

Pro-active Policies and Business Strategies for Strengthening Corporate Environmental Management in Developing Asia

1. Summary

! Business has an essential role to play in promoting the move towards sustainable development. Although its activities are circumscribed by consumer preferences and government regulations, business is an important agent for many measures which will mitigate global environmental change. Companies design new processes and products and bring them to the market. The way in which they manage these activities is critically important, as society increasingly expects business to behave in an environmentally responsive way. This is generally backed up by regulations, consumer market forces and social pressures coming from communities. The private sector has started responding to these pressures in the form of corporate environmental management practices. However, the observed effects of these practices are often met with many barriers and deficiencies, some of which are very specific to developing Asia. This research examines how business needs to operate amid changing environmental demands and what kind of pro-active policies would strengthen such corporate environmental management practices in developing Asia. The findings from this research will be of direct relevance to business communities while making important contributions to the theory, practice and public policies on corporate environmental management.

2. Background/Rationale

Business has been the driving force behind Asia's recent economic growth. Leveraging relatively less costly, high quality workforces and the region's extensive integration into the global economy, the business/industrial sectors in Asian countries continues to expand rapidly¹. With this rapid growth, the sector's environmental impacts are increasing drastically. As a major user of raw materials and energy² and a major source of pollutants and waste, the Asian business sector now exerts significant pressures on not only the regional, but also the global environment. This raises critical questions: What are the mechanisms by means of which the business industrial sector can reduce these environmental impacts and contribute proactively to sustainable development in Asia? More efficient production processes, pollution abatement strategies, adoption of cleaner technologies

¹ The output of this sector in Asian countries has increased ten-fold over the past 15 years, compared to a two-fold increase in the same period among OECD economies. Asian countries are now regarded as "manufacturers to the world".

² For example, energy consumption by the business/industrial sector in Asia's developing countries has increased almost three-fold over the past 20 years; industrial waste generation in China has increased almost 18-fold in this decade.

and procedures throughout the life cycle and partnerships with governments and social groups, for example, can be important in-house mechanisms that should become a part of corporate environmental management (CEM)³ strategy.

This positive role that Asian business can play in simultaneously meeting environmental and economic challenges through CEM has been recognised for some time. Influenced by public policy regulations, supply chain pressure and non-governmental organisations/consumer activities, an increasing number of businesses in developing Asia recognise a competitive advantage to improving their environmental performance. Asian business's response to environmental demands focuses on both the internal operations of a company (corporate environmental management tools) and its external relationships (responsible entrepreneurship). In addition, business's role in technology co-operation as a part of an external relationship is the third discussion theme often promoted by international institutions such as the World Bank⁴ and ADB⁵.

The launch of many positive voluntary programmes indicates the broad agreement among Asian businesses to integrate environmental considerations into their activities. Of these practices, the use of environmental management systems is assumed to be a largely adopted practice across Asia. However, international standards such as ISO14001 are voluntary and often skewed⁶ to the companies firmly placed on the global supply chain, which imposes constraints on many companies with weak financial structures. The pursuit of such efforts by small and medium enterprises (SME) is met with many constraints that are very specific to the region. Asian SMEs, which make up 90% of

³ The concepts and terms like Corporate Environmental Management (CEM) or Corporate Social Responsibility (CSR) are often seen as too broad and potentially misleading. This project defines corporate environmental management as a system of identifying, controlling and monitoring business activities that could impact on the environment through both voluntary and regulatory measures. There is no one type of CEM strategies, as major industries in advanced economies originally developed the idea of voluntary system to improve environmental performance beyond that required by regulation, to create a more 'level playing field' to provide competitive advantage, and to give credibility to their business environmental programmes. But they are less workable in Asia and the future CEM will necessitate reliance upon strategies based on sound environment-economy-social development linkages of particular relevance to Asia. Further, it may be argued that the concern of multinational corporations for environmental conditions in the global supply chain is an expression of CEM/CSR. However, from the perspective of a developing country government and business, the proper formulation and implementation of environmental codes of conduct – which often refer to national laws and regulations – and their compliance is also of importance.

⁴ Most of the countries in developing Asia adopt either primitive or intermediate technologies in the small and medium scale industries. Advanced technologies are adopted only in large scale industries, especially in the manufacturing sector. Environmental problems posed by these industries are largely due to increasing resource consumption like energy, water and waste generation. However, in such sectors where applying cleaner production tends to be less effective, the solution lies in assessment of socio-economic rationalities. World Bank (2006) *Greening Industry: New roles for communities, Markets and Governments*, Oxford University Press

⁵ ADB (2005). *Asian Environmental Outlook 2005. Making Profits, Protecting our Planet.*

⁶ Of an estimated 50 million firms operating in Asia, fewer than 50,000 are ISO 14001-certified as of 2006, corresponding to an adoption rate of 0.1%.

business and 60% of employment, tend to employ more labour intensive production processes than large companies. Accordingly, they contribute significantly to the provision of productive employment opportunities and the generation of income which ultimately leads to the reduction of poverty. Nevertheless, if the present capacity of those entities to manage the environment remains at the present level, they will suffer even further.

