



Corporate Rights and Duties to Address Sustainability Challenges: To Set of Opportunities

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Abstract

The challenge of ensuring long-term survival is a significant barrier for the human race. The current environmental predicament and the increasing socioeconomic disparity may be attributed to human agency, particularly the acts and choices made by companies. To address these issues, it is necessary to establish a precise understanding of the concepts of sustainability and justice, and to ascertain the specific ways in which companies contribute to the aforementioned challenges. Both fairness and sustainability need the careful examination of temporal and spatial dimensions. However, it is important to note that the law is subject to limitations since it is heavily influenced by jurisdictional factors. Additionally, it is worth mentioning that business law primarily focuses on immediate considerations. The convergence of these elements necessitates an examination of alternative resolutions to the issue, which might include well-established frameworks within corporate law. This article explores the challenges inherent in achieving sustainable development and conducts an analysis within the context of the judicial system. There is a need to initiate changes in corporate board structures and shareholder arrangements in order to reallocate rights and obligations to entities that possess a greater stake in promoting sustainability and equity. Subsequently, the study examines several approaches that might be used to achieve this objective, and proposes reforms to enhance the organization's effectiveness in achieving societal needs. This study is based on qualitative research. Analysing statutes, local and international laws, protocols, conventions, treaties and reports for the accomplishment of this work.

Keywords: Corporate law, Climate justice, Shareholder norm, Institutional reform, Stakeholder rights, Law reform

1. Introduction

Global human environmental devastation is going to have terrible, permanent repercussions. The billions of individuals who have not yet been born and those who are too young to make choices to safeguard their interests will be affected by these effects. Fundamentally, the problem is one of structural fairness. If justice is adequately handled, environmental solutions will follow. Although the issue has several facets, starting at the level of the person. There is a need for novel perspectives and a comprehensive reassessment of established norms inside institutions, including cognitive, motivational, and ideological aspects, as well as extending to the institutional realm of markets and, ultimately, to the highest echelons of governmental regulation, such as the European Union's endeavours in sustainable finance. There is a growing recognition within the legal system of the importance of sustainability and its implications for judicial institutions. According to a recent ruling by the German Constitutional Court on December 12, 2019, the Federal Climate Change Act provisions that pertain to national climate targets and annual emission limits until 2030 are deemed incompatible with fundamental rights. This incompatibility arises from the fact that these provisions need more specifications for additional emission reductions beyond the year 2031. This assertion demonstrates the primary argument of this study, the concept of justice in ecological issues extends beyond the immediate concerns of the current generation (Cezarino, L. O., et al. 2022). Law, particularly corporation law, will be argued to be poorly suited to handle concerns of the public interest on a global or generational scale. Instead, its narrow concentration on jurisdiction and the anti-social, private nature of corporation law worsens problems with global, intergenerational justice brought on by the financial crisis and the climate change disaster. Maintaining established institutional standards, such as corporate law, in this crisis-affected context is entirely wrong. This paper suggests considerable structural adjustments and new institutional standards to solve the difficulties. The proposal entails the division of powers and responsibilities of directors, distributing them over two newly established boards entrusted with the task of making decisions about the environment and society. Similarly, it proposes the division of shareholder rights and their distribution among existing shareholders and a newly established stakeholder entity. Nevertheless, it is crucial to comprehend these modifications inside the framework of more extensive inquiries about equity (Kandachar, P., & Halme, M. 2017).

Our species has an inherent sense of justice. It is a human value that reflects our fundamental psychology and a value that governs the legal system. It enables individuals to participate in various cultures, including polyvalent, multicultural, hunter-gatherer, and animistic ones. A healthy environment is necessary for a stable, safe society; governments that fail to handle environmental challenges risk creating political unrest. Over two thousand years ago, Plato maintained that a reasonable level of justice is the cornerstone of a strong society. Although justice is often seen from an individual perspective, it has also attracted to public interest, and widespread social justice movement. A significant portion of the daily news stories throughout the globe are based on ideas of justice and its transgressions (Stahl, G. K., et al. 2020). The first discussions around sustainability mostly revolved around the role of government

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intervention, with a prevailing expectation that such intervention would manifest in the form of international treaties. The main challenge was reconciling the conflicting concerns of environmental advocates with a focus on the immediate and long-term implications. The conflict at hand is articulated through the dichotomy between a conservation policy, which prioritises preserving environmental integrity to ensure the ability of future generations to sustain themselves, and a depletion policy, which prioritises meeting the demands of the present generation with less regard for the environment. Nevertheless, the earlier discourse about the environment was modified (Cezarino, L. O., et al. 2022).

