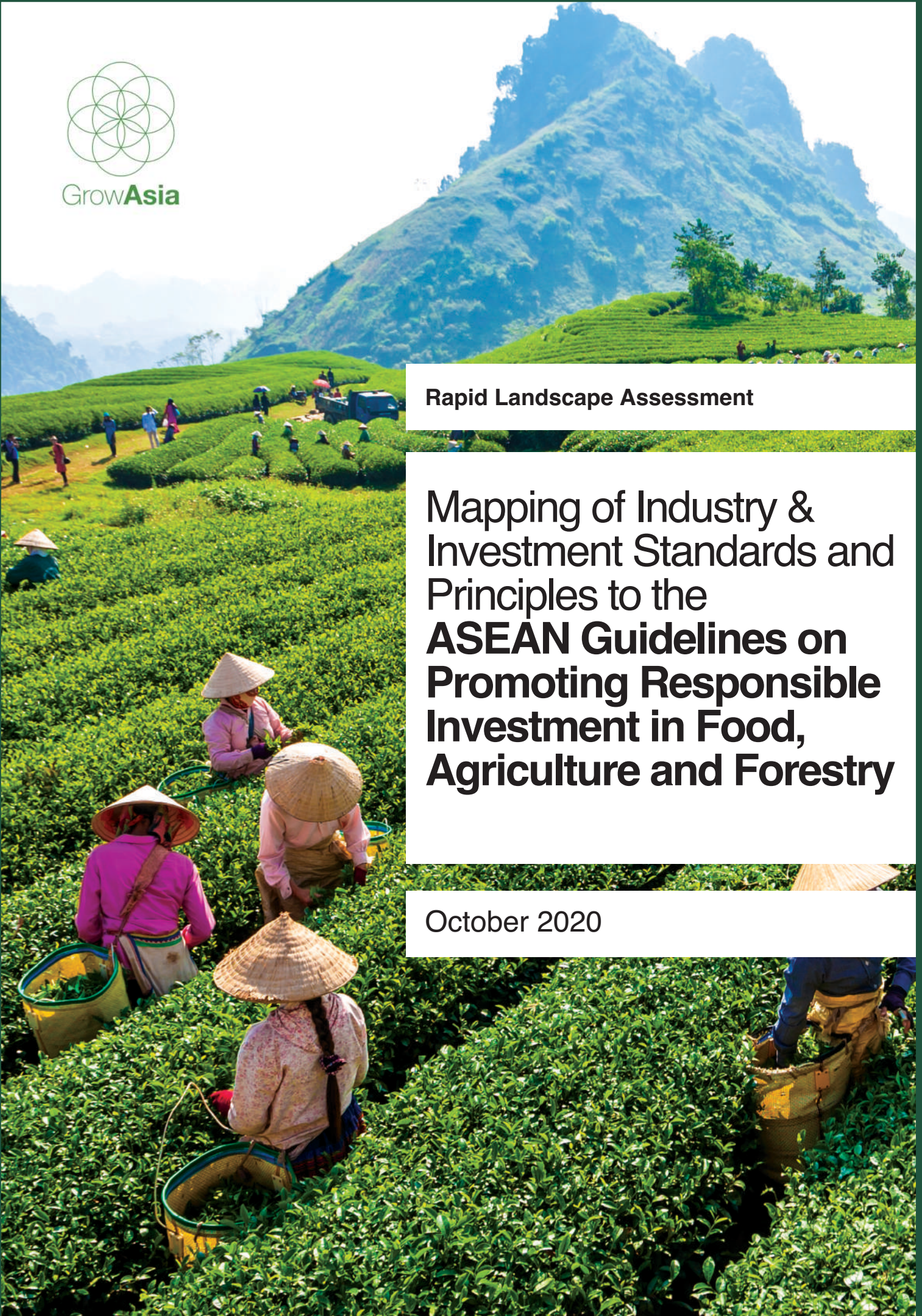


GrowAsia

Rapid Landscape Assessment

Mapping of Industry & Investment Standards and Principles to the  
**ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry**

October 2020



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# EXECUTIVE SUMMARY

Sustainability standards and principles for responsible businesses practices help the private sector ensure positive impact along their food, agriculture and forestry (FAF) supply chains and during investment processes. Although these standards and principles aim to clarify what “responsible practices” should include the diversity and sheer number of such types of guidance creates a complex landscape that agribusiness and financial investors must navigate.

This report aims to simplify this landscape with regard to the ASEAN Guidelines for Promoting Responsible Investment in Food, Agriculture and Forestry (‘ASEAN RAI’), a regional framework. The ASEAN RAI were adopted by the ASEAN Ministers of Agriculture and Forestry (AMAF) in 2018 to guide agribusinesses, governments, financial institutions and producers in making environmentally, socially and economically responsible investments. Grow Asia has supported the development, and now implementation, of the ASEAN RAI.

Over the next 10 years, Grow Asia aims to accelerate adoption of the ASEAN RAI among investors. Through this rapid assessment, we demonstrate how existing standards and certifications can help investors show alignment to the ASEAN RAI. This report assesses the level of alignment between 12 existing and regionally relevant FAF industry and investment standards with the 10 Guidelines of the ASEAN RAI. Further, the report demonstrates how 10 selected international banks include these standards in their own environmental and social risk policies.

The rapid landscape assessment highlights three primary findings:

- 1 Majority of the 12 standards and certifications cover 8 or more of the 10 ASEAN RAI Guidelines. Therefore organizations who are already adhering to these selected standards could also easily demonstrate alignment with the ASEAN RAI.
- 2 Few of the selected FAF standards and certifications focus explicitly on a regional approach, and therefore do not align to ASEAN RAI Guideline 10: “Contribute to strengthening regional approaches to responsible investment in FAF ASEAN”. This finding demonstrates how the ASEAN RAI are uniquely tailored to Southeast Asia, as they provide guidance to outward investors and home states on assessing and mitigating negative cross-border outcomes. The ASEAN RAI includes roles for ASEAN Member States (AMS) and agribusiness investors on why and how to embed a regional approach. The benefits of such an approach could include greater intra-ASEAN and intra-Asian investment, and reduced confusion as a result of harmonized policies among AMS.
- 3 Uptake of these standards by banks differ in scope. For example, some standards (which are particularly relevant to ASEAN commodities or those with significant market exposure) are referred to by all 10 banks, while others see lower rate of uptake. Banks made it clear that even when the certification is not included in their official policies, they are keen to see certifications that demonstrate companies’ commitments to Environmental, Social and Governance (ESG) practices. Therefore, agribusinesses certified by any standard may have an easier time financing their investments.

These findings can help private sector investors understand how they may already be compliant many ASEAN RAI Guidelines via existing commitments to selected FAF industry and investment standards, principles and certifications.

To better understand the actual use and uptake of the ASEAN RAI Guidelines by the private sector, the report sets out the following recommendations for Grow Asia and its partners:

### **Engage the private sector in adopting the ASEAN RAI by:**

- showcasing the significant overlap between existing FAF standards and certifications and ASEAN RAI Guidelines
- providing tools to understand how to practically apply the ASEAN RAI during investment processes.