Responsible entrepreneurship is another approach used by business to provide the managerial, technical and financial resources to contribute to the resolution of environmental challenges. Even though business continues to improve environmental performance and keeps stakeholders informed of its policies and practices, many challenges, such as how these environmentally responsible entrepreneurship activities contribute to natural capital enhancement, are not obvious in the Asian context. That said, business has a key role to play in stimulating more sustainable production and consumption patterns in the context of economic growth, environmental protection and social development.

On the other hand, Asian business in general has a collaborative and effective approach to environmental management which is characterised by self-governance and sharing environmental responsibility among industries and ministries while leading environmental roles are played locally by community-based organisations. Thus a triangular model of cooperation between business, government and community exists. Furthermore, environmental management rules of business are usually decided on through consensus building negotiations and environmental ethics are brought into consideration as part of policy structure, socio-economic norms and cooperative culture. Such cooperative and effective approaches to corporate environmental management have helped many countries to successfully resolve certain environmental challenges.

In this context, the present situation of corporate environmental management in Asia may be summarised as follows.

- Frustration on the part of both business and governments in Asia with the limitations of current CEM approaches, and a sense that progress available through these approaches to ensure good corporate environmental management practices has already peaked.
- A sense that CEM as reflected in international codes of good environmental conduct, which do not fully reflect regional concerns or competing multi-stakeholder collaborative initiatives, cannot continue indefinitely without losing opportunities for further improvement.
- Signs that an underlying architecture of collaborative partnerships of corporations and social groups exist and has been emerging in Asia. A greater willingness prevails among parts of Asian business, governments, international institutions and bilateral donors to engage with

these issues.

! Thus, harmonising the environment not only with the economy but also with society and natural capital has become a critical agenda for Asian business, irrespective of its size. This research believes that there is currently a moment in time where some of the opportunities can be capitalised on, and some of the barriers overcome by pro-active policies⁷ to rightly put Asian business on track for corporate sustainability.

3. Goals and Objectives

Overall goal:

The overall goal of this research is to examine the strengths and deficiencies of current corporate environmental management practices in developing Asia and to suggest a pro-active policy framework that can further strengthen corporate environmental management activities.

The intermediate objective of the three-year project is to identify major constraints that impede Asian businesses in adopting improved corporate environmental management measures for eco-effectiveness and demonstrating ways to initiate and facilitate selected pathways using examples in three developing countries. The immediate objectives of the research tasks are:

- 1) To outline the current status of innovative policy tools, public-private partnerships and market based instruments that concern CEM in high impact sectors.
- 2) To demonstrate, discuss and select pathways that could be implemented as strategies for improved eco-effectiveness by companies of different sizes.
- 3) To summarise the advantages of those pathways, outline the major challenges and design an enabling policy framework, which is responsive to business needs.
- 4) To motivate key decision makers to pursue the issue by establishing appropriate dialogue processes and creating a platform to share information on good practices and policy experiences.

4. Expected Outcomes

The expected outcomes of this research project include (i) IGES database on elements of good corporate environmental practices adopted in Asia, (ii) an action plan for improvement of CEM in selected industrial sectors of important economies and (iii) a pro-active policy mix/reforms to strengthen corporate environmental management practices at sector level.

These research outputs will also provide new insights into the Asian way of business appreciation of environment. In particular:

1. Review papers will address evolving regulatory and incentive systems at national, regional and international levels, and their effectiveness in improving the environmental attitudes of business!

⁷ Proactive policies seek beneficial environmental actions as norms, expectations and anticipations of social changes. It includes continuous improvement in all aspects of business activity and public policies towards pollution prevention, energy efficiency and waste elimination. (Sroufe et al, 1998)!

through voluntary agreements. This will help policy makers become better informed about the regulatory deficiencies in promoting sustainable production and consumption at different levels.

2. Briefing documents and explanations of the ways in which corporate voluntary environmental improvements may be achieved along the supply chains will identify methods whereby companies influence each other's behaviour to become more environmentally friendly. This will be of use to firms seeking the best ways of fulfilling their corporate environmental responsibilities in a cooperative way, enabling business to overcome the barriers, both real and perceived. The results will be disseminated directly to the business community.
3. IGES guidebooks/monographs will help both business and government to become better positioned to respond to key environmental market demands. This will provide guidance to small and medium enterprises and central and local governments to formulate/redesign their attempts to green the corporate activities by reshaping legislation, regulation and fiscal measures as a way of policy support.
4. The reports and notes on research outcomes to coincide with important policy events will set a new agenda in the field of corporate environmental management for consideration by business, policy makers and community based organisations. By organising capacity building seminars, workshops, outreach symposiums, IGES/KRC will become a focal point for regional inquiries on corporate environmental management for the next three years.

