions of their operations, especially when engaging in cross-border trade and investment. As businesses are increasingly scrutinized not only for their financial outcomes but also for their societal impact, legal systems worldwide are adapting to hold corporations accountable beyond mere profitability. International business law is at the forefront of this paradigm shift, shaping the boundaries, opportunities, and risks of CSR in a globalized world^{[1][2]}.

THE CONCEPT OF CSR: ECONOMIC, LEGAL, ETHICAL, AND PHILANTHROPIC RESPONSIBILITIES

CSR encompasses four primary pillars:

- **Economic Responsibilities:** To be profitable while producing products and services society wants^[3].
- **Legal Responsibilities:** To comply with laws and regulations of all jurisdictions in which the business operates.
- **Ethical Responsibilities:** To act fairly and do what is right, even when not mandated by law.
- **Philanthropic Responsibilities:** To voluntarily support community wellbeing and improve societal welfare, going beyond what is required or expected^[3].

This holistic approach, popularized by Carroll's Pyramid of CSR, is now embedded in both domestic and international policy frameworks.

Graph: Growth in Company CSR Reporting Adoption (2014–2025)

[image:1]

Caption: Percentage of S&P 500 companies issuing CSR/sustainability reports. Reporting has jumped from 72% in 2014 to 98% in 2025, highlighting CSR's mainstream role in corporate governance^{[4][5]}.

LEGAL FRAMEWORKS SHAPING CSR IN INTERNATIONAL BUSINESS

1. Voluntary Guidelines and Soft Law Instruments

Historically, CSR has been rooted in self-regulation and voluntary codes of conduct, including:

- **UN Global Compact:** Ten principles covering human rights, labor, environment, and anti-corruption.
- **OECD Guidelines for Multinational Enterprises:** Recommendations for responsible business conduct across jurisdictions.
- **ISO 26000:** International guidance standard on social responsibility, widely referenced but not legally binding^{[3][6]}.

2. Hard Law: National Regulations and Binding Obligations

Increasingly, jurisdictions are enacting binding CSR mandates, ushering in a shift from voluntary compliance to legal accountability:

- **European Union:** The Corporate Sustainability Reporting Directive (CSRD), in effect from 2025, expands mandatory environmental, social, and governance (ESG) disclosures to over 50,000 companies, including many non-EU firms with EU-based subsidiaries. Firms must report on Scope 1, 2, and 3 greenhouse gas emissions, have third-party audits, and face fines up to €10million for noncompliance^{[7][8][9]}.
- **United States:** The SEC's 2025 rule requires climate risk disclosure from all public companies over a \$500million threshold, driving uniform CSR reporting across industries^{[7][8]}.
- **India:** The Companies Act amendments (2025) tie mandatory CSR spending by certain companies to measurable sustainable development goals (SDGs), and also introduce risk-scoring models for listed entities^{[7][10]}.
- **China:** Adoption of mandatory carbon disclosure registry for 5,000+ major companies as part of national carbon-neutrality targets^[7].

MAP: WORLDWIDE CSR/ESG REGULATORY COVERAGE (2025)

[image:2]

Caption: A global map illustrating the extent of mandatory and voluntary CSR/ESG regulation by country, with Europe, parts of Asia, and North America leading regulatory stringency in 2025^{[7][11]}.

THE ROLE OF INTERNATIONAL LAW: HARMONIZATION AND CHALLENGES

State Sovereignty vs. Direct Regulation

A central debate is whether corporations should be directly liable under international law or only through national jurisdictions. While international frameworks can set standards, actual legal liability generally arises from domestic law's adoption of these norms—underscoring the importance of state sovereignty^[2]. Treaties, such as the OECD Anti-Bribery Convention, and national statutes like France's Duty of Vigilance Law, are key vehicles for translating international CSR into binding obligations^{[12][9]}.

Integration of Human Rights and Environmental Norms

CSR regulations increasingly intersect with core areas of international law, notably:

- **Human Rights:** Companies must avoid complicity in human rights abuses within their supply chains.
- **Anti-Bribery and Corruption:** The U.S. Foreign Corrupt Practices Act (FCPA) and UK Bribery Act apply extraterritorially, setting global standards for ethical conduct.
- **Environmental Protection:** Reporting and risk management on climate impacts are now legally required in several major markets, pushing companies towards "net zero" commitments^{[13][7][8]}.

