



Can the Implementation of Corporate Sustainability in ASEAN use the Same Standard?

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Abstract

The implementation of sustainability in all Association of Southeast Asian Nations (ASEAN) companies is massive. The sustainability philosophy comes from the triple bottom line (3P) ideology, which emphasizes three fundamental things: Profit, Planet, and People.

Keywords: Ideology; Profit; Planet; People

Introduction

The implementation of sustainability in all Association of Southeast Asian Nations (ASEAN) companies is massive. The sustainability philosophy comes from the triple bottom line (3P) ideology, which emphasizes three fundamental things: Profit, Planet, and People [1-6]. Profit is essential for companies to remain sustainable by generating profits continuously so that it remains an attraction for investors as one of the company's stakeholders to invest. Companies are required to continue to generate profits as a form of survival. The second aspect is the planetary aspect. This planetary aspect relates to the form of corporate responsibility towards the environment. The environment is one aspect that is highly considered because the environment is the most important aspect when a company carries out its corporate activities. The last aspect is the people. People are significantly related to the community in particular and stakeholders in general [7-10]. This aspect is crucial because for a company to obtain a form of legitimacy from the community, the company must have a form of concern for the social conditions around the company. The implementation of sustainability can be done in two steps: activity and disclosure of sustainability. For these two things to be in sync, we need regulations that support them so that these two things run rhythmically. Figure 1 explains the correlation of the three components so that the implementation of sustainability continues. Figure 1 explains the need for binding regulations between activity implementation and sustainability disclosure. It is necessary

Received date: 07 April 2023; Accepted date: 10 April 2023; Published date: 24 April 2023

Citation: Widyatama A, Ating R (2023). Can the Implementation of Corporate Sustainability in ASEAN use the Same Standard?. SunText Rev Arts Social Sci 4(1): 154.

DOI: <https://doi.org/10.51737/2766-4600.2023.054>

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considering that many companies in ASEAN still consider that implementing sustainability is still voluntary but essential in enhancing the company's reputation. As a result, delivery in the form of sustainability disclosures is still carried out in various ways, causing different interpretations between stakeholders in the decision-making process [11-14].

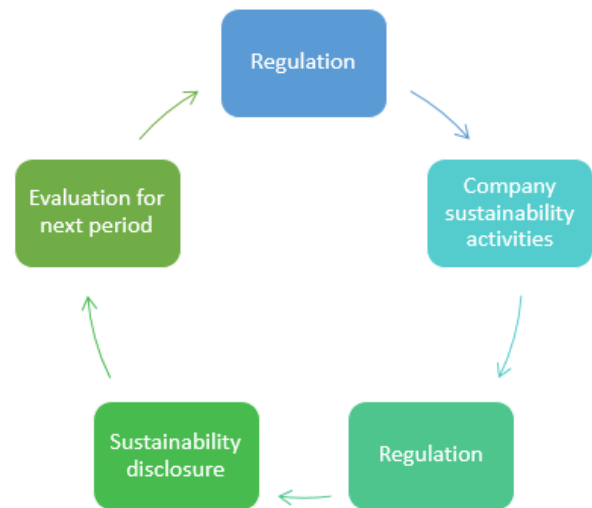


Figure 1: The relationship between the three pillars of implementing sustainability.

Therefore, it is vital to have a standard that is the same in carrying out sustainability activities and disclosure. After conducting sustainability disclosures, an evaluation is needed both

independently of the company and using a third party to determine whether the implementation or disclosure of sustainability meets the standards and enhances the company's reputation. ASEAN countries drew up the ASEAN Taxonomy Board (ATB) in March 2021 as a form of regional commitment to supporting the development of a sustainable agenda. ATB launched the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) as a form of joint initiative resulting from bringing together the views of ASEAN countries' capital market regulators, insurance, and banking. This is one of the advances for developing sustainability in ASEAN, considering that it is very complex, so a standard is needed to implement sustainability in the same standard. The ASEAN Taxonomy is an inclusive and credible system for classifying sustainable economic activities in ASEAN. The ASEAN taxonomy was prepared considering existing taxonomic standards but still considering the conditions and needs of various ASEAN countries. Therefore, the ASEAN Taxonomy was prepared using a multi-tiered approach that has two main elements, namely the Foundation Framework, which contains the general principles used to assess the sustainable aspects of economic activity, and the Plus Standards, which contain further definitions and criteria, including qualification criteria and benchmarks, for economic activities and green investment. However, what needs to be improved from this ASEAN taxonomy is the local wisdom of each country. It is essential because cultural and regional conditions in each country have unique characteristics. The standard board in each country needs to pay attention to these conditions so that the implementation and disclosure of sustainability are under the needs.

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