### **Explore landscape of regional and country-level financial institutions**

and their commitments to national, regional and international FAF and investment certifications, standards and principles.

### **Include ASEAN and member state banks when studying the uptake of standards**

to determine if regional banks and/or MDBs operate differently and/or perhaps focus more on regional challenges (Guideline 10).

Our hope is that this report serves as an initial tool for our private sector partners to understand the what, why and how of responsible investing in FAF sectors. To this end, Grow Asia will develop tools, distill best practices, and train experts to facilitate an increase in environmentally, socially and economically responsible investments in ASEAN by 2030. Learn more about our four-pillar 10-year Action Plan and how to get involved on the [ASEAN RAI website](#).

With thanks for your commitment to investing responsibly,



**Grahame Dixie,  
Executive Director  
Grow Asia**



# 1. INTRODUCTION

## 1.1 Background

Foreign and domestic investments in food, agriculture and forestry (FAF) are steadily growing across ASEAN.<sup>1</sup> The increase in FDI has led to a series of potential challenges and opportunities for farming communities in ASEAN, especially as FAF sectors provide jobs and livelihoods to 100 million people - one-sixth of the total ASEAN population.<sup>2</sup> It is in the context of this landscape that Grow Asia and its partners developed the [ASEAN Guidelines on Promoting Responsible Investment in Food Agriculture and Forestry](#) (ASEAN RAI) - a framework to guide agribusinesses, governments, financial institutions and producers in making environmentally, socially and economically responsible investments in ASEAN's Food, Agriculture and Forestry (FAF) sectors.

## 1.2 Objective

Grow Asia and our partners aim to accelerate the uptake of the ASEAN RAI Principles among agribusinesses and improve the quality of their FAF investments across Southeast Asia. The ASEAN RAI contribute regionally specific guidance on investments to an existing landscape of voluntary sustainability standards and certifications that help guide responsible practices along value chains. However, the growing number of voluntary standards and certifications in this landscape can often be confusing, and even exhausting for agribusiness and financial investors.

This report, therefore, aims to understand and highlight areas of current alignment between existing FAF industry and investment standards and principles with the 10 Guidelines of the ASEAN RAI. It also makes recommendations for next steps to continue to clarify the landscape of sustainability and responsibility guidance across ASEAN and how the ASEAN RAI complements that landscape.

1. [ASEAN Secretariat Database](#)

2. [Global Value Chains in ASEAN, ASEAN-Japan Centre, 2020](#)

## 1.3

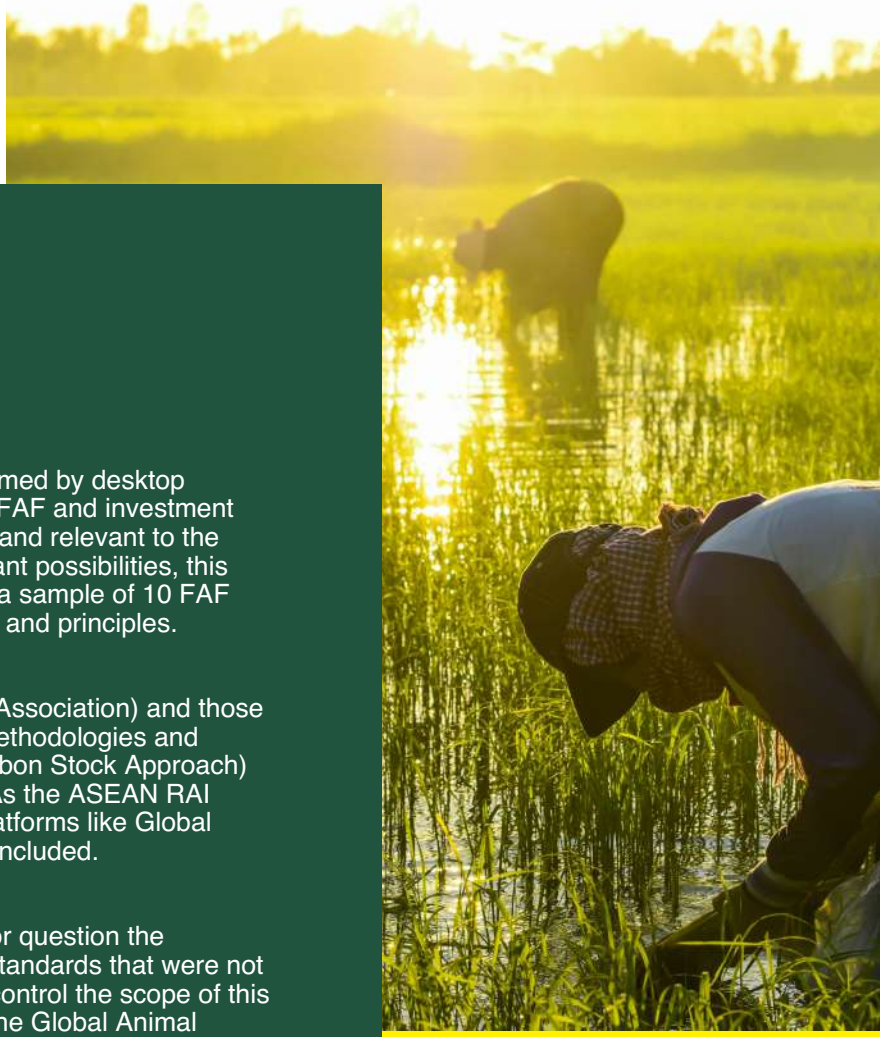
### Scope

This rapid landscape assessment is informed by desktop research and is a quick-scan analysis of FAF and investment standards and principles that are related and relevant to the ASEAN RAI. While there are many relevant possibilities, this rapid landscape assessment focuses on a sample of 10 FAF standards and four investment standards and principles.

More general standards (e.g. Fair Labor Association) and those that are grounded in providing specific methodologies and measurement approaches (e.g. High Carbon Stock Approach) have been excluded from this exercise. As the ASEAN RAI does not include a reporting structure, platforms like Global Reporting Initiative (GRI) have not been included.

By no means does this report disqualify or question the relevance and importance of other FAF standards that were not considered – this decision was made to control the scope of this report. For example, standards such as the Global Animal Partnership and the Sustainable Coconut and Coconut Oil Roundtable are instrumental for the respective sectors and are applicable to the FAF sectors in ASEAN but are not mapped in this report.

Following this rapid assessment, Grow Asia approached each of the standards bodies and international banks to request feedback on the assessment. The vast majority of the entities included have responded with comments and feedback, which have been integrated as much as possible into the final report. For any questions about the specific alignments between any standard and the ASEAN RAI, please contact [Grow Asia directly](#).





