

North-South Dimension in Corporate Responses to Climate Challenges: Legal Insights

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The power dynamics between the global North and South play a critical role in determining collective action towards addressing climate change and environmental degradation. The overutilization of resources by the North as a group of nations, since the Industrial Revolution, possesses relatively a bigger share of the historical guilt over the unequal distribution of common global property. Until recently, International Environmental law primarily focused on adaptation and mitigation within interstate frameworks. However, the growing emphasis on loss and damage claims, particularly from the Global South, has brought attention to the potential extension of legal parameters that include various non-state parties. This is supported by the evolution of international law which has expanded beyond traditional state-centric approaches, embracing more inclusive and vertically integrated global governance patterns that allow non-state actors and business entities to influence international standards, particularly in the context of climate change discourse. By employing an interdisciplinary approach that intersects environmental law and corporate governance this research aims to answer two key questions: (i) Based on the CBDR principle, what are the primary challenges faced by businesses in the Global South when implementing the demanding global climate standards? And (ii) based on the loss and damage mechanism, how can the businesses in the Global North effectively transfer technology and best practices to the Global South? Even though the emergence of concepts and principles aimed at addressing environmental challenges in the corporate sector has led to the implementation of comprehensive environmental management systems aligned with ambitious sustainability targets as part of corporate social responsibility (CSR) strategies, yet regulatory gaps and lack of policy coherence in developing countries present challenges to effective enforcement of these measures at the domestic level. To this end, it explores the North and South dynamics in corporate governance based on the CBDR principle and loss and damage mechanism.

Keywords: *Climate Change, Corporate Governance, Loss and Damage, CBDR, CSR*