

Corporate Environmental Responsibility for a Sustainable Future

Odpowiedzialność środowiskowa biznesu dla zrównoważonej przyszłości

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Abstract

It is an imperative to find a proper way to maintain a balance between the economic development and natural environment's carrying capacity, which is needed for the wellbeing and sustenance of human as well as non-human world. Balancing the economic growth and environmental quality has always been a challenge for business. In recent years, business has brought immeasurable wealth and prosperity. However, it has also caused unintended environmental degradation. Economic development is necessary to face the need of growing population but it should not add to a deteriorating environment. There is a need for broader ethical responses for environmental sustainability. The search for a sustainable future requires an integration of economic development with ethical objectives and scientific knowledge. Sustainability is a concept of continuance, relationships, and orientations. The paper deals with three interrelated ethical concepts, (1) corporate moral status, (2) corporate moral status to include human beings, (3) corporate moral status to include natural environment as a path of environmental sustainability.

Key words: environmental challenges; environmental sustainability; corporate responsibility; corporate moral status; intrinsic and instrumental approach to the environment

Streszczenie

Imperatyw nakazujący odnalezienie właściwego sposobu na utrzymanie równowagi pomiędzy rozwojem ekonomicznym a pojemnością środowiska naturalnego jest niezbędny dla dobrostanu i trwania tak ludzkiego, jak i poza ludzkiego świata. Relacje pomiędzy wzrostem ekonomicznym a jakością środowiska stanowiły zawsze wyzwanie dla biznesu. Ostatnie lata oznaczały dla biznesu niemal niezmierzone bogactwo i dobrobyt. Zarazem doprowadzono do istotnej degradacji środowiska. Rozwój ekonomiczny jest niezbędny dla sprostania potrzebom rosnącej populacji ludzkiej, niemniej nie powinien pociągać za sobą ciągłego pogarszania się stanu środowiska. Niezbędne jest uwzględnienie etyki w dyskusji o zrównoważoności środowiskowej. Jeżeli przyszłość ma być zrównoważona, niezbędna jest integracja rozwoju ekonomicznego z nakazami etycznymi i wiedzą naukową. Zrównoważoność to koncepcja kontynuacji, budowania relacji i orientacji. W artykule przedstawiono trzy wzajemnie powiązane koncepcje etyczne: (1) status moralny korporacji, (2) status moralny korporacji uwzględniający człowieka, (3) status moralny korporacji uwzględniający środowisko naturalne jako drogę do zrównoważoności.

Słowa kluczowe: wyzwania środowiskowe, zrównoważoność środowiskowa, odpowiedzialność korporacji, status moralny korporacji, wewnętrzne i instrumentalne podejście do środowiska

Introduction

Human being's social, economic, and environmental fabric is getting disturbed by multiple issues such as global warming, acid rain, pollution, poverty, violence, corruption, deforestation, extinctions of various species etc. One of the reasons for such growing environmental issues is increasing number of industries (corporate houses, corporate, businesses etc. are also use synonymously). Corporate houses are responsible for more than one-third of the primary energy consumption and carbon dioxide emissions worldwide (Bajpai & Sachs, 2011). Business is one of the basic social activities necessary for the upkeep and growth of human being. No doubt in past years, business has brought immeasurable wealth and prosperity. However, it has also caused unintended environmental degradation. As a result, we are facing many environmental problems. Economic development is necessary but not at the cost of environment. Nowadays, the relationship between environment and business is a matter of utmost concern for all. Consequently, many companies are getting involved into different environmental and social policies. Researchers proposed different terminologies like Green orientation (Cravens et al., 1987), Ecomarketing orientation (Miles & Munilla, 1993), Enviropreneurial marketing (Menon & Menon, 1997), and Corporate environmentalism (Banerjee, 2002) etc. to address environmental issues. E. F. Schumacher (1999, 34), a famous economist, has warned business organizations that achieving of economic power at the cost of environment will lead towards the path of unsustainability. He said if there would be inequitable distribution of non-renewable resources and the consumption pater will remain the same, then undoubtedly environmental, economic and social destruction becomes inevitable.

The paper mainly aims at environmental sustainability adopted by the corporate houses. It also attempts to provide the need of environmental sustainability from intrinsic value approach and instrumental value approach and in the concluding portion it emphasizes on the intrinsic value approach to maintain integrity, beauty, and stability of the ecosystem. Companies that voluntarily integrate social and environmental objectives in their economic practice are more sustainable.