Flowchart: Key Components in International Corporate Social Responsibility Compliance

[image:3]

Caption: An end-to-end CSR compliance process: stakeholder engagement, policy identification (local/international), risk assessment, monitoring/reporting, independent audit, and remediation of violations^{[3][5]}.

Contemporary Trends and Legislative Developments (2025)

- **Regulatory Surge:** Forty new CSR/ESG regulations have been enacted globally in 2025 alone, a trend seen in both developed and developing economies^[7].
- **Transparency and Assurance:** “Double materiality” and third-party verification are becoming mandatory in many sectors^[8].
- **Alignment with International Standards:** EU’s CSRD prompts convergence with International Sustainability Standards Board (ISSB) and International Financial Reporting Standards (IFRS)^{[8][9]}.
- **Supply Chain Due Diligence:** Laws in Europe, India, and China increasingly require companies to audit and report on human rights and environmental risks in their global supply chains^{[7][8][5]}.

Table: Major CSR Legislation and Frameworks (2025)

Region	Key Law/Directive	Scope/Requirement
EU	CSRD, Green Deal, Duty of Vigilance	Mandatory ESG/CSR reporting, supply chain
USA	SEC Climate Disclosure	ESG/Climate risks in annual filings
India	CSR Amendments 2025	Mandatory CSR spend, BRSR scoring
China	National Carbon Disclosure	Emissions & ESG for 5,000+ companies

Ongoing Challenges

- **Legal Loopholes and Enforcement Gaps:** Ambiguous language, inconsistent standards, and fragmented enforcement enable “greenwashing” and superficial CSR adoption^[6].
- **Jurisdictional Disparities:** Variability between national laws creates compliance complexity, especially for multinationals operating in emerging markets, where local regulations may be weaker or unevenly enforced^{[14][15]}.
- **Balancing Specificity and Applicability:** Overly detailed laws risk non-applicability to diverse business models, while vague requirements impede meaningful action^[6].
- **Resource Constraints:** Smaller firms may lack capacity for reporting, monitoring, and managing complex supply chains, making proportionality in legal frameworks essential^[14].

Opportunities: The Evolving Value of Corporate Social Responsibility

- **Reputation and Brand Value:** Sincere CSR boosts customer loyalty, investor confidence, and recruitment.
- **Legal and Market Access:** Robust CSR programs facilitate compliance with evolving regulations and enable market entry where social and environmental governance is mandated.
- **Innovation and Risk Management:** Proactive adoption of CSR reduces legal, regulatory, and operational risks, and supports long-term value creation.

Graph: Surge in New Global CSR/ESG Regulations, 2015–2025

[image:4]

Caption: Annual count of major international CSR/ESG legislative initiatives, with significant acceleration since 2020. 2025 registers a record 40 new regulations^{[7][11]}.

Best Practices and Strategic Recommendations

1. **Integrate Legal and Voluntary Standards:** Combine binding legal frameworks with aspirational international codes for robust, credible CSR programs^{[13][3]}.
2. **Prioritize Transparency and Independent Verification:** Demonstrate compliance through clear disclosure, robust third-party audits, and public reporting^{[9][5]}.
3. **Continuous Monitoring and Training:** Regular compliance assessments and stakeholder engagement safeguard credibility and effectiveness.
4. **Emphasize Global Supply Chain Due Diligence:** Map, monitor, and remediate risks across multinational operations, not just local subsidiaries.
5. **Prepare for Regulatory Tightening:** Track evolving ESG/CSR laws, especially EU CSRD and state/federal ESG mandates, and adapt internal policies proactively^{[7][8]}.

CONCLUSION

Corporate Social Responsibility has rapidly evolved from a voluntary ideal into a complex web of mandatory legal

obligations, international standards, and stakeholder expectations that define today's global business environment. International business law both shapes and is shaped by these developments, with harmonization efforts often struggling against jurisdictional differences and enforcement challenges. Despite persistent obstacles, companies that invest strategically in credible, transparent, and well-integrated CSR practices stand to benefit from enhanced reputation, market access, and long-term sustainability, while driving social and environmental progress worldwide.

[image:1]

Growth in global CSR reporting among S&P 500 companies, 2014–2025^{[4][5]}.

[image:2]

World map of mandatory and voluntary CSR/ESG regulation by jurisdiction, as of 2025^{[7][11]}.

[image:3]

Flowchart: Key legal and policy steps for comprehensive international CSR compliance^{[3][5]}.

[image:4]

Graph: Annual increase in global CSR/ESG legislative initiatives, 2015–2025^{[7][11]}.

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