5. Research questions/assumptions/hypotheses

5a. Research Questions

The issues to be addressed in this research shall be grouped into four clusters of research questions as follows:

1. What are the business environmental factors and difficulties in establishing accurate corporate environmental management strategies for business operations of different sizes in Asia? Do command and control mechanisms, technical assistance, financial incentives and social guidance from governments and communities make a difference in enhancing corporate environmental values? If so, what kind of pro-active policy environment will help such frameworks?
2. Do Asian firms have corporate environmental management systems of their own to green the global supply chain? Why has business in advanced economies been adopting international voluntary standards more enthusiastically than their counterparts in developing Asia? What are the relative benefits of developing their own corporate environmental management standards and systems, taking into consideration Asia's historic diversity and innovative capabilities? What are the system barriers - legal, technical, economic, cultural values?
3. How are corporations pursuing environmental citizenship and responsibility through

partnerships with community and government? And what type of characteristics are needed for them to collaborate successfully with communities and governments? What factors contribute to the success of cooperative corporate environmental management practices?

4. What grounds are there for optimism about future trends in corporate business-environment relationships in Asia? With regards the type of policy mix - regulatory, fiscal, technological and institutional – what should governments in Asia adopt to ensure that business continues to play a positive role in environmental improvement?

5b. Hypotheses

In the big picture of global environmental priorities, business - the range of commercial organisations - has a unique and crucial role to play, and corporate environmental management activities are important. Various voluntary measures for CEM have been adopted in advanced economies of Europe and USA. However, these measures seem to be less workable in developing Asian countries. There are various reasons for this. Asia, with nearly two dozen economies and more than 2.5 billion people, a majority of whom are living below the poverty line, faces several distinct challenges which have a radical impact on corporate environmental management principles.

This research takes an underlying notion that CEM to a large extent emerged as a business policy solution, though often triggered by public criticism or supply chain pressure to a public governance failure. In addition, progress is occurring on the current trajectory but has not yet attained its targeted aim. Further efforts are needed to accelerate the process which should also focus on achieving eco-effectiveness. The businesses choice of going either green or non-green is often influenced by both regulatory acts and market-based instruments. This research proceeds on two suppositions. The first one is that disclosure of environmental performance information is essential for big business to move towards achieving eco-effectiveness. The key role that publicly available information about the environmental and social performance of private sector entities in high impact sectors has in empowering civil society to affect CEM practices is yet to be recognised by Asian business. Required reporting to regulatory authorities and public disclosure of this information is very important for Asian business in a move towards eco-effectiveness. Voluntary disclosure of organisations or facility level environmental performance is also required by Asian business to empower local stakeholders regarding the local impacts of these facilities. This type of reporting is at present beyond the capabilities of big business in Asia. Innovative policy measures such as streamlined business license programmes, subsidised credits, preferred market access, among others, may produce 'environmental leaders' in Asia. This would be expected to have multiple beneficial effects: strengthening community-corporate relationships, cleaner production and eco-effectiveness efforts and creating a stronger de facto CEM at the local level.

! The second supposition is that supplier technical assistance approaches are needed for small and

medium enterprises in Asia that are firmly located in the domestic/global supply chain. Most Asian economies are characterised by less efficient, unsophisticated companies which often undertake outsourced manufacturing operations. Assisting or pressuring them to move towards improved eco-effectiveness centres on provision of technical assistance to SME suppliers by large customer firms at national or international level. This assistance focuses on identifying process or product improvement opportunities with both environmental and economic benefits. The new assistance for supply chain corporate environmental management may differ from a typical pollution prevention or cleaner production audit, in which the former seeks to identify opportunities of benefit to both the supplier and customer as both parties commit to evaluate changes in supplier specifications and to provide the customer assistance in implementing changes. Poor access to credit, support and technology are cited as problems with the growth and development of green SMEs in developing Asia. Policy initiatives towards flexible/mandatory credit subsidies from lending institutions and guarantees of technology transfer from international buyers, practice/performance-based general permits/licensing schemes and social commitments would facilitate Asian SMEs to have CEM of their own.

! The role of an enabling pro-active policy framework is of paramount importance to any new CEM concept in getting it institutionalised and incorporated into routine business operations. A pro-active policy framework does not refer to simply making a few provisions (tax rebates, market access, permitting provisions, etc) in the existing system. Nor does it mean enacting brand-new, stand-alone market-based acts that act as incentives for particular approaches and/or regulatory acts because this mandates specific corporate behaviour. It requires interweaving both to make them uniformly supportive and favourable to business, necessitating a paradigm shift in the Asian policy arena which is currently dominated by reactive approaches.