## 2. STANDARDS IN SCOPE

### 2.1

#### **ASEAN Guidelines for Promoting Responsible Investments in Food, Agriculture and Forestry**

Global demand for food is increasing due to a growing population, rising incomes and urbanization. In parallel, investments in these sectors are widespread as the ASEAN member states are major exporters of agricultural and forestry products. Given the central role ASEAN plays in achieving food and nutrition security, and in supporting economic opportunities, ASEAN member states are working to establish favorable conditions to attract investments in FAF sectors alongside promoting sustainable and responsible practices.

In October 2018, the ASEAN Ministers on Agriculture and Forestry (AMAF) adopted 10 [ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry](#) (ASEAN RAI), following a 9-month multi-stakeholder consultation process led by Grow Asia. The Guidelines are grounded in the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFSRAI), which were endorsed in Rome in October 2015. These 10 Guidelines (Exhibit 1) are part of a broad range of initiatives aiming to ensure that investments in FAF sectors comply with international frameworks, yet are regionally relevant and contextualized.

The Guidelines are closely linked to the United Nations Sustainable Development Goals (SDGs), to which many agribusiness investors and financial institutions have committed. Specifically, the ASEAN RAI contributes to Goal 1 (end poverty), Goal 2 (end hunger), Goal 5 (end all forms of discrimination against women and girls), Goal 8 (promote decent work and economic growth), Goal 10 (reduce inequality within and among countries), Goal 12 (ensure sustainable consumption and production patterns), Goal 13 (take urgent action to combat climate change and its impacts), Goal 14 (conserve and sustainably use the oceans, seas and marine resources) and Goal 15 (protect and restore ecosystems and life on land).

Starting in 2020, the ASEAN Secretariat, Grow Asia and other partners will engage in a four-part, multi-stakeholder strategy to **transform the ASEAN RAI from words on paper to action on the ground**. By 2030, the aim is to facilitate a measurable increase in the quantity and quality of responsible and sustainable private sector investment in ASEAN which will contribute to the achievement of the sustainable development goals (SDGs) and the vision and strategic plan of action on ASEAN Cooperation on Food, Agriculture, and Forestry 2016–2025.

With support from the Swiss Agency for Development and Cooperation (SDC), partners will

- 1) Embed an ASEAN RAI training programme into regional host institutions;
- 2) Encourage widespread uptake of the ASEAN RAI through investor engagement and tools;
- 3) Ensure the ASEAN RAI remains a living document through regional sharing of best practices and ideas; and
- 4) Integrate the ASEAN RAI into legal and policy frameworks through technical services.

This report will be utilized as a tool to encourage private sector investor uptake of the ASEAN RAI, and will be included in the training program (1), investor toolbox (2), and regional sharing of best practices (3).



## Exhibit 1: 10 Guidelines of the ASEAN RAI



## 2.2 Food, agriculture and forestry standards

The ASEAN Agricultural Commodity Outlooks of 2017<sup>3</sup> and 2019<sup>4</sup> summarize the main commodities produced in ASEAN. This list - which includes rice, maize, sugar, soybean, coffee and palm oil - has been used to identify the focus standards for this mapping exercise (Exhibit 2). In addition to these commodities, common standards for the fishery and forestry sectors are also included. In this section we will describe the different FAF standards that are considered for the mapping exercise (see Annex 2 for detailed principles within each standard).


### Exhibit 2: Overview of the FAF standards<sup>5</sup>





Logo	Name	Sector Focus	Description
	Aquaculture Stewardship Council (ASC)	Fishery (farming)	<p>The Aquaculture Stewardship Council (ASC) standard addresses key environmental impacts of fish farming and sets requirements for workers' rights and protects communities surrounding certified farms.</p> <p>The ASC and Marine Stewardship Council (MSC) Standards have both been reviewed for the fishery sector, the first one focusing on aquaculture and the second one addressing wild fishing (either marine or freshwater organisms).</p>
	Bonsucro	Sugar	<p>Bonsucro supports a community of over 500 members in 40+ countries, from all elements of the sugarcane supply chain, including, farmers, millers, traders, buyers and support organizations.</p> <p>With some 1.4 million hectares of land under cultivation for sugar cane, Thailand is the world's second largest sugar producer after Brazil with exports of 6.5 million tonnes a year, valued at more than US\$3.6 billion. Besides Thailand, the Philippines is also considered as major sugar producing country. Therefore, Bonsucro - the platform that supports all parts in the sugarcane supply chain - will be reviewed for the sugar industry.</p>

3. [ASEAN Agricultural Commodity outlook. AFSIS. 2017](#)

4. [ASEAN Agricultural Commodity outlook. AFSIS. 2019](#)

5. Only the standards for the specific sectors mentioned in sector focus column have been considered for the analysis.

Logo	Name	Sector Focus	Description
	Fairtrade International	Cane sugar, cereals, cocoa, coffee, fiber crops etc.	<p>Fairtrade aims to empower producers through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries. As a leader in the global movement to make trade fair, Fairtrade supports and challenges businesses and governments and connects farmers and workers with the people who buy their products.</p> <p>In ASEAN, Indonesia and Malaysia have been the top cocoa bean producers for many years now, with Indonesia as the third-largest cocoa bean exporter in the world after Ghana and the Ivory Coast. As it is an important commodity for the region, this study reviews the Fairtrade International Standard. Fairtrade International has standards that cover not only cocoa, but also sectors such as sugar, cereals, coffee, fruits, herbs, tea, flowers, textile and precious metals. There are separate overarching standards for small-scale producer organizations, for hired labor organizations (plantations), and traders.</p>
	Forest Stewardship Council® (FSC®)	Forestry	<p>The Forest Stewardship Council® is an international nongovernmental organization that promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC is dedicated to the promotion of responsible forest management worldwide, and helps take care of forests and the people and wildlife that call them home as well as future generations. It covers the production of timber, all non-timber forest products and ecosystem services. FSC defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social, and economic stakeholders.</p>
	Marine Stewardship Council (MSC)	Fishery (wild fishing)	<p>The Marine Stewardship Council (MSC) recognises and rewards efforts to protect oceans and safeguard seafood supplies for future generations through a voluntary market-based scheme. Through the MSC Fisheries Standard and MSC Chain of Custody Standards it sets out the requirements for fisheries and seafood suppliers to certify that their products come from well-managed and sustainable sources.</p>
	Programme for the Endorsement of Forest Certification (PEFC)	Forestry	<p>PEFC, the Programme for the Endorsement of Forest Certification, is a leading global alliance of national forest certification systems. As an international non-profit, non-governmental organization, it promotes sustainable forest management through independent third-party certification. PEFC provides forest owners, from the large to the small, with a tool to demonstrate their responsible practices, while empowering companies to buy sustainably. The PEFC label enables consumers to recognize products originating from a PEFC-certified forest - a forest managed in line with the strictest environmental, social and economic requirements.</p>