The prioritisation of shareholder interests inside companies is a substantial obstacle to achieving sustainability in this particular context. The performance in question has a normative orientation, characterised by a lack of social embeddedness and a primary focus on maximising financial resources. The prioritisation of financial prosperity by those who value money has resulted in an imbalance that favours the accumulation of wealth in both the natural environment and society, ultimately favouring a small, privileged few. It is noteworthy that a substantial portion of the worldwide populace, both now and in the forthcoming period, will experience the escalating inequity of environmental deterioration and elevated degrees of economic disparity. The issue of justice raised by the law firm has attained unprecedented worldwide relevance (Stahl, G. K., et al. 2020).

2. Historical Background

Although the business has a history dating back centuries, it gained significant prominence throughout the nineteenth century. It emerged as the preferred legal framework for the many enterprises that arose throughout the Industrial Revolution. Industrialization has relied on the utilization of fossil fuels and the extraction of natural resources, leading to substantial emissions of greenhouse gases. Moreover, contemporary enterprises own the majority of the global fossil fuel reserves. Using extensive marketing strategies and the development of various commodities and services, corporations influence the patterns of use and utilization of fossil fuels. Due to their substantial economic and political power, they possess full authority over production and distribution and exert considerable authority on political processes and subsequent legislative frameworks (Battilana, J., et al. 2022). The impact of corporations on the legislative choices of major governments and the public discourse around the critical issue of greenhouse emissions is substantial. Acknowledging the crucial role that corporation law reform must play if societal objectives like sustainability are met, there is cause to think carefully about the prospect of utilizing company law as a regulatory instrument. Significant public policy issues typically seem insurmountable, and changes to corporate governance may prove to be effective and potent solutions. This study acknowledges Greenfield's approach to tackling justice and institutional change problems. It further proposes the implementation of new boards, stakeholders and a corresponding redistribution of corporate rights to address these concerns more specifically (Valentinov, V., & Hajdu, A. 2021).

3. Justice's Dimensions

Justice has several facets. Justice is impacted by context, including factors like place and time and the parties and interests being considered. The elements of justice that are most important to sustainability are time and place. There are two significant gaps, between time and location. The first is the temporal distance between those who profit from environmental deterioration and those who pay its price. Policies that exploit people today will benefit them at the expense of future generations. In the case of conservation policies, present generations would pay the price while future generations would profit. The second distinction is the difference in geography that often exists between those who profit from policies and others who endure consequences. While everyone will eventually suffer the effects of climate change, individuals with uneven economic power are shielded from others who endure the brunt of the shift brought on by those in positions of power's unsustainable practices. These two divisions result in severe injustices. The core principle of universalism posits that temporal and spatial factors lack moral significance when determining the relative importance of different individuals' interests. Despite egalitarians claims that contextual factors have no bearing on sustainability justifications, this idea has much logical appeal. However, it is important to consider the factors of time and location. Two prevailing hypotheses are commonly accepted to account for unequal distributions. Therefore, the research will conduct a comprehensive analysis of these justice dimensions (Gull, A. A., et al. 2023).

4. Corporate Legal Structure

The company is distinctive. It is an ethereal being that only exists inside the legal system. It has been referred to as humanity's most incredible creation. It is a substantial, set of rights and obligations inside the legal system. Although the corporation served public, nonprofit, and charitable purposes for the majority from years, The prevailing consensus holds that the primary purpose of a corporation is to serve as a reservoir of capital, thereby confining liability for its members, safeguarding directors who operate within their authorised scope, and ensuring perpetual existence to maintain business operations despite fluctuations in personnel and investors. Corporate law has two functional

purposes, it establishes the company as a legal factor and offers a set of guidelines for coordinating events and processes (Khan, M., et al. 2018). The name, classifications, rights, tasks, and tests are established, along with the organs, members, and directors. The company is a value-neutral vehicle after everything is said and done. To comprehend this, one may compare the firm to a vehicle. A fundamentally value-neutral vehicle may also be utilised as an ambulance or a getaway vehicle for criminals. The corporation's historical role has been to provide collective objects with an appropriate identity for them and to enable the contribution of small amounts of personal property to ensure their continuous existence. Additionally, it operates as a deliberative body in terms of procedure, where members and directors must think through and decide on many choices. These crucial characteristics evolved throughout time as a response to the social issues of the ages, and they should be protected via any corporate reform (Kandachar, P., & Halme, M. 2017).