Corporate and Environment Challenges

Corporate world is significantly contributing towards unlimited economic growth alter from limited natural resources (Worldwatch, 2014). Globally industries are responsible for one third of primary energy consumption (McKane, Price, & Can, 2008). Industrial revolution grounds its foundation with two

basic notions; first: commodifying the nature and its resources, second: society consists of human beings only. These two concepts have brought an anthropocentric attitude of humans which emphasize only on human existence and existence of all other things in terms of their beneficial values to humans. And this attitude has brought a drastic change in the development process. According to Worldwatch Institute (2003, 8) about one forth of world's mammals is in danger and the biodiversity of the planet is in intense danger. Environmental resources are steadily deteriorating, as are evident from drying of lakes, spreading of deserts, contamination of soil, air and water, extinction of rare species etc.

There are many such instances where business activities are being accused of environmental destruction that directly and indirectly affect human's health. Like, issues related to Bhopal Gas Tragedy: in the year 1984, the world's worst chemical industrial disaster happened in India which caused immediate death of 2500 persons, disability of humans, dangers to many animals and plants (Mishra *et al.*, 2009) it still has a continuous effect, and in the year 1989, Exxon Valdez oil spill on wildlife populations and communities in Prince William Sound, Alaska, USA, almost 11 million gallons of oil spilled and almost 11 miles Alaskan shoreline contaminated, 250,000 seabirds, 2800 sea otters, 300 harbours seals, 250 bald eagles and 22 killers whales were dead instantly after the spill and the effect on water bodies are still there (Peterson *et al.*, 2003) etc. Other increased business environmental issues are extraction of natural resources, accumulation of huge amounts of wastes, and dense concentration of pollutants would limit the carrying capacity of the earth and would lead to poor environmental quality and increase health issues despite of high incomes (Daly, 1991). For example, bamboo has been wiped out miserably for setting paper mills; trees that prevented erosion of soil from direct rain have been removed; rivers have been dried up, rainfall has become erratic, unknown diseases and insects are now attacking the crops.

The relationship between various indicators of environmental degradation and economic development gives rise to an inverted U-shaped figure (see figure: 1) when plotted graphically. This is popularly known as Environmental Kuznets Curve (EKC)¹. The problem of environment and development can be best illustrated by this Environmental Kuznets Curve (Davies, 2013; Baker, 2006; Cole, 2004). Researchers (Stern, Common, & Barbier, 1996; Stern, 1998), (Panayotou, 2000; Hill & Magnani, 2002; Yandle, Bhattaraj, & Vijayaraghyam, 2004; Galeotti, 2007; Dongfeng, Chengzhi, & Ying, 2013; Keen & Deller, 2015) shows there exists a non-linear relationship between two variables (economic development and

¹ Kuznets Curve is named after Simon Kuznets in 1965 who hypothesized income inequality first rises and then fall as economic development proceeds.

environment) in EKC. At first when economic development is low, environmental impact is too relatively low, and then it tends to increase with early stage of economic growth with environmental degradation. After World War II, the western countries experienced a turning point mostly influenced through the work of Rachel Carson's (1962) *Silent Spring*, Paul Ehrlich's (1968) *Population Bomb*, and Garret Haldin's (1968) *Tragedy of Commons*. Thus there started a movement of balance from the environment to development and from development to environment and that forced different business organizations to think environmental friendly practices.

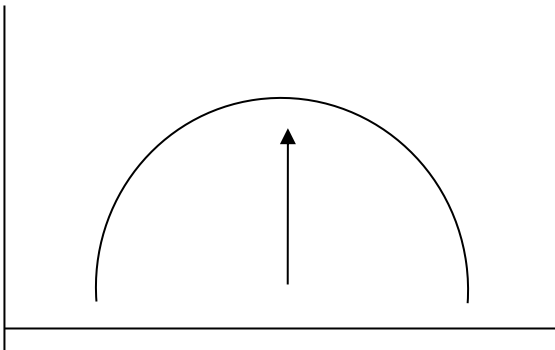


Figure 1. Kuznets Curve, source: Baker 2006, p. 32

Now the fundamental question: that if corporate (business) posing an unbearable stress on the natural environment's carrying capacity, and how a balance can be stricken between the two? It is important to know here that both affect each other and both have to sustain. Again, the question is: how far is it required and how far are corporations ready to make adjustments? To address these questions, here comes the concept of sustainable development.