Logo	Name	Sector Focus	Description
	Rainforest Alliance (RA)	Coffee, cocoa, tea, fruits, nuts, cut flowers	<p>The Rainforest Alliance standard has overarching principles covering the agriculture, forestry and tourism sectors. Amongst these three sectors, only the Sustainable Agriculture Standard of the Rainforest Alliance applicable to smallholder farms is considered for this study because RA is no longer working on forestry and tourism certification per 2019, as it is managed by NEPCon officially. As the Rainforest Alliance merged with UTZ in 2018, they are working on harmonizing their separate standards into a new set of standards. This <a href="#">harmonized set of standards</a> was published on June 30, 2020 and audits against the new program will begin in mid-2021. Hence, the draft for smallholder farmer standard published in 2019 is used in this mapping exercise.</p> <p>The Rainforest Alliance focuses on cocoa, coffee, tea, fruits, nuts and cut flowers, as the main crops.</p>
	Roundtable on Sustainable Palm Oil (RSPO)	Palm oil	<p>The Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for the Production of Sustainable Palm Oil is applicable for sustainable palm oil production worldwide. The RSPO covers the most significant environmental and social impacts of palm oil production and the immediate inputs needed for its production.</p> <p>Given the predominance of the palm oil sector in Indonesia and Malaysia where almost 90% of the world's production is concentrated, the Roundtable on Sustainable Palm Oil (RSPO) certification is reviewed. RSPO certification covers three main components namely people, planet and prosperity, and is a widely recognized standard for this commodity.</p>
	Roundtable on Responsible Soy (RTRS)	Soy	<p>The Roundtable on Responsible Soy (RTRS) is a civil organization that promotes responsible production, processing and trading of soy on a global level. This standard applies to all varieties of soybeans and is currently developing a similar standard for maize (which has not been considered in this study as it is not fully developed).</p> <p>For similar reasons to the RSPO, although smaller in size in comparison to the palm oil market, the Roundtable on Responsible Soy has also been reviewed for this study.</p>
	Sustainable Rice Platform (SRP)	Rice	<p>The Sustainable Rice Platform (SRP) is a global multi-stakeholder alliance launched in 2011 and led by UNEP, IRRI and GIZ. The SRP Standard for Sustainable Rice Cultivation comprises 41 requirements structured under eight themes.</p> <p>The SRP is part of this analysis given the major role of ASEAN in the global rice market. According to 2019 ASEAN Agricultural Commodity Outlook, ASEAN produced ~110 million tons of milled rice in 2019. This means approximately one-fifth of global rice production (512 million tons) originates from ASEAN. Moreover, ASEAN is a net exporter with approximately 20 million tons in 2019.</p>

## 2.3

### Investment standards and principles





In this section we will describe the different investment principles and standards that are included in the mapping exercise.

Four international investment principles and standards have been reviewed (Exhibit 3): the Equator Principles (EP), the IFC Environmental and Social Performance Standards (IFC PS), the Principles for Responsible Investment (PRI) and the UN Principles for Responsible Banking (UN PRB). This sample was selected based on the experience of the consultants Grow Asia commissioned to conduct this rapid landscape assessment, and the extent they have encountered these principles or standards in their work for development finance institutions, multilateral development banks, commercial banks and impact investors in ASEAN.

For similar reasons as for the FAF standards, certain options have been excluded. For example, standards such as the Natural Capital Declaration (NCD) were excluded because they focus on one specific subset of investments.

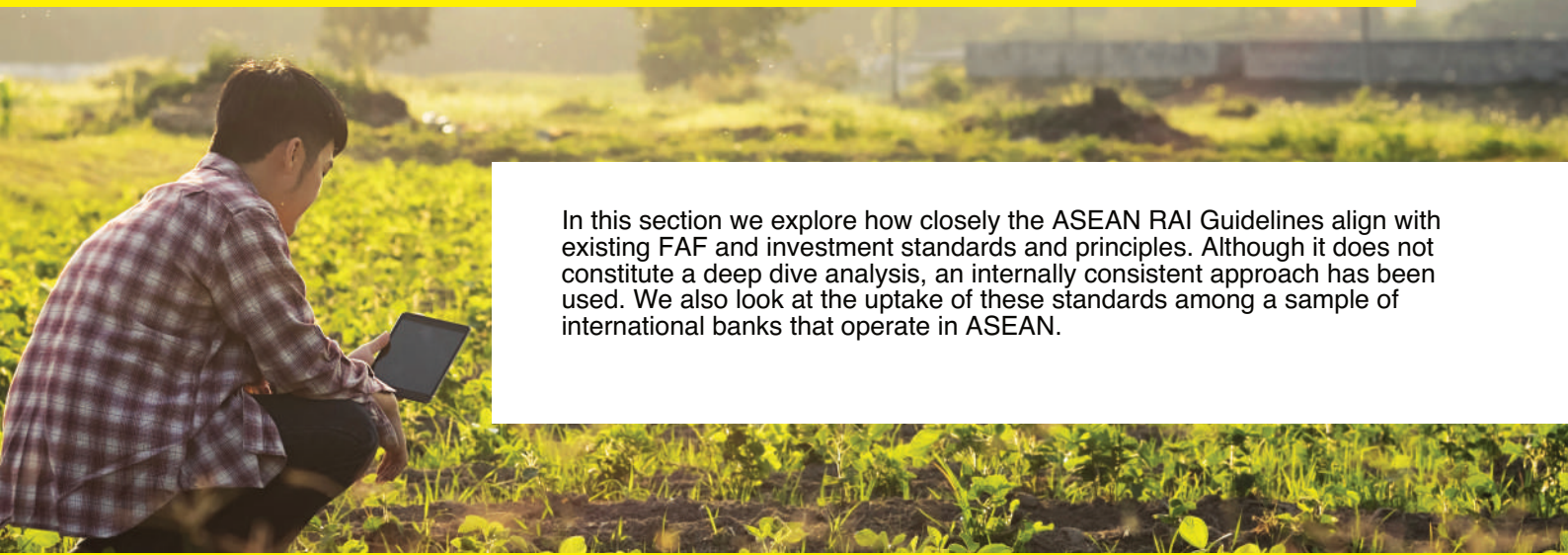


## Exhibit 3: Overview of the investment standards and principles<sup>5</sup>

Logo	Name	Date	Applicable to <sup>6</sup>	Description
	Equator Principles	2003	Financial Institutions	The Equator Principles were launched in 2003 and now adopted by 104 financial institutions from 38 countries. The Equator Principles (EP) is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in project finance. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.
	IFC Performance Standards	2012	Companies  Financial Institutions	The IFC Performance Standards (IFC PS) is an international benchmark for identifying and managing environmental and social risk and have been adopted by many organizations as a key component of their environmental and social risk management. IFC PS provide guidance on sector-specific Environmental, Social, Governance (ESG) considerations, including for agriculture and forestry.
	Principles for Responsible Investment	2006	Asset owners  Investment managers  Service providers to asset owners and investment managers	The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. It focuses on the investment implications of environmental, social and governance (ESG) factors. The PRI is an independent organization but has two UN partners – UN Environment Programme Finance Initiative and UN Global Compact – which play an important role in delivering the PRI's strategy. The six Principles for Responsible Investment (PRI) are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.
	UN Principles for Responsible Banking	2019	Banks	The UN Principles for Responsible Banking (UN PRB) were launched by 130 banks from 49 countries in 2019. These principles aim to accelerate the banking industry's contribution to achieving society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement. The Principles focus on impact analysis, target setting, aligning business strategies with the needs and goals of society, and transparency and accountability.

