


Chapter 3

Corporate Sustainability: Legal Responsibilities and Opportunities

Imad El Din Ahmad Abdul Hay
University of Sharjah, UAE

Iyad Mohammad Jadalhaq
University of Sharjah, UAE

Mohammed El Hadi El Maknouzi
University Of Al Dhaid, UAE

Enas Mohammed Alqodsi
 <https://orcid.org/0000-0003-4643-9660>
United Arab Emirates University, UAE

ABSTRACT

The UAE Commercial Companies Law No. 32 of 2021 enhances the sustainability of companies by allowing them to engage strategic partners possessing technical, financial, operational, and marketing capabilities. While this legislative change aims to assist struggling companies and boost successful ones, it requires careful consideration due to potential risks, especially concerning the rights of shareholders and creditors. The study explores the company's responsibilities towards shareholders and creditors, focusing on key elements of sustainability: legal responsibilities and guarantees that protect the rights of shareholders and creditors. It also acknowledges the implicit accountability of the strategic partner for any unlawful actions coordinated with the company's board of directors, emphasizing the need for a balanced approach in determining the company's liability when assessing the benefits and potential risks associated with strategic partnerships.

DOI: 10.4018/979-8-3693-2987-0.ch003

INTRODUCTION

The issue of corporate sustainability constitutes the most prominent legislative developments that the UAE legislator sought to enshrine in Commercial Companies Law No. 32 of 2021. The most important of these developments is represented in allowing the entry of a strategic partner into companies, corporate governance, and not adhering to the national contribution requirement. However, this chapter is limited to the subject of introducing a strategic partner, as the legislator allowed commercial companies to introduce a strategic partner who possesses financial, technical, or operational capabilities to present it to companies that wish to do so as a means of corporate sustainability, indicating the responsibilities resulting from joining. Therefore, this chapter aims to provide readers with an overview of the legal responsibilities and opportunities that lead to corporate sustainability. It is an attempt to show the company's responsibility to achieve equality between shareholders. Significantly, it will explore the invalidation of the General Assembly's decision in the event of prejudice to the basic rights of the shareholder, the company's responsibility towards the company's creditors, the company's creditors at the stage of concluding the contract, the company's creditors are in the contract implementation stage (Alqodsi, Serebrennikova, & Orsayeva, 2024), the consequences of including the strategic partner on the company's creditors, and the invalidation of the liability claim over time.

Background

The inclusion of a strategic partner is associated with legal opportunities for the success of the joining process, in application of the provisions of Article No. 1 of Law 37 of 2021 regarding commercial companies, which defines a strategic partner as “a partner whose contribution to the company results in the provision of technical, financial, operational, or marketing support for its benefit.” Accordingly, we note that the legislator has resorted to allowing companies to include a strategic partner with the aim of achieving sustainability for these companies. This happens either with the intention of helping some companies that have technical, financial, operational or marketing problems to meet the requirements of their survival in the market, or the strategic partner joins companies that are already strong but desire more control and success in the market. In both cases, the partner will provide added value to the company (Labib, 2015).

However, the process of entering a strategic partner requires this partner that wishes to join a company to fulfill a set of conditions that we can deduce from the text of Article (226) in its first paragraph of Federal Companies Law No. 32 of 2020, which includes the conditions for the strategic partner's contribution to joint stock

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/corporate-sustainability/356527

Related Content

MSP430 Microcontroller: A Green Technology

Mala Mitra (2011). *Green Finance and Sustainability: Environmentally-Aware Business Models and Technologies* (pp. 191-198).

www.irma-international.org/chapter/msp430-microcontroller-green-technology/53250

The Circular Economy of Plastics: Where We Are and Where We Can Go

Nelson Beuter Júnior and Kadígia Faccin (2020). *Mapping, Managing, and Crafting Sustainable Business Strategies for the Circular Economy* (pp. 276-301).

www.irma-international.org/chapter/the-circular-economy-of-plastics/257297

Problems and Prospects of Organizational Resilience: A Conceptual Discussion

José G. Vargas-Hernández and Muhammad Mahboob Ali (2021). *International Journal of Sustainable Economies Management* (pp. 64-84).

www.irma-international.org/article/problems-and-prospects-of-organizational-resilience/298952

Moving Towards Less-Modeling Enablers of Responsible Consumption for Sustainable Consumption in an Emerging Economy: An ISM Approach

Vijay Kumar Jain, Hemraj Verma, Jayati Naithani and Shipra Agarwal (2022). *International Journal of Social Ecology and Sustainable Development* (pp. 1-21).

www.irma-international.org/article/moving-towards-less-modeling-enablers-of-responsible-consumption-for-sustainable-consumption-in-an-emerging-economy/306262

Supply Chain Social Sustainability and Manufacturing

Mani V, Rajat Agrawal, Vinay Sharma and Kavitha T.N (2018). *Sustainable Development: Concepts, Methodologies, Tools, and Applications* (pp. 1428-1454).

www.irma-international.org/chapter/supply-chain-social-sustainability-and-manufacturing/189952