Sustainable Development and Environment

The concept of sustainable development was emerged in 1960s as a response against environmental problems and social inequalities generated by industrial revolution. However, was propagated and popularized by the World Commission of Environment and Development (1987) that considers equally the economic, social and environmental aspects. According to this report the development process should meet the needs of the present generation without compromising the options of future generations. It contains within its two key concepts viz., the concept of *need(s)* particularly referring to the poor to whom priority should be given and the idea of *limitation* imposed on current technology and social organization on earth's restoration ability to meet the need of present and future generation. This concept of sustainable development focused on finding strategies to promote economic and social advancement in ways that avoid environmental degradation, over-exploitation or pollution. It emphasized the adoption

of an integrated and coordinated approach towards development planning to ensure its compatibility with the need to protect and improve environment for the benefit of the population.

Barbier (1987) believed that sustainable development is strongly concerned with increasing the material standard of living of the poor at the grass root level by providing secure livelihoods that minimize depletion of resources and environmental degradation, increase income and promote educational services, health care, sanitation, water supply etc.

Agenda 21 (UNCSD, 1992) suggests that the sustainable development strategies should be based on socially and environmentally responsible ways with achievements of economic growth, where concern of government and corporations is equally required. Agenda 21 is a comprehensive plan of action that carried out globally, nationally and locally by organizations of the United Nations System, Governments and those major areas where humans impacts on environment (Peeters, 2003, 198). Rio-Declaration (UNCED, 1992) on Environment and Development discusses, environmental protection should constitute an integral part of the development process and cannot be considered isolated from it.

All definitions of sustainable development required a thinking of the *the world* as a system over time and space. When we realize that, the world is a system or one organized whole over space we realize that people in Europe who use more fuel consuming vehicles can also contribute to climate change in Bangladesh; and pesticides spread in Asia can harm fish stocks in Australia. Boulding (1996) used the term *Spaceship Earth* to describe this problem. It is not that anyone can through wastes that go outside the earth; it remains where it is thrown, there is no open drain system in spaceship. As long as the number of humans was small, technologies were less developed; they could realistically regard earth as an infinite reservoir. However, today we can no longer make this assumption because earth has become a small and overcrowded spaceship. India can't be fully sustainable or environmentally sustainable if the rest of the world is not. For example, the greenhouse gases emitted from other countries will affect India's climate equally as theirs, and the acidification of oceans will affect India's marine ecosystem. Thus, the concept of environmental sustainability for India is partial and is always subject to global action.

Achieving the highest GDP in the world is not the be-all and end-all of development. Both development and environment is required for the country's development. A country cannot be called as *developed* if it concentrates only on economic development and fails to provide proper health care, drinking water, a reliable power supply, sanitation facilities, etc. On the other hand these facilities cannot be provided if there would be no economic development. Thus, development and environment are independent. Sunderlal Bahuguna (1989, 379) has rightly said

that, *one has to decide whether development means affluence or whether development means peace, prosperity, and happiness*. Growth in GDP might be a part of development not overall of a country. Overall development includes economic, social, and environmental aspect. For understanding these concepts of development, we need to include ethics into business practice and need to go little away from hardcore finance practices at least theoretically.

Today's challenge to business is adopting environmental sustainable methods by ensuring profit. Business organizations always face criticality when it comes about environmental sustainability, even ethics is said to be inconsistent with business practices. Environmental sustainability is not easy to achieve as it requires information and knowledge that corporate do not possess or only partially possess, do not want to act or less act upon. Sustainability presupposes responsibility, so in order to practically implement corporate environmental sustainability there is a demand of corporate agents to act morally because only science is not sufficient to solve environmental problems (Pawłowski, 2006). The philosophical problem we posed here with moral status of corporate with reference to environmental responsibility. Some moral thinkers (Peter A. French, DesJardins, and Hoffman etc.) attached moral responsibility of corporate as moral agent and its moral status.