6. "Applicable to" refers to what the institutions behind the standards refer to as their target group.

## 3. COMPARISON BETWEEN ASEAN RAI AND OTHER STANDARDS



In this section we explore how closely the ASEAN RAI Guidelines align with existing FAF and investment standards and principles. Although it does not constitute a deep dive analysis, an internally consistent approach has been used. We also look at the uptake of these standards among a sample of international banks that operate in ASEAN.

### 3.1

#### Comparison between ASEAN RAI Guidelines and FAF Standards

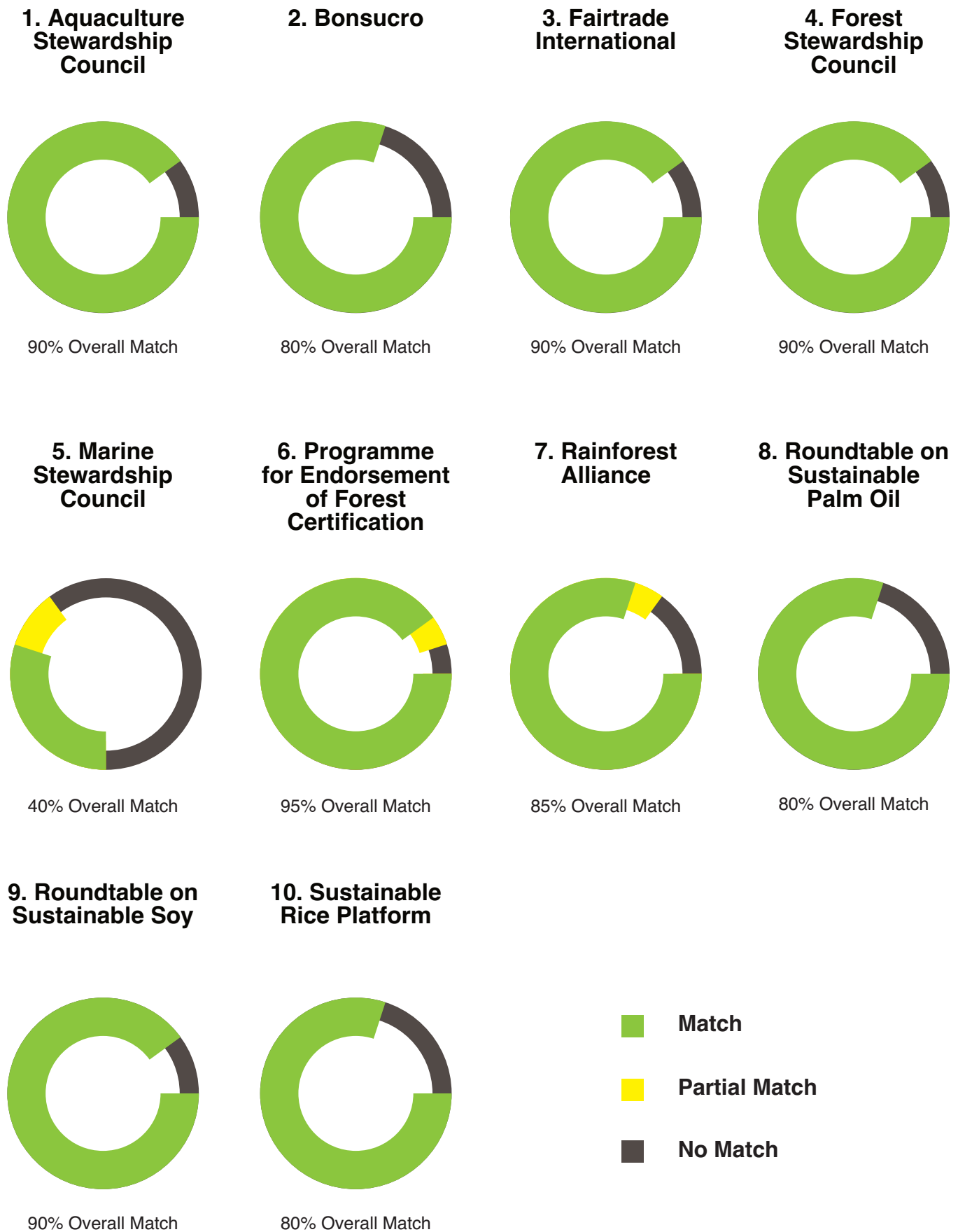
The comparison between the ASEAN RAI Guidelines and FAF standards is based on a qualitative assessment, with the results illustrated by Harvey balls where green indicates a full match, yellow indicates a partial match, and black indicates no match (Exhibit 4).

The alignment level is obtained by comparing each principle of a specific standard with the 10 ASEAN RAI Guidelines. If one of the principles is aligned with one of the ASEAN RAI Guidelines, it is indicated as a full match. It can be a full or a partial match. The partial match occurs when the principle does not explicitly mention the ASEAN RAI Guideline. For instance, a partial match will be achieved when a principle seeks to protect the ecosystem (including food production) but does not explicitly specify to contribute to food security. A full match occurs when the principle closely aligns with one of the ASEAN RAI Guidelines. Degree of alignment is then allocated as follows: one point for a full match and half a point for a partial match. With 10 ASEAN RAI Guidelines, 10 points are the maximum and zero points are the minimum. The actual points obtained were divided by the maximum possible alignment to derive the matching rate that is presented in the respective Harvey ball. Annex 4 provides details on the actual review and the alignment-level of each specific standard to the ASEAN RAI.

It is important to note two key points. Firstly, a low alignment level (i.e. low overlap with the ASEAN RAI) does not indicate that a standard is somehow lacking. It simply indicates that an organization that is certified by that standard may have to invest more time and resources into aligning with the ASEAN RAI, compared to an organization that is already certified under a standard more closely aligned to the ASEAN RAI. Secondly, none of the standards have obtained a 100% match to all 10 ASEAN RAI principles based on our marking rubric. This is because ASEAN RAI Guideline 10 focuses specifically on strengthening approaches into responsible investment in FAF *in ASEAN*. This means the ASEAN RAI have an explicitly regional focus on Southeast Asia, as opposed to the standards mapped in this report which have a more global focus (even when they take national-level certifications into consideration in their own accreditation processes).



## Exhibit 4: Overview of the comparative analysis of the FAF standards



### 3.1.1

## Aquaculture Stewardship Council

The Aquaculture Stewardship Council has seven principles in place for various species but is working towards a harmonized ASC Aligned Farm Standard. This ASC Aligned Farm Standard will have three principles. ASC released documentation on principles one and three and aims to release the full ASC Aligned Farm Standard (including principle two) by Q3 2022.<sup>7</sup> In order to have the most recent set of principles, this analysis includes the new principles one and three and makes use of the ASC Harmonized Standard<sup>8</sup> published in 2016 to include principle two.