6. Research components

This study is designed with the following components and associated research tasks:

Component 1. ! Review of industry-related policies from the perspective of corporate environmental management. [20 person months, please refer to the appendix for detailed work plan]

This component will examine in a targeted way a set of key, and relatively innovative policy tools, market-based instruments and public-policy private partnerships evolved for the protection and management of natural resources as evolved/implemented/applicable to Asia. The main focus will be placed on policy approaches that have *a priori* reasons for us to believe that they can achieve/encourage/reward/require/good CEM measures that reduce emissions, water pollution and waste at individual company level, for a group of companies, and at sector levels. Public-private partnerships that use a diverse set of incentives and disincentives such as voluntary standards, market creation, performance-based licensing, non-compliance fees, deposit refund systems and so on, are to be reviewed in order to pinpoint the current deficiencies in strengthening CEM. Such assessment will

short-list the deficiency areas where further focus should be given to effect positive changes.

Component 2. Analysis of supplier technical assistance approaches for strengthening corporate environmental management measures by Asian small and medium sized enterprises. [50 person months, please refer to the appendix for detailed work plan]

Considering that technology, knowledge and local socio-economic aspects are essential for developing public policy for CEM in small and medium enterprises, this component examines a set of technical assistance, pressures and market mechanisms from cleaner production economics to local community and consumer participation in environmental audits of SMEs that would have a profound impact on CEM in the selected sectors⁸. Two research approaches will be taken. One is on the business environment that is created by the relationship between company, local community and government. Subsidised enterprise lending, social capital, and infrastructure are examples of the key factors in this approach. The other is a business environment that is developed from the interaction between businesses in technology assistance and from pressure through global supply chain environmental management (SCEM). Case analysis will attempt to examine the various reasons for supplier engagement by sector and by national origin of the customer company, as well as promising policy measures that are required to get the most out of the supply chain environmental management concept.

Component 3. Leveraging environmental performance information as an essential approach to achieve eco-effectiveness in large sized businesses. [50 person months, please refer to the appendix for detailed work plan]

As a parallel activity to component 2, this component tries to find factors that lead to enhanced eco-effectiveness in large sized businesses, and examines the policy mechanisms needed to achieve it. Corporate environmental information disclosure schemes will be selected as a focal pathway for understanding nexuses with product innovations and community empowerment. The merits and demerits of various information disclosure schemes developed universally would be examined, along with that evolved in the Asian context. The relationship between workers' business skills and performance of management tools will also be analysed. The selected case analysis for this component will examine three premises under which disclosure of environmental information brings benefits to companies. The first is that it improves core understanding of operational processes of a company and how the cost can be reduced. The second is that the relevant information reported builds a robust corporate-community partnership. The third is that it gives regulators the information

⁸ Companies may be involved in one or more of high, medium and low impact sectors. Sectors that have high impact on environment as listed by UNEP (2004) are: agriculture, air transport, airports, building material, chemicals and pharmaceuticals, construction, fast food chains, food, beverage & tobaccos, major system engineering, mining & metals, oil & gas, pest control, power generation, road distribution & shipping, super markets, vehicle manufacture, waste, water. This study would select a couple of sectors from this list for further analysis.

they need to go after the non-compliers. The characteristics of public reporting schemes and closely correlated enabling policy factors will be studied along with net costs and benefits.

Component 4. Cross-analysis of pro-active policies for strengthening corporate environmental management in developing Asia. [50 person months, please refer to the appendix for detailed work plan]

At this stage of analysis, the research findings from components 1, 2 and 3 will be rightly combined to recommend a pro-active policy framework for increasing the efficiency of existing policy and elaborating on more effective instruments that could spread the uptake of selected pathways and other integrated good corporate environmental management model(s)⁹ in selected Asian countries. Analysis of the synergetic impact of economic and environmental policies, market-based and regulatory approaches as well as domestic and international driving forces will also be included in developing the analytical framework that shall focus on appropriate forms of public-private partnership for improved corporate environmental performance. In this process, business associations, local social groups and policy makers will be pooled together to get feedback on the preliminary conclusions in order to transform them into practical recommendations.

Component 5. Dissemination of good corporate environmental management practices, policy options and other research outcomes. [10 person months, please refer to the appendix for detailed work plan]

The outcome of research derived from components 1 to 4 will be disseminated on a regular basis to both the policy making community and the business community. Importance will be given to international policy events and timely publications will be made to coincide with such important events as APFED policy dialogues and regional business forums.

These research components are interdependent as shown in Fig. 1, and successful outcomes rely on an interactive process based on close integration and explicit feedback between the components.