5. Internal Governance Framework

The four primary classes created by corporate law are as follows: members, directors, the name of the company's corporate identity, assets. Additionally, it establishes the criteria for joining and leaving each class as well as the rights and obligations that are applicable both inside and between them. Hence, company law serves to construct the internal governance structure by providing a standardised set of default standards. The subject matter may be examined via the lens of property, contract, and fiduciary rights and duties (Stahl, G. K., et al. 2020). Corporate rights are awarded in exchange for or as a dessert for payment. Hence justice within the corporate law framework is an issue of economic desert. It is a very narrowly focused justice since it only applies to parties within the organisation, and because it is an economically based dessert, other arguments for distributions are outlawed. It only makes use of formal rights that are used in a business setting. Given how expensive it is to exercise one's rights, justice only benefits those who can afford to pursue it, giving new meaning to the adage "You will have as much justice as you can afford." The aforementioned makes clear that justice in the framework of corporation law differs significantly from justice in the other circumstances mentioned above. There are two critical factors in this. First, corporate justice differs from traditional justice because corporate law does not prioritise interactions between corporations and groups in the broader community that are not part of the corporate body. Justice in corporate law is primarily concerned with the duties and relationships inside the corporate entity itself. Second, corporate justice differs because there is neither moral concern for human society nor required dependence on the environment on the part of the firm. This article shifts its focus to link between business and society (Stohl, M., & Stohl, C. 2010).

6. Corporate Law and the Rule of Law

There are two opposing viewpoints regarding the issue of justice at the intersection of corporation law and society. According to the first scenario, corporate law is solely based on utilitarian principles. The corporate form has secured the greatest good for many people by applying economic standards. This is because, as a market institution, corporations have made it easier to pool capital, which has sped up industrialization and improved living conditions for hundreds of millions of people worldwide. As a result, companies provide the commodities and services people want, making them the best production and distribution organisations to meet individual needs. It also distributes money efficiently, promoting shareholder primacy (Yang, C., & Modell, S. 2015). The research above did not examine how corporate justice has relied on injury-related law, notably tort and criminal law. Utilitarian lenses in applied economics have been utilised to advocate for corporate law fairness. This technique strengthened shareholder primacy. In Pakistan shareholder primacy as the underlying factor contributing to the prevalence of short-termism in corporate governance practises and the subsequent lack of sustainability. The phenomenon has had a transformative impact on the field of corporate law, as well as on business and economics study and practise. This has resulted in an increased emphasis on director responsibility and control, leading to significant changes in company law. Specifically, company law has shifted from being value-neutral to actively promoting economic efficiency standards and the production of private wealth. The transition from corporate concession and person theories to contractual linkage signified a significant shift in the field of company law (Cezarino, L. O., et al. 2022).

Corporate law, public policy, and practice support shareholder primacy. According to neo-classical economic and neo-liberal political ideologies, companies produce the best wealth. Meanwhile, other organisations and legal systems should address distribution concerns like income inequality, which harms society, and environmental degradation. The corporation now prioritises internalising or privatising benefits and externalising expenditures related to research and practice. In practice, this shareholder-centred orientation of the corporation has increased social inequality, environmental degradation, and distributive injustice. The first justification for the status quo at the corporate-society interface, which supports shareholder primacy, must be revised because it overlooks the crucial issue. The corporate entity known as shareholder primacy is opposed to social justice in every way (Gull, A. A., et al. 2023). In terms of geography and time, it opposes socially fair distributions. The aggregate of individual demands does not equal and

acceptable policy for the public good, in this instance, sustainability and justice, even though it is believed to facilitate the efficient satisfying of individual needs. According to the second scenario, there are various reasons why corporation law is unfair. It contends that the present legal framework for tort, criminal, and specific economic and environmental rules and regulations is gravely faulty, as seen by the current climate problem and the rising inequality. It draws attention to continuous legal changes impacting companies in areas like taxes, salaries, and the environment that continue to favour private businesses at the expense of the rest of society (Valentinov, V., & Hajdu, A. 2021).

The judicial system as it now exists, according to many who pledge to this narrative, is faulty for several reasons, chief among them being that the official administration of justice does not address the rising social disparities or the corporate devastation of the environment. Furthermore, few parties have the legal standing to contest corporate decisions influencing these concerns since corporate law does not provide rights to persons that do not profit from the corporation's social expenses, i.e., outsiders. In addition, save for a small group of people who pool resources to contest corporate judgements, the expenses of legal action against corporate authorities are prohibitive. Furthermore, firms often choose an economic rather than a citizenship strategy regarding compliance issues. Accordingly, following the law is only preferable if it is less expensive than the alternative. They only uphold the text of the law when doing so is less expensive than breaking it, disregarding the consequences to society (Kandachar, P., & Halme, M. 2017). The company also has enormous political influence that is only available to the wealthiest members of society, thanks to its enormous economic weight. In conclusion, the ex-post nature of remedies and the ex-ante compliance strategies undercut the effective, proactive strategy required to prevent injuries. In addition, even if the institutionalised method used today were appropriate, firms would not be competitors on an equitable playing field. Instead, they are privileged players with higher professional acumen, more financial resources, experience as seasoned litigators, and often the ability to create and take advantage of regulatory capture. Consider the following scenario to understand the extent of social injustice made possible by the corporate structure. Elon Musk and Jeff Bezos, two of the top patrons of corporation law, have a combined net worth more significant than the nation's GDP, with the world's twelfth largest population. Ethiopia is home to 117,000,000 people, making it the nation with the most significant population in Europe. In fact, out of the 213 nations on the planet, Musk and Bezos rank 51st in combined wealth (Stohl, M., & Stohl, C. 2010).