Corporate and the Moral Status

French (1992) argues the moral status of an individual is not its ontological abilities rather it is a functional ability. French believes individual's ability to act intentionally, ability to make rational decisions, considering others interests and changing those behaviors that harm others are considered to be functional abilities. In this aspect, humans are moral beings not because they are humans but because they possess such unique functional capacities. This statement asserts that if any being possesses these functional abilities, then it should be treated equally to a human being. Here, French's view is similar to Kant's view. Immanuel Kant (1785, 4, 394) in his moral theory claims that, *As morality serves as a law for us as we are rational being; and as it must be deduced simply from the property of freedom, it must be shown that freedom is also property of all rational beings*. According to Kant, rationality is a functional capacity and by the virtue of that man is a rational being. Therefore, we can conclude that functional capacities defined by French serve the same purpose as Kantian morality. Kant also mentions that non-human beings are rational beings and such beings are ought to be the subject of moral being. But there is a little difference in Kant and French's concept of non-human moral beings. Kant might be thinking of metaphysical beings, those who are rational but non-human, but French here clearly mentioned about the

Corporation. French claims that corporations also possess functional capacities and hence they fall under the category of human beings. Therefore, it is demanded they should act out of morality by considering each and every individual as them. However, intentions of a single individual cannot be thought equivalent to that of a corporation, since it is a collective body. For example, if we say that a corporation is morally responsible for a particular wrong decision that lead to disaster results, and then we mean here a particular member or some members of the corporation is/are responsible for that wrong decision. In the above assertion it is not the corporation who is wrong, rather it is the members of that executive body. In order to address this issue, French (1995, p. 20) justifies that corporate intentions are results of their internal decision makings and internal decisions are product of various individuals' intention who are the essential members of that executive body. Mayors (1992, p. 252-257) by agreeing with French's moral status of corporations explains that corporate intentions, formed by the directors, managers, and supervisors, are morally responsible for company policies, especially those which are in context of individual interests. However, he also maintains that individual members are not morally responsible for any wrong doing. This kind of explanation disposes dilemmatic representation of corporate moral responsibility. He elucidates this dilemma as follows, *either we hold the corporate responsible for immoral conduct and we can exempt its members from accountability, or we condemn the individual members and conceive of the corporation as nothing more than a legal fiction* (Mayors, 1992, p. 257).

Corporate and environmentalists were found to be at odds, however the concepts like ethics, corporate environmental practices, corporate moral agency can be aligned together to create a sustainable future. By considering the sustenance and wellbeing of the present and future generation, it is the moral duty of corporate (human agents) to promote environmental sustainability (Mulia et al., 2016). There are no magic solutions to environmental problems, but asking a right question is a step in the right direction finds a solution.

Morality, Corporate and Environmental Sustainability

The social and environmental aspect of current industrial and organizational practices becomes more questionable. Sustainable development is an integration of different dimensions of human activities based on ethical responsibility towards the natural world (Pawłowski, 2006). When an industry dumps toxic wastes into pure water bodies, estimated solid wastes from mining activities, or release harmful gases to the air, it is counted responsible because that action affect human's health. There are many such instances where business activities are being accused

of environmental destruction that directly affect human's health.

Lack of ethical and moral restraints in corporate practice degrade and deplete the natural and social resources that support it (Ikerd, 2005). Business organizations face criticality when it comes to environmental friendly practices. Traditionally profit maximization was the only responsibility; they were neither concerned nor being encouraged to consider about the protection of environment. Theories and models of business were silent on environmental aspects. However, remaining silent is not a way to attain to environmental sustainability.

Now, even though business can, the question arise does business has any obligation to sustain the environment? This question is answered differently by several researchers like, Friedman (1970, p. 124) answered that profit maximization is the only responsibility of business as long as it engages in open and free competition without deception or fraud. However, business ought to pursue profit within the law and within certain minimal moral constraints. Bowie (1990) argued business has no obligation to protect the environment over and above what is required by the law. The above arguments end with a line of *separation theses* between business and ethics, business and environment. Separation thesis claims that the discourse on business and the discourse on ethics or the discourse on environment cannot put together in one basket as they limit each other's boundary (Wicks, 1996; Marmor, 1999; Harris & Freeman, 2008; Sandberg, 2008). However, Freeman (1994) rejects the claim of separation thesis and argues corporate has a moral responsibility to its stakeholders so the interests of business ought not to be prioritized over and above the interests of other stakeholders. In addition to societies and stakeholders value the companies that stricken balance between development and environment constrains (Gomes et al., 2015) runs for a long time.