7.Methodologies

(a) Geographical scope

Even though the entire Asian economy is expanding, just five developing countries – the People’s Republic of China, India, Indonesia, Malaysia and Thailand - account for more than 60 per cent of Asian production and hence have a significant environmental impact on the global environment. Consequently, their environmental impacts are very severe. For example, China consumes nearly ten

⁹ Flexible and customisable CEM models suiting a varied and diverse group of industrial sectors are another issue which needs to be addressed. Mechanisms for inducing corporate environmental management are not uniform and cannot be replicated among all industrial sectors. A basic CEM model adequately addressing all sustainability issues needs to be developed. This model could then be tailored to fit and meet the conditions and requirements of different sector-based business operations. Appropriate indicators with the sole objective of corporate environmental management and social responsibility thus providing a level playfield for all industries would be developed.

times the energy consumed by Japan. Likewise the industry share of emissions of organic water pollution varies from sector to sector. Primary metals account for 18.8% in China, food & beverages contribute 49.1% while the textile sector emits 35.4% in Thailand. The type of economies (supply led vs. demand driven, domestic vs. international markets), is also key to analysing the environmental behaviour of firms located in the global supply chain.

At the same time in order to have a balanced focus, the following countries are tentatively chosen for inclusion in the study, China (East Asia), Thailand (South East Asia) India (South Asia) and Japan, The sectors to be focused for large sized businesses will include iron & steel/cement (China), chemicals/food & beverages (India), automobile/textile (Thailand) that address domestic markets. In the case of small and medium enterprises, the sectors to be focused on are those firmly placed on the global supply chain (i.e., serving the international markets) and clustered around urban areas. Enabling policy frameworks need to be backed up by adequate administrative frameworks and business capacity for implementation, which vary from region to region within a country. To be more pragmatic, this study will select the industries based in provinces of Guangdong (China), Tamilnadu (India) and Greater Bangkok Area (Thailand) for action oriented research activities, utilising existing IGES institutional infrastructure and networks. Other important sectors like mining and major economies in the region such as Republic of Korea, Mongolia and Australia are also under active consideration for inclusion as and when the study progresses and additional research funds as well as human resources are secured.

(b) Research Methods and Approach

The research is planned to be implemented over a three-year period, with the following approaches/methods.

- **Systematic macro-analysis** of government policies, business programmes, public-private partnerships and achievements through a rigorous review of relevant documents and statistics (from international, national, regional and sub-national level bodies) related to environmental regulations, market-based instruments, performance-based licensing programmes, credit mechanisms, public information schemes, voluntary trade standards, and so on.
- **Micro-assessment** of situations at sector/company level to exemplify varying levels of successful (and unsuccessful) CEM practices – information disclosure & supplier technical assistance programmes – the costs and benefits analysis using appropriate methods, and analysis of the enabling policy environment.
- **A series of consultations** with relevant stakeholders at macro & micro-level. At micro level,

local consultations will be in the form of roundtables to verify the institutional mechanisms, while at macro-level, consultation takes the form of policy dialogue where the initial findings will be discussed to solicit suggestions. The views of individuals and international institutions will also be sought.

- **Semi-structured questionnaire survey** at sector/company level to fill information and knowledge gaps as well as for quantifying differing opinions.
- **Composite analysis** of information based on analytical frameworks such as PEST¹⁰ SWOT, and Rugman Verbeke's matrix to address the three main issues of policy framework, institutional capacity and organisation of markets.

(c) Research partners

This study in general and components 1, 2 and 3 in particular, will be carried out in close cooperation with regional research institutes. Institutes such as South China Institute of Environmental Science, SEPA (China); CSR Asia (Hong Kong); National Productivity Council, New Delhi; Indian Institute of Management, Ahmedabad (India); Asian Institute of Technology, Thailand Environment Institute, Bangkok (Thailand) as well as Korean Environment Institute, Seoul (Korea) have been identified as potential partners in this project.

8. Four Criteria

8a. Policy relevance

- This project sees the 'private sector' as an important catalyst in the dynamic process of sustainable development. The research outcomes will help business and governments in developing Asia to develop their capacity and capability to cope with environmental management challenges in a specific way.
- The research tasks under component 2 are developed in view of the current thinking of the World Business Council for Sustainable Development (WBCSD), World Economic Forum (WEF-East Asia), and Nippon Keidanren in accordance with their appeal to the Asian business sector to strengthen their corporate social responsibility (CSR) activities.
- The research tasks under components 1, 3 and 4 are complementary to ongoing operational activities of United Nations Environmental Programs (UNEP) and United Nations Industrial

¹⁰ In the business analysis, the external factors that affect corporate decisions are often examined in terms of PEST (or STEP analysis if a more positive sounding is preferred). Not only these factors influence how a company achieves environmental goals but also other objectives like business goals (Blair A & Hitchcock, 2000 Environment and Business, Routledge, UK)

Development Organisation (UNIDO) that target Asian companies of different sizes to participate in the ongoing debates on corporate environmental management.