Such a comparison between corporate earnings and national economies is more than just academic conjecture. A recent Dutch court specifically mentioned this problem in the context of greenhouse emissions. About the relative accountability of businesses and nations, the judgement said the following, "The court believes that defendant RDS (Royal Dutch Shell) may be held to a high standard. RDS is the leader of the Shell group, which includes over 1,100 businesses and operates in 160 nations worldwide. It has a position of policymaking and is a significant participant on the global market for fossil fuels and is accountable for considerable CO2 emissions, which surpass those of several governments and contribute to severe climate change and global warming" (Naciti, V., et al. 2021). Corporate analysis cannot be limited to the analysis of corporate interests, especially when sustainability problems are involved. Large industrial organisations, most of which are structured as corporations, are to blame for the tremendous environmental harm our planet is now experiencing. Consequently, the law requires big firms to have a higher public orientation to account for their significant public imprint. As a consequence of this corporate injustice, there is widespread unhappiness and resistance to corporate power and devastation. In response to the aforementioned corporate injustice, a global narrative and activity against corporate influence and power have emerged. The extent and intensity of discontent with existing distributions are evident in the pursuit of social and environmental equity, as demonstrated through various actions primarily undertaken by individuals external to corporations. These actions encompass a wide range, including consumer boycotts, prolonged legal disputes, and even direct physical assaults on corporate properties such as mining sites, oil wells, and corporate headquarters (Stahl, G. K., et al. 2020).

Corporate law is focused on insiders from a strictly legal standpoint, as was previously said. This helps them organise their affairs by, for example, lowering the possibility of being held legally liable for the collective's acts. Consequently, the company is legally permitted to engage in dangerous, immoral, and lucrative actions that benefit the insiders' shareholders, directors, and executives. While the sound effects are focused on the advantage of the insiders, the adverse effects continue to be felt by the general population. As a result, the corporate structure promotes the creation of "social expenses," which is seen as the ordinary course of events. In light of this, it should be anticipated that companies would exploit the natural and social capital of the world without regard for other interests or values when shareholder primacy is implemented. Such societal expenses are anticipated to raise private profits and are necessary for the corporation's legal structure (Battilana, J., et al. 2022). In a way, the corporation is the ideal economic factor, destroying social and natural systems to enrich itself financially. Corporate capitalism acting according to its normal, financialized, and intrinsically evil logic. Even Ireland makes a compelling case that ethics is not a question of business law but instead of societal fairness and concern. Again, the corporation may be considered a neutral entity; nevertheless, it poses a significant issue when used as it is now to exploit social and natural resources without

consideration for other people or social institutions, present or future. Due to several factors, leaving this issue of "social costs" to other organisations has led to the crisis we are now experiencing (Kandachar, P., & Halme, M. 2017). A figurative agreement between the ruling and the governed based on mutual benefit, the social contract is directly challenged by the arrangement of legislation at the corporate-society interface. In the instance of the company, the social compact is contested by a participant who lacks moral awareness and a solid motive to interact with others. The company is devoid of human social traits. According to the literature, this tendency has been attributed to the corporation's lack of social embedding in society and has been addressed by corporate social responsibility (Gull, A. A., et al. 2023). The previous examination of the corporate-society interface's state of things may be summed up as follows: The shareholder primacy company is best characterised as a powerful economic and political factor, one that practises social parasitism and pursues short-term financial goals that are opposed to sustainability and distributive justice in both their spatial and temporal dimensions. The present state of affairs needs to be improved to meet distributive justice and sustainability (Naciti, V., et al. 2021). In short, the company's internal priorities and lack of interest in outside issues demand rethinking the company to address the crucial problem of sustainability, a value put by society on the natural environment, and the opportunity for transformation (Kandachar, P., & Halme, M. 2017).

6.1. Corporate Rights and Duties for Sustainability

Greenfield has made the same argument as stated above, there are significant public policy issues that otherwise appear intractable, and improvements in corporate governance may show to be strong and efficient vehicles to solve them. Like other significant public policy issues, justice's spatial and temporal aspects can only be addressed by addressing the corporation. Directors and shareholders currently have complete freedom to exercise their corporate rights. The institutional design of corporations is neutral; they are solely bound by the law and free of moral responsibilities or feelings. Despite their purportedly democratic, deliberative processes, decision makers often adhere to management defined interests (Stohl, M., & Stohl, C. 2010).

