

Recommendations of the World Benchmarking Alliance to the Draft ASEAN Declaration on Environmental Rights

23 April 2024

To the ASEAN Environmental Rights Working Group (AER WG)
ASEAN Intergovernmental Commission on Human Rights (AICHR)

The World Benchmarking Alliance (WBA) extends its heartfelt thanks to ASEAN, particularly to the Environmental Rights Working Group (AER WG) established by the ASEAN Intergovernmental Commission on Human Rights (AICHR), for their commendable work in formulating the ASEAN Declaration on Environmental Rights.

As a non-profit entity dedicated to evaluating and ranking the impact of the world's most influential corporations on the United Nations Sustainable Development Goals (SDGs), WBA generates accessible, complimentary benchmarks. These benchmarks are designed to guide and empower governments, business executives, investors, and other crucial stakeholders.

Our objective is to act as a catalyst for accountability, motivating enterprises to spearhead positive change and achieve the Sustainable Development Goals (SDGs). In collaboration with our Alliance, we are committed to fostering a culture of open dialogue and decisive action towards realizing a world that is more equitable, just, and sustainable.

In support of the ongoing Draft ASEAN Declaration on Environmental Rights, we are eager to offer our insights and recommendations concerning specific proposals within the draft. Attached to this letter, you will find a comprehensive document outlining our thoughts and suggestions, which we hope will be considered by the AER WG during the declaration's preparation.

We appreciate the AER WG's dedication to maintaining a transparent, inclusive process that engages multiple stakeholders. We also seize this opportunity to contribute our expertise and perspective through direct engagement in meetings and participating in official consultations and workshops.

Should there be any queries or a need for further explanation regarding our recommendations, please feel free to reach out to us.

Thank you.
Sincerely,



Dio Herdiawan Tobing
Head of Public Policy, Asia
World Benchmarking Alliance

General evidence and insights:

- The World Benchmarking Alliance (WBA) appreciates ASEAN in the leadership to come up with a robust framework in recognising and upholding environmental rights in Southeast Asia. At WBA, we recognise the critical role that such rights can be fully materialised if the private sector has an active role to play in implementing the provisions entail in the declaration by truly transitioning to a climate and environmental-friendly business process while taking into account the do-no-harm principles to workers and communities during that processes (Just Transition).
- WBA's [climate and energy benchmarks](#), which currently evaluate 338 companies worldwide across multiple sector, indicate that these entities are not adequately aligned with the 1.5°C target and lack credible transition plans. This shortfall spans several areas including investment in low-carbon technologies, adherence to their carbon budgets, development of low-carbon business models, and engagement with suppliers and customers on these matters. For example, WBA's 2023 electric utilities benchmark shows that while there are positive trends such as the ramping up of solar PV generation in line with 1.5C important gaps remain. For example, 95% of electric utility companies have significantly less low carbon CAPEX than required. WBA's transport benchmark also shows that for transport companies, 66% of companies do not engage with suppliers on environmental issues beyond integrating climate change issues into their supplier code of conduct. Additionally, WBA's 2023 oil and gas benchmark finds that only 12% of companies scope 1 and 2 emission intensities have decreased in line with their 1.5C pathways.
- Conversely, through its just transition assessments and methodology, the WBA identifies several shortcomings in how companies approach a just transition, particularly in planning, social protection, and advocating for supportive policies and regulations. The integration of these principles is below 1% across the over 270 companies¹ assessed in the WBA's climate and energy benchmarks. There are a [number of ways to enhance company just transition readiness](#) including for governments to collaborate with companies, unions and employer and business member organisations.
- Globally, there remains an annual Sustainable Development Goals (SDGs) financing shortfall of US\$ 4.2 trillion, predominantly in developing countries. Despite surpassing the midpoint of the set deadline, only 12 percent of SDG targets are on track. At WBA, we strongly believe in the necessity of enhancing [corporate accountability processes](#) to create a level playing field, enabling the private sector to support governments and public institutions in achieving the SDG mandate. Crucially, the effectiveness of these accountability mechanisms is essential for the success of their businesses.
- Further, our suggestions for language improvement in some of the provisions of the draft text on the ASEAN Declaration on Environmental Rights is appended in the [subsequent page](#).

¹ For this particular study, the samples were taken from 320 companies

Section(s)	Suggestion(s)
Article 5	<p>Text suggestion: To the extent possible, this Declaration should apply to [encourage corporate accountability by] the private sector.</p> <p><i>The United Nations Development Programme (UNDP) has commissioned a report on Corporate Accountability and the Climate Change in Asia the report aligns with the spirit of the AER WG in developing the ASEAN Declaration on Environmental Rights as it recognizes the essential role of the private sector to mitigate environmental impact. WBA suggests the mention of ‘corporate accountability’ to welcome the private sector role in the journey of transition to a resilient and sustainable economy and sustainable future.</i></p>
Article 14(5)	<p>Text suggestion: [Take measures through legal, regulatory, or administrative measures to promote access to environmental information in possession of [environmental disclosure and transition planning, including on just transition, by] private sector entities, in particular, information [public reporting] on their operations and the possible risks and effects on human health and the environment.]</p> <p>Suggestion: <i>Regulation on environmental corporate reporting is becoming more common across the world as a method to increase good governance and transparency in the corporate sector. ASEAN can learn from the recent examples in China where its major stock exchanges are introducing draft guidelines for corporate sustainability reporting which will be in place soon. Some ASEAN countries (i.e. Malaysia, Indonesia, Thailand, and Singapore) are also developing Interconnected Sustainability Ecosystem to implement common environmental, social and governance (ESG) metrics.</i></p>
Article 14(6)	<p>Text suggestion: Ensure public and private sector entities prepare sustainability reports reflecting their social and environmental performance, including due diligence reporting, risk assessment for human rights and environmental impacts, and [double materiality in] environmental, social and governance reporting.</p> <p>Suggestion: <i>With the rise of double materiality in environmental, social and governance (ESG) reporting across the world -- which is to allow consideration on actions impact both people and the planet, but also how sustainability issues can affect their financial-wellbeing – e.g. the European Union (EU) Corporate Sustainability Reporting Directive (CSRD) and the recently consulted China’s main stock exchange sustainability reporting standard, we suggest ASEAN to incentivize entities in competing on sustainability initiatives by acknowledging the importance of providing an equal playing field in the region.</i></p>
Article 26(1)	<p>Text suggestion: Commit to implementing multilateral environmental agreements ratified by ASEAN Members, including the Kunming-Montreal Global Biodiversity Framework, [apply the mitigation hierarchy as a guiding principle] and include a human rights-based approach, respecting, in particular, the role of [indigenous peoples], and groups in vulnerable situations, local communities and ethnic groups in biodiversity conservation.</p>