- The outcome of the research, as reflected in component 5, is of use to UNESCAP initiatives on green growth & green policies. It will be a useful input for the Asia-Pacific Roundtables on Sustainable Production and Consumption and GOJ/MOE initiated eco-action programmes as well as the Tripartite Environmental Ministers' Meeting (TEMM) and to enhance the capacity of Asian business to make better informed decisions in future dialogues on international systems standards like those on the ISO26000 series¹¹.

8b. Added value

- Most of the institutes doing research on corporate environmental management are based mainly in USA and Europe, seeing and analysing the operational behaviour of Asian companies from their own perspective. Rebutting their conventional observation that Asian business does not have the innovative corporate capability needs full understanding of the regional perspectives and necessitates new research agendas. In that sense, this research theme itself is innovative and IGES/KRC will become an important functional research group, working exclusively on new ways to identify Asian corporate environmental values.
- The accumulated information and outputs from the Second Phase research on corporate environmental reporting and the Third Phase research on community-based business operations shall become an initial input for component 2 of the Fourth Phase research. Further amassed knowledge from Third Phase research on corporate innovations in energy efficiency, waste management and product servicing will give added value to component 3 of the Fourth Phase research. The review analysis done for the IGES White Paper shall serve as an important contribution to component 4 of the Fourth Phase research.

8c. External funds

Securing financial support from Hyogo Prefectural Government for a major part of research activities, including administrative and outreach components is under active consideration. Other possibilities such as applying for other external funds like MEXT – Japan competitive research grants; building working partnerships with regional organisations like UNESCAP, Asian Productivity Organization (APO), Asia –Eco Action Association and so on, are being explored.

¹¹ ISO, the International Organization for Standardization, has decided to launch the development of an International Standard providing guidelines for social responsibility. The guidance standard will be published in 2008 as ISO 26000 and be voluntary to use.

8d. Regional/international context

- Across developing Asia, various programmes are being implemented and the broader themes of Corporate Environmental Responsibility are progressively being implanted into companies' operational policies. This trend was clearly recognised in major regional economies like Japan, China and India where business associations like Japan Keidanren¹², Chinese Federation for Corporate Social Responsibility, Federation of Indian Chamber of Commerce and Industries (FICCI) have expressed concern and have been urging companies to formulate action plans that improve their environmental performance to tackle issues like global warming, water pollution and waste generation, as well as other social attributes like community and employment involvement in corporate decisions. Moreover, international bodies/forums like World Business Council for Sustainable Development (WBCSD) and International Chamber of Commerce (ICC), also issued multi-point charters for corporate environmental management, targeting Asian companies.
- Business/industries in economies like India, Sri Lanka, Viet Nam, Thailand, Philippines and Indonesia are continuously looking for external assistance in improving their environmental performance. This is translated into their cooperative agreement with non-regional actors like USA through US-Asia Environmental Partnership (US-AEP)¹³ programmes that aim to improve corporate environmental management in high impact sectors. Regional organisations like ESCAP and ADB also continue to organise regular business and industry policy forums in those countries to achieve sustainable production and consumption patterns.
- Governments of several countries, particularly of the least developed economies like Bangladesh, Cambodia, Laos and Myanmar in the region are keen on accelerating the role of small and medium enterprises in environmental governance but are often perplexed¹⁴ by the ineffectiveness of international voluntary system standards which neither add to the socio-environmental attributes of the company's products nor certify corporate compliance with any national environmental regulations.

This research will attempt to meet those regional needs by documenting elements of good corporate environmental practices of particular relevance to Asia in the post-regulation and pre-standard settings as well as promoting the flow of information for pro-active policy adjustments.

9. Timeline of Activities

¹² Keidanren issued a Global Environmental Charter and a policy statement – Japan 2025, both call for improved corporate governance at home and abroad to tackle pressing environmental issues.

¹³ Established in 1992, US-AEP is a public private initiative implemented by USAID, which works with a wide array of partners – private sector, governments, NGOs and academia – to provide aforementioned countries with the tools in need for more environmentally efficient industries. Slightly varied version of this mechanism also exist with other bilateral agencies like JICA, SIDA etc.!

¹⁴ World Bank Study (2004): Engaging governments in support of implementation of CSR in global supply chains.