The corporation exhibits a lack of concern, and in some cases, a hostile attitude towards the temporal and geographical considerations of justice, as well as the social and ecological values associated with sustainability. This disregard for such important matters can be attributed to the corporation's legal structure, which prioritises the interests of shareholders, its ability to operate across various geographic locations, and its perpetual existence without any time constraints. As previously elucidated, the current state of affairs is characterised by an inherent lack of fairness and long-term viability (Battilana, J., et al. 2022). Consequently, the one feasible solution lies in the implementation of comprehensive reforms to company law. Kent Greenfield has presented a compelling case on the foundational concepts that serve as the basis for all of these endeavours. The individual in question has successfully recognised a total of five fundamental concepts. 1. The equitable distribution of a corporation's wealth among its contributors is imperative. 2. Corporations possess distinct capabilities to foster societal well-being through the generation of financial prosperity. 3. Corporate law should be designed to advance the aforementioned principles. 4. The implementation of participatory and democratic corporate governance represents the most effective approach to uphold these principles. In order to achieve distributive justice within the framework of company law, it is essential to ensure equitable distributions of revenue across all relevant aspects. Principle 5 of Greenfield's framework is a pivotal and procedural directive for effecting major changes within a business context. In order to effectively execute these Principles, it is necessary to facilitate change at both the internal, organisational level and the external, societal level (Naciti, V., et al. 2021). The latter portion of the article centres on the requisite adaptations needed at different levels in order to achieve sustainability and equitable distribution throughout time and geography. When considering the connection between these Principles and the concept of distributive justice, which is crucial for societal sustainability, it becomes apparent that ecological factors also play a significant role. Moreover, the implementation of the Principle entails ensuring that the firm operates in a manner that prioritises the welfare of society as a whole, taking into account both temporal and geographic considerations (Valentinov, V., & Hajdu, A. 2021).

6.2. Internal Corporation Reforms

There is a need for a comprehensive overhaul of the classifications, entitlements, responsibilities, and criteria inherent in corporate legislation. The corporate governance framework prioritises the interests of shareholders as important. The current approach prioritises the centralization of decision-making, focusing on fulfilling specific interests rather than establishing a governance structure that may effectively address the concerns of customers, employees, and society as a whole. Additional stakeholders are needed to use other approaches, such as explicit contractual agreements or potentially defective governmental regulations, in order to protect their interests, since company law alone may not be enough (Tibiletti, V., et al. 2021). In order to effectively implement, it is imperative that any proposed change be strategically developed to include and address societal concerns and expectations. This encompasses a range of actions, such as reconfiguring established corporate norms to replace the prevailing shareholder primacy norm and reallocating decision-making authority to achieve an equitable allocation of costs and benefits (Stahl, G. K., et al. 2020).

In order to ensure that reform takes into account the interests of both current and future populations, it is necessary to first identify their respective requirements. Subsequently, an evaluation of existing rights and responsibilities must be conducted to establish how the provision of rights and the imposition of obligations may effectively address those needs. The examination of change is being undertaken by two contemporary policy agendas, namely the Study on Directors' Duties and the Corporate Governance Review by SECP (Security and Exchange Commission of Pakistan). Building upon these ideas as a foundation, the article delves into more intricacies surrounding the many types of directors and their corresponding rights and responsibilities. Subsequently, an examination of shareholders is presented (Li, W., et al. 2020).

6.2.1. Tripartite Board and Director Responsibilities

The empirical study conducted by the Directorate-General for Justice and Consumers focuses on the examination of directors' duties and sustainable corporate governance. Specifically, the study investigates the primary cause of unsustainable behaviour in the near term. The study asserts that it is imperative for Pakistan to incorporate the objective of promoting corporate governance practises that foster company sustainability. This necessitates an intervention to rectify corporate governance practises that promote short-term thinking and hinder the integration of sustainability into company decision-making processes, such as corporate reporting, board remuneration, board composition, and stakeholder involvement (Valentinov, V., & Hajdu, A. 2021). The Study proposes a recommendation to mandate that corporate boards establish protocols for engaging with and integrating input from both internal and external stakeholders in order to identify, prevent, and address sustainability risks and their associated impacts within their organisational strategies. The assessment of effectiveness, efficiency, coherence, and proportionality encompasses a comprehensive framework that encompasses regulatory frameworks, companies, fundamental rights, broader economic, social, and environmental consequences, and governmental administrations. The study suggests such a move might improve sustainability (Alam, S. M., & Islam, K. M. 2021).