Then questions like, could a business, all businesses, any business, survive without the natural environment, how much one business will consume in order to stand, what is the responsibility of business to other humans, to the natural environment?, these questions remain unanswerable often because of different political and global issues. The motto of this section is to make an effort to find answer to these questions. In order to make an attempt to answer the above questions, the paper is argued from two grounds (1) natural environment has *instrumental value*², therefore business industries should protect it; (2) natural environment has *intrinsic value*³, therefore business should treat it as an end-in-itself. The

former is the anthropocentric approach whereas the latter is the eco-centric approach.

(1) Instrumental Value Approach to Environment

Instrumental value approach of business to environment tends a responsibility of business to humans and its societies as well as to themselves. The approach stress on human beings autonomy and claims humans should not suffer because of any corporate activities, so environment need to be protected for humans and for their future generations. This responsibility of business stresses on the conservation approach⁴, suggests that environment and its resources should be protected as they have utility or instrumentality. Therefore, a person or business organization should try to avoid pollution or reduce it. Various agreements (like Rio Summit, 1992; Kyoto Summit, 1997) are based on this conservation approach. The ethics implicit in this approach is Utilitarianism. The utilitarianism approach emphasizes on the need to preserve the natural environment as it has instrumental values to humans (both present and future), it provides raw material to many business organizations etc. Hence the instrumental approach stress on the individual's right and act ethically for the happiness of all by business. Worldwatch (1989) institute published an article *doing good by doing well* that gave numerous examples of organizations that prosper because they increase the environmental content of their activities. Researchers like Sarkar (2008), Wahba (2008), Babiak and Lova (2011) mentioned in their research work that companies are now paying more attention towards their impact on environment and adopting management practices that reduce their negative impact on the environment. Like, HCL (HCL Technologies: 2010) launched its range of eco-friendly notebooks, HCL ME 40. HCL claims that this was India's first PVC free and eco-friendly notebook; ITC has constantly striven for environmental goals by adopting low-carbon emission policies, by enhancing the use of renewable energies, and endeavoring reuse and recycling of wastes as raw materials; Idea Mobile, for saving paper, used the concepts like *use mobile and save paper* (Ideas Sustainability Initiative, 2015) and IBM Corporation (2007, 29) saved 4.5 billion kilowatt of electricity, avoided nearly 3 million metric tons carbon dioxide emissions and hence, it saved more than \$290 million.

There is a demerit of this instrumental approach because it is individualistic in approach which tries to maximize its own material good by the extraction of limited stock. Ultimately everyone suffers and it restricts the growth of business as well as society.

² Instrumental value of things as per the utility they provide to the human society.

³ Intrinsic value of things stand for the existential of the things or being regardless of their utility to others (humans).

⁴ Conservation approach: biodiversity holds multiple values that directs or indirectly benefited both the humans and the non-humans. Conservation approach was expounded in 1992 Earth Summit in Rio. The aim of conservation of biodiversity is control humans consumerism and conserves the natural environment for future generations.

(2) *Intrinsic Value Approach to Environment*

Recently, there has been a change in the *business-environment* trend with aiming at providing more and more importance to environmental protection. Deep ecology based social groups like Earth First and Earth Liberation Front (ELF) claim that corporations must go beyond legal regulations to address their ecological footprint. One of the arguments in favor of natural environment goes in terms of intrinsic value. In *Land ethics* Leopold (1966) clearly stated *A thing is right, when it tends to preserve the integrity, stability and beauty of the biotic community. It is wrong when it tends otherwise* (Leopold, 1966, 262). He calls for an extension of ethical consideration to the land or more extensively to the biotic community. He wrote in his extension principle, *The land ethics simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively, the land* (Leopold, 1966, 219). The value of environment in Leopold's *Land Ethics* is just like any being in the ethical community. Thus moral status to environment should be extended on the basis of its intrinsic value and business (human beings) should use that much natural resources what is necessary or use renewable resources, and it can help to promote the intrinsic value of natural environment. This statement goes with the notion of intrinsic value in more holistic ways that include species, habitats, and the ecosystem at large.