First year (FY 2007)

- Data collection, information gathering and preliminary analysis
- Development of a detailed research protocol
- Identification of research partner institutes and firming up the research roadmap
- Organising regular expert meetings and a 'kick-off' workshop
- Organising international consultative meetings in the form of symposium(s)
- Reconnaissance survey in study countries
- Prepare position papers on green policies and corporate environmental practices

Second year (FY 2008)

- Detailed field surveys and study seminars/workshops in Asian countries
- Roundtable meeting with business associations, governments and other relevant stakeholders.
- International workshop to discuss the preliminary outcomes of the research and to get feedback from the industry and public
- International symposium to disseminate the accumulated knowledge, information and research findings as a public outreach activity
- Preparation and publication of policy briefs and brochures, explaining the interim results and timely delivery, to coincide with international events like APFED conferences, UNESCAP policy forums and ADB annual meetings

Third year (FY 2009)

- Detailed analysis and cross-analysis of case studies
- Development of a pro-active policy framework
- Preparation of draft final report and capacity building workshops/seminars
- Peer review, feedback and commentaries on the draft final report
- Preparation of final report/books/monographs containing final recommendations
- Organising an international symposium to disseminate research findings.

[Please refer to Table 1 for detailed work plan and associated timelines]

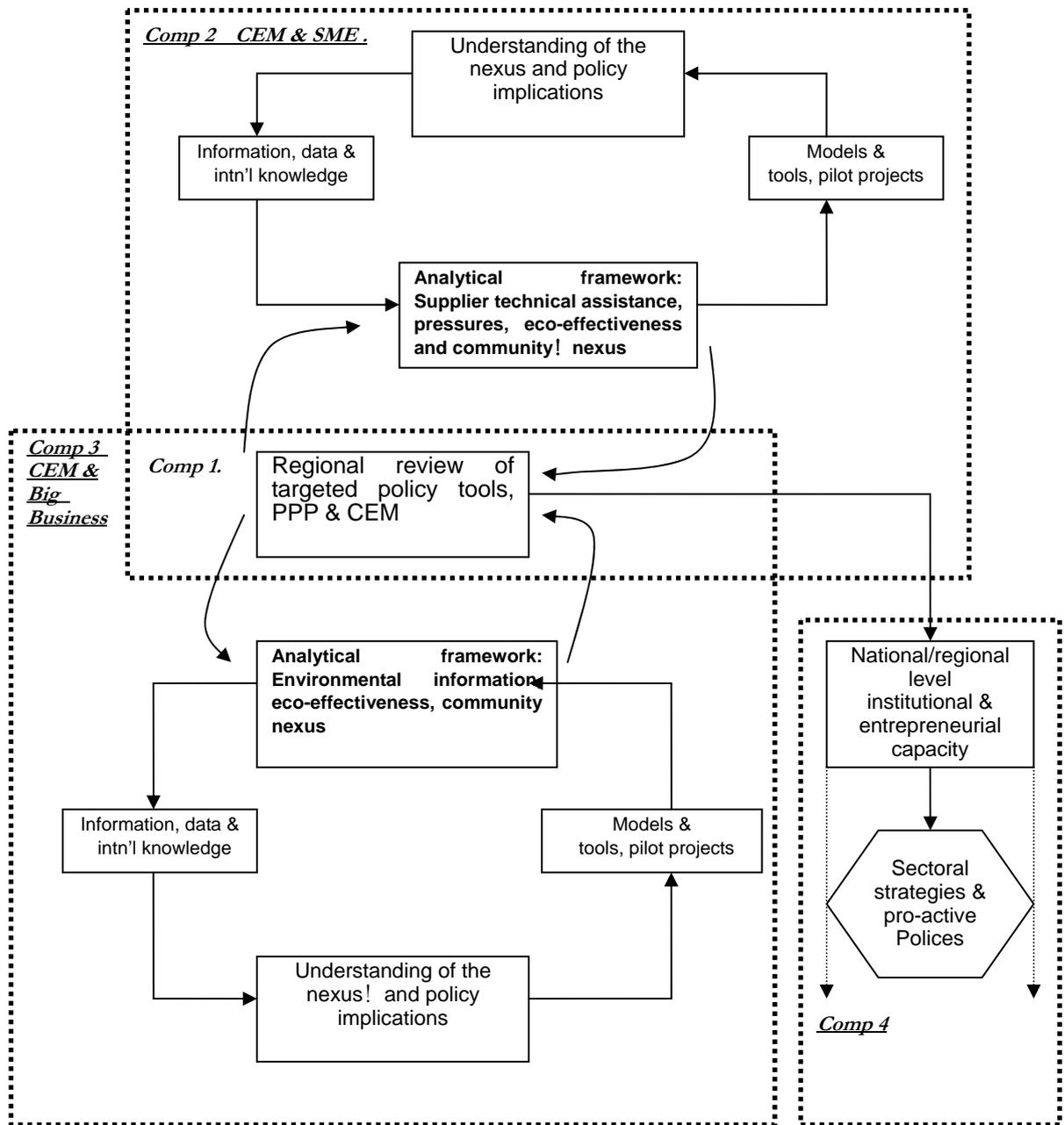


Fig. 1: Linkages and feed-back loops between the project components

Appendix! 2: Details of research tasks, work force distribution and timelines

Research tasks	Person-months	FY2007	FY2008	FY2009
Component 1. Review of industry-related policies from the perspective of corporate environmental management.	20			
(a) Desk review of targeted policies, market-based instruments and public-private partnerships.	3	■	■	■
(b) Consultation with firms, government officials, industry associations and other relevant stakeholders to study the uncovered aspects through internet/telephone/personal visits.	3	■		
(c) Organising regular expert meetings, participation in related workshops, international conferences, and occasional policy-related study group meetings.	3	▲	▲	▲
(d) Developing an analytical framework that identifies the impacts of policies and the leading role of policies at different levels that facilitated improved corporate environmental performance.	11	■		
Component 2. Analysis of supplier technical assistance approaches in strengthening corporate environmental management measures by Asian small and medium sized enterprises.	50			
(a) Collecting data and information to benchmark the importance of formal and informal corporate-community partnerships and consumer-supplier partnerships as a strategy for improved environmental performance.	3	■		
(b) Collection of good examples so as to examine the shifting focus on environmental-economic-technical assistance linkages and the importance of supplier-buyer-community alliances in achieving this. Identifying elements of good examples.	3	■		
(c) Reviewing the CSR reports to understand the context in which progressive buyer corporations are addressing the issue of environmental citizenship in the global value chain.	2	■		
(d) Examining different types of institutional partnership, negotiation styles and consensus building approaches that improved CEM through interviews or questionnaire surveys.	3	■	■	
(e) Collection of data and information to understand the overall situation on the uptake of cross-sector, voluntary initiatives in developing Asia.	3	■		