6.2.2. The Financial Reporting Council advises similarly

The annual report should explain how the board considered the company's other important stakeholders' interests of the Companies Act, 2017 criteria. Engagement strategies work best when the board evaluates them. A formal worker advisory council, non-executive director, or workforce-selected director should engage with the workers. The board should describe its alternative arrangements and why it thinks they work if it has not yet chosen a strategy. The strategy foreshadows the issue of how to achieve such a transformation (Khan., et al. 2021). The proposed strategy lacks sufficient justification for delegating the responsibility of developing mechanisms for engaging with and incorporating input from both internal and external stakeholders in the identification, prevention, and mitigation of sustainability risks and impacts to corporate boards. There exists a rationale to support the notion that current institutions possess the capacity for longevity, while advocating that structural restructuring is a superior approach. The director designated by the workforce, advisory panel, or non-executive director should be responsible for promoting long-term interests and diverse viewpoints. In light of this, modifying decision-making processes may be seen more socially acceptable (Kandachar, P., & Halme, M. 2017).

To meet sustainability goals, disaggregating these decision-making rights and obligations will involve parties whose view of compliance is not solely an economic calculus but leaves economic, social, and environmental decisions to finance focused people. Company law studies have examined the German co-determination model for decades. Three boards might disaggregate director powers and improve them. Disaggregation makes the recommendation easy to implement. A certain size firm must have three boards under its strategy. The three-board structure facilitates the redistribution of decision-making authority among directors, enabling each board to make choices based on their respective areas of expertise (Tibiletti, V., et al. 2021). This arrangement serves to promote equitable and sustainable results. In the present organisational structure, it is proposed that the implementation of a strategic board would prioritise matters pertaining to business strategy, operations, and financial aspects. Additionally, a separate board would be dedicated to addressing ecological sustainability concerns, potentially allocating resources towards carbon budgets. Lastly, a third board, known as the social board, would take into account the interests and considerations of the existing workforce, local community, and future generations. In crucial social and intergenerational justice areas, this third board would help make decisions (Cezarino, L. O., et al. 2022).

6.2.3. company prioritize environmental and social sustainability

New boards would shift the company from shareholder priority to environmental and social sustainability. It is stated that participatory, democratic corporate governance is the best way to ensure long-term growth and equitable distribution of firm wealth. To succeed, the proposal must offer each board and its members rights and responsibilities. The environmental board may prohibit the firm from deciding if a strategic board plan would harm the environment by consuming or emitting more than 1% of present operations. It may provide an alternative method for executing the requested increase. Using the same scenario, the social board may support the strategic board if the plan greatly benefits society, including current and future generations, or the local region. It might also determine whether the

environmental board was correct or whether the strategic board should not continue due to social harm. Social boards, like environmental boards, may prohibit businesses from making strategic decisions. It offers a new way to accomplish the increase. Charging and empowering these boards to achieve financial success, sustainability, and justice goals is crucial to achieving these three goals. Though aesthetically unique, tripartite boards have director-board issues, notwithstanding critics' assertions (Li, W., et al. 2020). Each director handles challenges based on their anxieties, concerns, duties, and abilities. Business directors must address concerns and make agreements to work efficiently. These concessions allow them to manage the company. A tripartite board structure might require negotiated conflict resolution, sustainability, and fairness objectives. These decision-making skills have roles. Directors' care, effort, and good faith should apply to all boards. Since the company is for profit, all boards must consider profitability or wealth, including natural and social capital. The shareholders, the other business decision-maker, follow the board of directors as a changer (Stahl, G. K., et al. 2020).

6.2.4. Investing Parties and Stakeholders

Shareholder rights may often be categorised into two distinct dimensions: economic and political. Shareholders own a range of entitlements, including the ability to exercise voting privileges, receive dividend payments, and engage in the sale of their shares, among several other rights. There is little uncertainty about the fact that shareholders have a considerable regard for economic rights, since these rights serve as the foundational entitlements for which they remunerate in order to get a portion of profits and increases in capital (Tibiletti, V., et al. 2021). The present discourse aims to explore justice-based grounds for the redistribution of economic rights among shareholders. The primary focus of social sustainability is on the complexities of economic systems, extending well beyond the scope of mere business law change. Nevertheless, there exists a disparity when considering the political entitlements of investors. A significant proportion of shareholders of publicly traded firms, whose choices are sometimes categorised as "exit or voice" in situations when there is sufficient marketability, demonstrate a lack of interest in using their voting privileges. The majority of shareholders often lack a genuine understanding of the company's operations and do not exert effort to acquire such knowledge. Nevertheless, they passively accept the semi-annual or annual dividends distributed by the board according to their discretion (Kandachar, P., & Halme, M. 2017).