Principle one and three align with almost all of the ASEAN RAI Guidelines except the ones related to natural resources (Guideline 5) and climate change (Guideline 7), which are covered by ASC principle two. Guideline 10 on regional approaches is not covered.<sup>9</sup> Aquaculture Stewardship Council Aligned Farm Standard aligns with 9 out of 10 ASEAN RAI Guidelines.

### 3.1.2

## Bosucro

The Bonsucro Production Standard<sup>10</sup> contains the requirements for farms and mills to become Bonsucro Certified. The standard uses seven principles to achieve sustainability in the production of sugarcane and its derived products.

These seven principles closely align with the ASEAN RAI Guidelines. Economic development (Guideline 2), natural resources (Guideline 5), climate change (Guideline 7) and impact assessment & accountability (Guideline 9) overlap with multiple Bonsucro principles. The intent to contribute to food security, food safety and better nutrition (Guideline 1) and to strengthen regional approaches to responsible investment in FAF sectors in ASEAN (Guideline 10) are not explicitly mentioned in the principles of Bonsucro. The Bonsucro Production Standard aligns with 8 out of 10 ASEAN RAI Guidelines.

### 3.1.3

## Fairtrade International

Fairtrade International has different standards for each part in the production value chain. The standard selected for this analysis is the standard for small-scale producers<sup>11</sup> applying to a range of sectors. This standard has four chapters and for each chapter there are core requirements and development requirements.

This standard has a full match with nine ASEAN RAI Guidelines. Interestingly, each of Fairtrade International's chapters aligns with ASEAN RAI Guideline 9 about assessing and addressing impact and accountability. The exception is ASEAN Guideline 10 on regional approaches, which is not considered in Fairtrade International's standards. This means the standards of Fairtrade International, with respect to small-scale producers, aligns with 9 out of 10 ASEAN RAI Guidelines.

7. According to ASC, the delay is due to a plan to run public consultations and other stakeholder engagements in order to build consensus on the specific criteria. More information and updates are available on their [website](#).

8. [Aligned Standard. ASC. 2016](#)

9. According to ASC: the next step is to develop and release ASC's Aligned Standard to which Principle 2 is still under development whereas the others (1 and 3) are released already. Principle 2 will capture ASEAN RAI Guidelines 5 and Guideline 7 as it will be developed based in existing principles in current species standards that cover these topics. Guideline 10 (regional approaches) is not covered well in ASC standards though at the moment different standards have different indicators on this (e.g. the Salmon Standard covers carrying capacity of receiving water bodies, which is less relevant for ASEAN). ASC is working with a range of partners to strengthen this approach in future revisions.

10. [Production Standard. Bonsucro. 2017](#)

11. [Standard for Small-scale Producer Organizations. Fairtrade International. 2019](#)

**3.1.4** The Forest Stewardship Council has several standards. For this mapping exercise the 10 FSC® Principles and Criteria for Forest Stewardship<sup>12</sup> are referenced.

### **Forest Stewardship Council®**

Although FSC's principles do not explicitly cover climate change, they do support the resilience, mitigation of and adaptation to climate change, natural disasters and other shocks. For example, FSC seeks to protect ecosystem services including the sequestration and storage of carbon which contributes to the mitigation of climate change. The only guideline not covered is about regional approaches (Guideline 10). FSC principles and criteria align with 9 out of 10 ASEAN RAI Guidelines.

**3.1.5** The Marine Stewardship Council (MSC)'s voluntary market-based program is delivered from ocean to plate through the MSC Fisheries Standard and MSC Chain of Custody Standards. For this exercise, the MSC Fisheries Standard is reviewed.<sup>15</sup> The MSC Fisheries Standard ensures a fishery is well-managed and sustainable by assessing it against three core principles: maintaining sustainable fish stocks; minimising environmental impact; and effective fisheries management.

### **Marine Stewardship Council**

This component of the MSC programme has a full match with three ASEAN RAI Guidelines and has a partial match with two of them. ASEAN RAI Guideline 1 on food nutrition & security is partially covered by the principles one and two.<sup>16</sup> Guideline 4 on land tenure has a partial match with the principle three. There is a full match with ASEAN RAI Guidelines 5, 8 and 9. The MSC Fisheries Standard covers 4 out of 10 ASEAN RAI Guidelines.

**3.1.6** The Programme for Endorsement of Forest Certification (PEFC) has various international standards. The Sustainable Forest Management<sup>17</sup> are used for this mapping exercise and include six main criteria (principles).

### **Programme for the Endorsement of Forest Certification**

The first five PEFC principles align with the ASEAN RAI Guidelines on food nutrition, economic development, natural resources, climate change and rule of law and governance. The sixth PEFC principle (maintenance or appropriate enhancement of socio-economic functions and conditions) emphasizes economic development, support to marginalized populations (women, young people, indigenous people) as well as tenure rights and data collection. Two of the six Sustainable Forest Management principles include specific references to regional policy and approaches. Therefore a partial match was observed with Guideline 10. PEFC Sustainable Forest Management principles align with 9.5 out of 10 of the ASEAN RAI Guidelines.

12. [Principles and Criteria for Forest Stewardship, FSC, 2015](#)

15. [Fisheries Standard, Marine Stewardship Council, 2018](#) For this exercise, only the MSC Fisheries Standard was reviewed and so ratings do not include matches with the MSC Chain of Custody Standards that governs most on-land (and some at-sea) interactions of the program. The MSC Chain of Custody Standard ensures that products from MSC certified sustainable fisheries are traceable and separated from non-certified products.

16. According to MSC, these principles emphasize measures to ensure that ecosystem structures and functions are not harmed by fishing activities. However, as it does not explicitly mention tackling food security it has been given a partial match.

17. [Sustainable Forest Management – Requirements, Programme for Endorsement of Forest Certification, 2018](#)

### 3.1.7

## Rainforest Alliance

The draft of the Rainforest Alliance Sustainable Agriculture Standard<sup>19</sup> (applicable for smallholder farms) is used for this comparison with the ASEAN RAI Guidelines. This standard includes four main “chapters” (management, farming, social, environmental) and each chapter comprises eight more specific themes including a range of requirements.

This standard has a full match with eight ASEAN RAI Guidelines and has a partial match with one guideline (Guideline 1).<sup>20</sup> The first ASEAN RAI Guideline on food nutrition and food security is partially covered by the chapter on farming. This chapter mentions to target sustainable farming practices but does not directly mention to focus on food security. The Rainforest Alliance’s Sustainable Agriculture Standard aligns with 8.5 of the 10 ASEAN RAI Guidelines.