(f) Analysing the strengths and weakness of comprehensive, voluntary agreements made in Asia as a part of supplier technical assistance programme. Identifying elements of good practices.	10	■	■	
(g) Roundtable consultations focused on suppliers, buyers and stakeholder groups (business associations, trade unions, international institutions and public officials) to analyse the potential of sector-specific voluntary and regulatory initiatives in the global supply chain.	10	▲	▲	▲
(h) Analysing the pro-active policy needs to benchmark performance-based voluntary agreements as a strategy for improved corporate environmental management performance.	14		■	■
(i) Stimulating industry debate on this issue.	2		■	■

Component 3. Leveraging environmental performance information as an essential approach to achieve eco-effectiveness in large sized business. [50 person months, please refer to the appendix for detailed work plan]	50				
(a) Collection of data and information to understand the importance of disclosure of environmental information as part of improved CEM measures.	4	█			
(b) Collection of good industry examples on disclosure of corporate-level innovations in increased energy efficiency, reduced waste, and controlled water pollution through field studies/observations. Identifying elements of good practices.	4	█			
(c) Organising policy dialogues and stakeholder meetings as a part of the communication process	4		▲		
(d) Analysing improved environmental conditions, economic rationalities, and social benefits of adopted environmental performance disclosure schemes in selected cases through standardised research protocols.	7			▲	
(e) Developing an analytical framework to compare the strengths and weaknesses of various information disclosure schemes adopted by big business .	12	█	█		
(f) Analysing the pro-active policy needs for the adoption of information disclosure schemes as a strategy for improved corporate environmental management performance.	15	█	█	█	█
(g) Stimulating industry debate on this issue.	4			█	█

Component 4. Cross-analysis of pro-active policies for strengthening corporate environmental management practices in developing Asia	50			
(a) Analysis of the synergetic impact of different policies and various approaches as well as domestic and international driving forces for improved corporate environmental performance.	12			
(b) Developing a comprehensive pro-active policy framework at sectoral level that could spread the uptake of good corporate environmental management model(s) in selected countries	12			
(c) Assessing the institutional capacity – the cooperative role of governments, business associations, communities, intergovernmental organisations – in implementing such frameworks.	12			
(d) Devising an action plan for implementing such policy frameworks	12			
(e) Getting comments/feedback from the industry and public.	4			
Component 5. Dissemination of good corporate environmental management practices, policy options and other research outcomes	10			
(a) Organising project workshops/symposiums/regular expert meetings and making presentations at various stakeholder gatherings, including businesses of various sizes and ownership, policy communities at different levels, community-based organisations as well as bilateral and multi-lateral development organisations.	6	▲	▲	▲
(b) Timely publication of discussions papers, policy briefs, books/monographs to coincide with international policy events such as APFED meetings, UNEP and ESCAP policy forums and ADB annual meetings.	4		▲	▲

Note: These research activities are planned to be spread over three years involving five full-time researchers, resulting in a total of 180 person months.