Exiting is the economically sensible and ideal course of action, except for the most significant stockholders. If not done intelligently and in concert, using one's right to speak in today's management business offers little benefit. The act of reallocating shareholder votes to parties who demonstrate an interest in using these political capacities is very logical and beneficial. The potential alteration of corporate law via the delegation of decision-making authority to shareholders is a matter that warrants consideration. Corporate law might potentially provide a mandatory additional classification of "stakeholders." The proposed initiative involves the establishment of a novel corporate entity, alongside the existing corporate organs of shareholders and the board of directors (Alam, S. M., & Islam, K. M. 2021). In relation to topics pertaining to stakeholder interests, particularly those concerning sustainability and the preservation of valuable assets for the long term, the stakeholder body would be granted the same voting rights as shareholders, including individual rights. This new corporate organ would significantly contribute to deliberate corporate decision-making since, in contrast to shareholders' wealth-focused concerns, its emphasis would be on sustainability-related issues, even if shareholders now have the authority to make such decisions. This proposed change is crucial because, under the existing system, it is challenging to utilise shareholders' rights related to sustainability issues (Valentinov, V., & Hajdu, A. 2021).

Shareholder rights are typically limited to safeguard directors' discretion and respect company law's separation of powers. Judges safeguard directors' decision-making power and occasionally suppress activist shareholders. Directors may address stakeholder issues, but the issue comes when they do so for other stakeholders. A stakeholder organ with decision-making power would be a major change. The argument that non-shareholder, non-director parties cannot influence company decisions and operations without rights is a common criticism of stakeholder capitalism and corporate social responsibility (Khan., et al. 2021). The absence of legislative safeguards institutionalises sustainability and unfairness issues in directors' discretionary decision-making power. Corporate social responsibility and sustainability stakeholders would gain considerable rights from the proposed amendment. Instead of employees and creditors, stakeholders may include social and environmental experts like the planned directors of the tripartite environmental and social boards and appointed accordingly. A functioning corporate organ, the stakeholder organ might check or replace shareholder dominance (Alam, S. M., & Islam, K. M. 2021). A considerably transformed organisation would result from implementing the new stakeholder organ and the extra boards. The company would be a unique invention in terms of its organisational structure and business practises. It is possible to highlight the total difference. In contrast to being a purely self-interested, profit-driven legal entity, this reformed company re-embeds the business in society by establishing explicit, direct social links and environmental rules (Stahl, G. K., et al. 2020).

7. Business and Society Relations

The corporate-society interface, a review of the social contract's egalitarian tenets, and, as this essay has stated, sustainability, as well as the spatial and temporal aspects of justice, are all things that need to be taken into account. As previously stated, tort and criminal law and several economic and environmental rules and regulations now govern the relationship between corporations and society. As previously discussed, it is failing gravely. The corporate factor in the connection between a corporation and society has no inherent concern for non-corporate effects on current or future generations or individuals living in other places, and their only goal is to further their financial interests. The company must undergo some internal change to consider social issues; it cannot simply respond to external legislation in this regard (Battilana, J., et al. 2022). It is helpful to go back to the principles to guide the reform of standards for business relationships with society, The ultimate objective of companies should be to serve the interests of society as a whole, offers an adequate normative framework a shocking realisation results from using this Principle in the larger context of this paper. There is no justification for limiting the "interests of society as a whole" to the people living in a specific jurisdiction at a particular time. In other words, the foundation of the corporate-society interaction must be the values of social and ecological justice (Li, W., et al. 2020).

Corporations are specifically equipped to contribute to the benefit of society by establishing financial success. They can achieve this by enabling the division of labour that enables a wide range of products and services to be produced effectively. As a result, although corporations are helpful to society as a way to pool resources and employ them productively, they cannot be used for this reason alone while disregarding unfair operating practices and distributions (Chuang, S. P., & Huang, S. J. 2018). Therefore, from a normative standpoint, although fundamental efficiency and profit standards should continue, they cannot be the exclusive or final norms dictating corporate law change. Instead, the ultimate standard for firms should be their entire contribution to society. The effective use of money, natural resources, and human resources aids sustainability in preserving resources that are not immediately required for use in manufacturing. In a private company, profitability is essential as well. Otherwise, the business will collapse. However, ignoring the other effects is a dangerous mistake. Compensation for social expenses should be added to his fourth Principle, which deals with wealth distributions. The suggested tripartite board and stakeholder body has a normative base: "Participatory, democratic corporate governance is the best method to guarantee the sustainable development and equal distribution of company wealth." (Kandachar, P., & Halme, M. 2017).

In order to address sustainability and justice, the subject of how to restructure the corporate-society interaction is brought up. Instead of seeing the connection as a matter of a private right to wealth accumulation, it is necessary to rethink it as one including distributive rules and public factors. Companies' contributions in their existing forms cannot be justified based on utilitarianism or equality. These unequal distributions are blatant violations of the utilitarian principle that everyone should be as happy as possible. Likewise, no egalitarian reason can be used to justify this distribution. Furthermore, such a distribution cannot be justified using moral standards, needs, or other distribution-specific norms (Alam, S. M., & Islam, K. M. 2021). These distributions merely result from a deliberate application of corporation law to reflect political decisions that have influenced current business law and governance. To change the corporate-society connection, four new rules must be established. First, a new standard of justice has to be established. The equitable distribution of costs and benefits between the current and future generations, as well as globally, in terms of both temporal and geographic dimensions, should be part of this standard, which broadens Greenfield's emphasis on those who have contributed to wealth creation. Fairness thus necessitates the allocation of salaries and profits, public goods, and social costs as a sustainability argument (Valentinov, V., & Hajdu, A. 2021).