### 3.1.8

## Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) has published in 2018 its revised Principles and Criteria for the Production of Sustainable Palm Oil.<sup>21</sup> The RSPO standard covers seven principles which are detailed by specific criteria.<sup>22</sup>

This standard has a full match with eight ASEAN RAI Guidelines. Some principles align with just one ASEAN RAI Guideline (e.g. operate legally and respect rights aligns with ASEAN RAI Guideline 8), whereas other principles align with various ASEAN RAI Guidelines (e.g. respecting communities and human rights aligns with Guidelines 2, 3 and 4). However, there is no match with ASEAN Guidelines 8 and 10.

The RSPO Principles and Criteria for the Production of Sustainable Palm Oil aligns with 8 out of 10 ASEAN RAI Guidelines.

19. [Rainforest Alliance Sustainable Agriculture Standard. Rainforest Alliance. 2019](#)

20. According to Rainforest Alliance: ASEAN RAI guideline #2 Economic development is a partial match with Rainforest Alliance principles #1 Effective Planning & Management System and #4 Improved Livelihoods & Human Wellbeing because the RA standard requires farmers to comply with Good Agricultural Practices (GAP). GAP compliance will improve smallholder farmers’ livelihoods and wellbeing through productivity gains leading to better income. The analysis is managed through RA’s Internal Management System (IMS) that exists at every producer level of Certificate Holder (CH). Further, ASEAN RAI guideline #5 is a partial match with RA #1 Effective Planning & Management System and #3 Natural Resource Conservation because most requirements include improving and ensuring compliance of natural resource protection, which are also managed by the IMS.

21. [RSPO Principles & Criteria for the Production of Sustainable Palm Oil. RSPO. 2018](#)

22. According to RSPO: RSPO is a multistake holder platform comprised of diverse members and does not receive directives from national governments. Yet to ensure RSPO is also relevant for national use and application, RSPO has a national interpretation document that identifies relevant indicators (e.g. the national minimum wage baseline). During the national interpretation process, RSPO consults with legislators to comply with regulation. If a gap is identified between a national regulation and RSPO’s requirements, RSPO must ask members to adopt the higher of the two standards. [Learn more.](#)

**3.1.9** The Roundtable on Responsible Soy (RTRS) Standard for Responsible Soy Production<sup>23</sup> has been used for comparison with the ASEAN RAI Guidelines. The Standard for Responsible Soy Production comprises five principles.

### Roundtable on Responsible Soy

These five principles cover all the ASEAN RAI Guidelines except Guideline 10 on regional approaches. ASEAN RAI Guidelines 1 and 6 - which are not always covered that explicitly - are well covered in the RTRS principle five dealing with good agricultural practices. For instance, this principle focuses on the reduction of negative environmental and health impacts through the implementation of a systematic and recognized Integrated Crop Management (ICM) technique. RTRS's Standard for Responsible Soy Production aligns with 9 out of 10 ASEAN RAI Guidelines.

**3.1.10** In January 2020, the Sustainable Rice Platform (SRP) published its revised Standard for Sustainable Rice Cultivation.<sup>24</sup> The SRP Standard for Sustainable Rice Cultivation offers a normative framework that can serve as a basis for supporting claims to sustainability performance in rice supply chains. The standard comprises 41 requirements structured under eight principles.

### Sustainable Rice Platform

It is important to note that the Sustainable Rice Platform mainly focuses on improving agricultural and technical practices. Given its scope, the SRP Standard does not explicitly cover ASEAN RAI Guideline 4<sup>25</sup> covering tenure rights, nor Guideline 10 on regional approaches.<sup>26</sup> The Sustainable Rice Platform Standard for Sustainable Rice Cultivation aligns with 8 out of 10 ASEAN RAI Guidelines.

23. [RTRS Standard Responsible Soy production. The Roundtable on Responsible Soy. 2017](#)

24. [Standard for Sustainable Rice Cultivation. Sustainable Rice Platform. 2020](#)

25. According to SRP, the SRP Standard does not offer significant leverage to drive systemic change in land tenure since it focuses on practices that are usually directly controlled, and actionable, by farmers; this renders Guideline 4 out of scope. The SRP Standard has resisted box-ticking attempts to be all-encompassing in scope, and instead restricts its focus to smallholder farm practices that (1) can be controlled by the farmer or community; (2) have low switching costs; (3) have a proven impact; and (4) are cost-effective to implement. The SRP Standard does not diffuse its scope by attempting to incorporate topics such as land tenure or mechanization, which although critically important, lie largely beyond the standard's influence to drive real and lasting change.

26. According to SRP, the SRP Standard is a farm level, practice-based tool; thus policy approaches such as Guideline 10 are out of direct scope. SRP's contributions to regional approaches have been to offer a generally applicable and recognized set of metrics that governments, private actors and development practitioners around the region can use to assess and compare sustainability, and thus to rely on these metrics to leverage rice as an anchor to contribute e.g. to NDCs and the SDGs. SRP also collaborates at country level to build capacity through national multi-stakeholder chapters of SRP, noting that regional approaches for such a highly politicized crop have yet to gain traction at ASEAN level and competitive relationships among ASEAN rice producing and consuming countries are likely to drive the agenda in the medium term.

## 3.2

### Comparison between ASEAN RAI Guidelines and investment standards and principles

The same methodology as for the FAF standards has been used to compare ASEAN RAI Guidelines with the investment standards. Results are illustrated by Harvey balls: green indicating a full match, yellow indicating a partial match, and black indicating no match.

Four investment standards and principles were reviewed for this report. Two standards (IFC Performance Standards and the Equator Principles) have sector specific guidelines and/or have specific indicators that link directly to the content of the ASEAN RAI Guidelines. The remaining two standards (PRI and UN PRB) are not prescriptive, nor sector or issue specific. Therefore, they are not included in the alignment with the ASEAN RAI Guidelines. Instead we include details about how banks can use the PRI and UN PRB to achieve the 10 ASEAN RAI Guidelines in Section 4.1 (Conclusions).

### 3.2.1

#### Equator Principles

The Equator Principles<sup>27</sup> serve as a common baseline and framework for financial institutions to assess and manage environmental and social risks when financing projects. The Equator Principles comprise 10 principles mainly focusing on risk and impact assessments and accountability. Principle three of the Equator Principles is directly referring to IFC's Environmental and Social Performance Standards.

The Equator Principles are based on IFC's Performance standards, World Bank Environmental Health and Safety Guidelines and other standards. But there are some differences between the Equator Principles and these standards. For example, the Equator Principles broadly require free, prior and informed consent (FPIC) to be obtained where required under IFC Performance Standard 7. It also provides a narrow mechanism allowing diversion from the IFC standard where the proper consultation requirements have been followed and documented. Moreover, Principle two (Environmental and Social Assessment) introduces a requirement for climate change assessment, adopting the risk categories identified by the Task Force on Climate-related Financial Disclosures (TCFD). Only ASEAN RAI Guideline 10 on regional approaches is not considered in the Equator Principles. The Equator Principles align with 9 out of 10 ASEAN RAI Guidelines.

