

## **CORPORATE REPORTING AND ASIA**

Brenda Ortigoza Bateman  
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*Deputy Director, The Policy Group  
United States-Asia Environmental Partnership  
1720 Eye St., NW, Suite 700  
Washington, D.C. 20006 USA  
Tel: 1-202-835-0333, x104 / Fax: 1-202-835-0366  
E-mail: bbateman@usaep.org  
Internet: [www.usaep.org/policy.htm](http://www.usaep.org/policy.htm)*

There is an international movement afoot to develop a set of guidelines to help companies decide what kinds of economic, environmental and social information to measure and report to the public. The Global Reporting Initiative, or GRI, is sponsored by the Coalition for Economically Responsible Economies and the United Nations Environment Programme.

Although more than 1,000 companies now disclose such information, their usefulness for comparison purposes is limited as each reports dissimilar types of information in various formats, using different measurement standards. Now, firms have begun using the GRI guidelines as a framework for their reports. Some of these companies--in Asia, examples are Excel Industries of India and NEC and Kirin Brewing from Japan--collected and reported corporate-wide performance data for the first time this year. Other companies in the Philippines, Malaysia and Thailand have volunteered to experiment with the guidelines, provide suggestions and participate in the dialogue to further develop the guidelines.

As with any standard-setting body, it is crucial that the discussion and guideline-development process include a diversity of voices. Corporate, non-governmental and public leaders from developing and transitional economies must be more aggressive about becoming--and staying--involved in these efforts. Indeed, the "standardization" of reporting guidelines will be a hollow process without robust involvement by myriad regional and institutional representatives from Asia.

In the past, international standard setting bodies such as the International Standards Organization left Asia's developing economies out of the decision-making process. But as vital links in the global supply chain, these producers rightfully demand a place at the discussion table. The current challenge now is to match Asia's business leaders with organizations actively shaping standards in the international marketplace. Many Asian companies hesitate to become involved in standard setting because the requested information is felt to be proprietary. For instance, when NGOs in Indonesia sought information about entry-level wages in their communities, companies questioned whether these groups really had a valid claim to this information, failing to see the possible benefit to their corporate bottom line from greater transparency in their industry.

Indeed, efforts are clearly needed to improve comparability and transparency. Information disclosure not only has become an important element of successful competition in the global marketplace but also could be a matter of public safety, as when industry associations in Malaysia try to determine how best to help small businesses capture and recycle waste water instead of releasing it downstream. The act of information collection has helped some companies focus their internal management priorities, allowing them to identify any unevenness in the composition of their labour force or to identify wasteful industrial processes.

Most participants in the GRI come from America, Europe and Japan. The reason for this may be that there are important realities in Asia--outside of Japan--that the GRI has not taken into account. First, there is the extremely active role that government takes in nonfinancial corporate performance. Companies are accustomed to reporting exactly what governments require, and withholding or not collecting other information. Thus, there is a less vigorous history of public reporting. Thailand, South Korea and Japan are among the few countries initiating reporting requirements on toxic-waste release.

Second, the preponderance of small and medium-sized enterprises in Asia means that the message will need help reaching target audiences. To accomplish this, the GRI and its supporters need a strategy that includes translating the guidelines and creating a forum for experimentation and feedback.

The struggle to broaden and deepen participation among companies and NGOs in Asia will continue, and the next few months will provide opportunities to get involved. Companies, for example, can obtain the guidelines and try them out. They can then make any recommendations to the GRI. (Plans are for the guidelines to be updated every few years.) More immediately, the GRI also will be making decisions about its institutional future and governance, in an effort to separate itself from its sponsoring organizations. Now is the time that Asian businesses should consider helping to define a standard they are likely to subscribe to in the near future.