It is necessary to propose a second norm that is related. This standard ought to replace shareholder primacy because of its externalising effects. As a clear departure from the neo-classical economic theory of social costs, it would instead emphasise the internalisation of social costs. It accepts the Coase theorem's natural limits, such as the issues with imperfect markets, information asymmetries, or market failures that call for legislative remedies. Imaginary ideal worlds with no transaction costs and quick, accurate information are a solution to the global environmental crisis and severe inequality (Chuang, S. P., & Huang, S. J. 2018). The new standard would provide a fresh justification and theory for corporations and a significant motivation for investigating and reorganising society-corporation interaction. A change in risk would make it simple to establish this new internalising norm in the law. Polluter pays, prevention, and the precautionary principle are examples of public environmental law rules that would need to be transferred from the public to the private sphere. In other words, the proposed environmental tier of the board of directors would impose internal duties on the private firm that would be strengthened by related directors' responsibilities and encumbrance of assets or shares. A change like that would correct historical injustices. In contrast to the ex-post corrective justice required by the previous justice model, the new model shifts to ex-ante distributive justice. Costs must be paid immediately and cannot be deferred to distant parties in time or space (Stohl, M., & Stohl, C. 2010).

The third new standard needs to emphasise more benefit externalisation. Sharing this advantage must be a fundamental change since wealth creation is the corporation's most significant public benefit. This externalising, or redistribution

as a kind of justice, might be done by restricting share dividends to a benchmark, such as a percentage of national GDP growth, and limiting CEO compensation to multiple employee salaries. In other words, corresponding increases in public wealth limit the privatisation of wealth. This redistribution would be easily justified on egalitarian principles in terms of fairness. It would put into practice the basis for significant neo-liberal policy reforms influenced by classical economics. Although it is commonly believed that "a rising tide lifts all boats," only the top 0.1% of society has benefited significantly over the past 30 years. It is difficult to think of a more efficient way to do this if the latter is to serve as both the policy's purpose and its rationale (Battilana, J., et al. 2022). To address the judgements being made by corporate leaders on compliance, a fourth crucial new norm has to be established. The social contract society makes with corporations, or a lateral social contract between neighbours, is represented by laws. It is crucial to modify corporate compliance practises to re-embed the business in society since compliance is a sign of a firm's participation in society. The current method only considers compliance from an economic perspective, disregarding all social duties and moral imperatives. It does not look at a legal responsibility through the prism of political citizenship. Compliance and non-compliance are simply pricing on different forms of activity, a cost of doing business globally, from an economic perspective (Kandachar, P., & Halme, M. 2017). The anticipated outcome of the article's proposed strategy, which involves the transfer of resources via internal modifications implemented by tripartite boards and stakeholder groups, is the reintegration of the currently socially detached factor. If implemented, these proposed modifications would profoundly impact the long-term course of justice and sustainability worldwide, transcending geographical borders in a context where corporations continue to have an excessive amount of influence (Stahl, G. K., et al. 2020).

8. Conclusion

company law is contingent upon the collective political decisions shaping our societal vision, like other domains of common and statutory laws. The article posits that society's pursuit of sustainability, environmental preservation, and social well-being is driven by the desire to ensure the well-being and happiness of future generations. In order to facilitate the production and distribution of products and services, it is essential to make substantial modifications to the company's legal structure in Pakistan, which is often regarded as the most favourable form of organisation. The current state of company law has been and will persist in exacerbating socioeconomic inequities and environmental concerns. The entity in question lacks a foundation in social principles. It is not bound by any responsibility to address issues of social injustice or the consequences of environmental deterioration beyond the minimum requirements stipulated by tort, property, environmental, and economic legislation. The need to reform company law is evident. This article posits that to achieve coexistence between justice and sustainability, a careful examination of corporation law is necessary, drawing upon Greenfield's conceptual framework. This article has examined the implications of these problems on corporate reform by analysing utilitarian, egalitarian, and distributive justice, considering their historical and geographical dimensions. The article proposes implementing revised criteria after advocating for alterations in the composition of the board of directors and the enhancement of shareholders' rights. The objective is to provide a foundation for future discourse and deliberation on the potential enhancements of one of humanity's most beneficial innovations to ensure its continued efficacy amidst the challenging and ever-changing circumstances now faced by our species.

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