We can further argue that the intrinsic approach of natural environment from deep ecology point. Deep Ecology is a normative theory that deals with the place of organisms in their environment bound up with value judgments, principles of living revealed by ecology not with the scientific experiments that revealed the principle (Sylvan, 1985, 43). The term *deep ecology* was first used in 1973 by Arne Naess in his paper entitled, *The Shallow and Deep, Long-Range Ecology Movement* (Naess, 1973). He drew a sharp line of separation between shallow ecology and deep ecology. Shallow ecology is more human centric, of the natural environment is necessary for the goodness of human beings, it concerned with the problems related to pollution, resource depletion in industrialized nations. On the other hand Deep ecologists wanted to preserve the integrity of biosphere for its own sake, irrespective of the possible benefits to human beings (Singer, 2011, 280). Naess (1986) wrote to the deep approach: *Ecologically responsible policies are concerned only in part with pollution and resource depletion. There are deeper concerns which touch upon principles of diversity, complexity, autonomy, decentralization, symbiosis, egalitarianism, and classlessness* (Naess, 1973). The inherent principle of deep ecology states that humans are suggested not to disturb and pollute other species' habitats for the sake of their own safety and comfort (Bennet, 1996, 472). Human beings often disturb non-humans' web-of-life for their own short term

benefits, and in a way they only put their lives in danger. The pollutants released industries and human beings' daily affairs not only affect human beings indirectly however, the toxic pollutants also kill many species directly. The entire chain of life is a subtle balance of interdependence. In fact, human beings are more dependable on other non-humans however, non-humans less depend, or don't depend on humans beings. Therefore, it is not only a necessity, rather an imperative for human beings to perform environmental friendly actions (business).

Ralston (1988) pointed out that environment is more than just air, water or soil. According to him, as environment is an essential element in supporting the life of both humans and non-humans, it cannot be simply treated as an object for humans. Therefore, natural environment has to be treated as an end-in-itself, because of its own uniqueness. This uniqueness tends a moral duty of business (all human beings) towards it. Poul Taylor (1986) provided a more scholarly approach towards the intrinsic value of natural environment. He said respect *all living things*. By living things, he meant individual organisms, species- populations and biotic communities. Taylor argued that humans should treat all living things as an end not as a means (Taylor, 1986).

Two basic duties can be drawn from intrinsic value approach of environment: (1) organizations should not destroy or damage what is of intrinsic worth (2) to maintain of the stability, beauty and integrity of ecosystem. Honoring these duties will treat environment as an end-in-itself. However, values are thought to be personal (DesJardins, 2005). However, the critical implication of this argument is non-human natural objects are valuable only when it serves human's purpose. For example, land is useful if it benefits the person who stays nearby. Nature is equated with *resources* and is called so, if it is used as a resource. As natural environment serves as a resource to humans, therefore it has instrumental value. Those who defend the natural resources from intrinsic value face serious criticisms.

It is important to mention here that these criticisms do not suggest that *environmental sustainability* is useless or is a myth rather it suggests that these approaches are not sufficient to support environmental sustainability. *Doing well by doing good* is fine as long as *doing well is not the motive of 'doing good' but rather follows from 'doing good'*. In fact, it is argued by Hoffman (1991), that longest surviving and most profitable business organizations are the ones that do not rest on only profit maximization as their primary concern. Here, ethics matters and should be promoted as a basic moral requirement, irrespective of profits. A minimalistic principle of responsible business action, or actions forwarded by Hoffman requires business to refrain from causing unwanted harm because failure to do so violates moral rights of non-harm (Hoffman, 1991). Natu-

rally a company which is environmentally sustainable will be less risky than one which is not.

Conclusion

The challenges of corporate environmental sustainability are a global concern. The corporation must find ways to protect the intrinsic value of natural environment and it may be difficult to practice as our ethical persuasion is dominantly anthropocentric but not impossible. No doubt our present social world is a corporate one. Almost every aspect of human life is greatly influenced as well as dependent on corporate world (Ikerd, 2005), however world as an organic whole; every aspect of it (like human and the natural environment) is interconnected. If we are concerned about the intrinsic properties of natural environment then we should try to find appropriate ways to promote it. In this aspect humans, corporate, and society need to be function more ethically and responsibly towards each other. Practical implementation of sustainable development is not only about adopted strategies but also about choices made by each individual. Apparently, there is nothing wrong with profit making while protecting the environment, In order to promote environmental sustainability, corporate houses should act ethically or morally and should give more emphasis on promoting environmental entrepreneurship. However, some discontentment is still there, not with the principle but with the practice when business faces economic loss at the cost of environmental responsibility. Here lies the problem of conduct of business which affects their decision making. Lack of ethical conduct in business organization results in less practice of environmental sustainability. If money could buy happiness, or solve all problems then there would be no *tragedy of commons*.

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