### 3.2.2

#### IFC Performance Standard

The International Finance Corporation (IFC) has a multitude of policies and standards in place. For this mapping the IFC's Performance Standards on Environmental and Social Sustainability<sup>28</sup> are considered. They comprise eight standards<sup>29</sup> defining IFC clients' responsibilities for managing their environmental and social risks.

This standard has a full match with nine ASEAN RAI Guidelines. The exception is ASEAN RAI Guideline 10 on regional approaches, which is not considered in IFC's Performance Standards as those are global standards. The IFC Performance Standards align with 9 out of 10 ASEAN RAI Guidelines.

27. [Equator Principles EP4, Equator Principles, 2020](#)

28. [Environmental and Social Performance Standards, International Finance Corporation, 2012](#)

29. According to IFC: it should be noted that there is difference between IFC Performance Standard (PS) 6 requirements and High Conservation Value (HCV) assessment required by industry standards. HCV assessments conducted by industry standards may not be sufficient to match IFC's PS6 requirements. For more information, see PS6, paragraph [GN29 updated in June 2019](#).

### 3.3

## Uptake of Standards by Banks



To contextualize the use of the standards, a rapid scan has been performed to determine the uptake of the FAF and investment standards among selected international financial institutions. The rationale of this analysis was not to assess uptake of selected industry or investment standards and principles among selected banks, but rather provide an overview of how banks might also already consider some of the ASEAN RAI Guidelines in their environmental and social risk assessment and approach (based on their existing commitments to some standards). This analysis does not make judgement about uptake of standards by any of the banks included.

Because of the quick-scan nature of this mapping exercise, this study includes a list of international banks<sup>30</sup> that are included in WWF's Sustainable Banking Assessment (SUSBA) tool.<sup>31</sup> These 10 banks are ABN AMRO, ANZ, BNP Paribas, Crédit Agricole (CA), Credit Suisse (CS), HSBC, ING, Rabobank, Standard Chartered (SC), and Société Générale (SG). Each of these banks was contacted to request feedback and edits on the specific policy alignment in Exhibit 5. With the exception of ANZ, every bank provided feedback on the analysis.

In order to determine the uptake of standards by international banks (Exhibit 5) their sustainable investment policy documents have been reviewed. A search with relevant keywords (name of standard and organization, respective abbreviation, sector, industry and or commodity) in the sector policies, position statements, and sustainability frameworks published by the banks was conducted to determine if a bank refers and/or applies a specific standard in their investment decision-making process. Additional documents were provided by banks themselves during the consultation process. The list of the documents used for this analysis can be found in Annex 6.

30. This sample of international banks does not include any US or Japanese banks which may be considered a limitation of SUSBA. Future analyses by Grow Asia aim to include ASEAN banks as well, based on the ASEAN banks included in the regional SUSBA tool.

31. [Learn more.](#)

## Exhibit 5: Banks' uptake of FAF and investment standards and principles

### FAF Standards

Standards	Banks											Uptake	
	ABN AMRO	ANZ	BNP Paribas	CA	CS	HSBC	ING	Rabobank	SC	SG			
ASC	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✗ <sup>**</sup>	✗ <sup>**</sup>	✗	✓	✓	✗	5	40%	
Bonsucro	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✗	✓	✗	✗	4	40%	
Fairtrade Int.	✓	✗ <sup>**</sup>	✗	✗ <sup>**</sup>	✗	✗ <sup>**</sup>	✓	✗	✗	✗	2	20%	
FSC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	100%	
MSC	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✗	✓	✓	✗	6	50%	
PEFC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	100%	
RA	✓ <sup>*</sup>	✗ <sup>**</sup>	✓ <sup>*</sup>	✗ <sup>**</sup>	✗	✗ <sup>**</sup>	✓	✗	✗	✗	3	30%	
RSPO	✓	✗ <sup>**</sup>	✓	✓	✓	✓	✓	✓	✓	✓	9	90%	
RTRS	✓	✗ <sup>**</sup>	✓	✗ <sup>**</sup>	✓	✓	✓	✓	✓	✓	6	80%	
SRP	✗	✗ <sup>**</sup>	✗	✗ <sup>**</sup>	✗	✗ <sup>**</sup>	✗	✗	✗	✗	0	0%	
<b>Uptake</b>	<b>90%</b>	<b>20%</b>	<b>80%</b>	<b>30%</b>	<b>60%</b>	<b>40%</b>	<b>60%</b>	<b>70%</b>	<b>60%</b>	<b>40%</b>			

### Investment Standards and Principles

Standards	Banks											Uptake	
	ABN AMRO	ANZ	BNP Paribas	CA	CS	HSBC	ING	Rabobank	SC	SG			
EP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	100%	
IFC PS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	100%	
PRI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	100%	
UN PRB	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	9	90%	
<b>Uptake</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>75%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			

\* reference to UTZ

\*\* The bank does not have a specific policy/statement for this sector.

The ✗ without asterisks indicate a policy is in place but there is no reference to the standard.



### 3.3

## Uptake of Standards by Banks (Continued)

Both standards related to forestry (FSC and PEFC) are adopted by all 10 selected banks. Some banks have specific forestry policies in place (e.g. ANZ, BNP Paribas, Crédit Agricole, HSBC and Société Générale), whereas others just refer to the FSC and PEFC standards. The RSPO and RTRS standards are covered by most banks as well. These alignments make sense given the associated ESG risks with these commodities.

The remaining FAF standards are taken up by 4 or fewer banks. Interestingly, some of these standards are leveraged in different contexts. For example, ABN AMRO mentions ASC certification in its Animal Welfare Statement, BNP Paribas uses it in its position statement on ocean protection, whereas ING, Rabobank and Standard Chartered mention ASC in their broader environmental and social policies.

Finally, the Sustainable Rice Platform Standard is not included in the banks' position statements or sector policy documents. As a relatively new standard in the market of sustainability standards, this observation is to be expected.

With regards to the four investment standards and principles, the Equator Principles, IFC Performance Standards and the PRI have been adopted by all 10 banks. Nine of the ten banks have adopted the UN PRB, which is the most recently developed set of principles of the four.



# 4. CONCLUSION AND RECOMMENDATIONS

## 4.1

### Conclusion

#### FAF Standards

Overall, there is a strong alignment between the selected FAF standards and ASEAN RAI Guidelines. This finding highlights that organizations who are already adhering – be it formally or otherwise – to these standards would not have to invest too heavily to align with the ASEAN RAI.

As previously mentioned, we did not expect the majority of FAF standards to align to Guideline 10 because unlike the ASEAN RAI Guidelines these standards do not target a specific region. The ASEAN RAI includes roles for ASEAN Member States (AMS) and agribusiness investors on why and how to embed a regional approach. The benefits of such an approach could include greater intra-ASEAN and intra-Asian investment, and reduced confusion because of harmonized policies among AMS.

### Exhibit 6: ASEAN RAI Guidelines covered by the selected FAF standards

FAF Standard

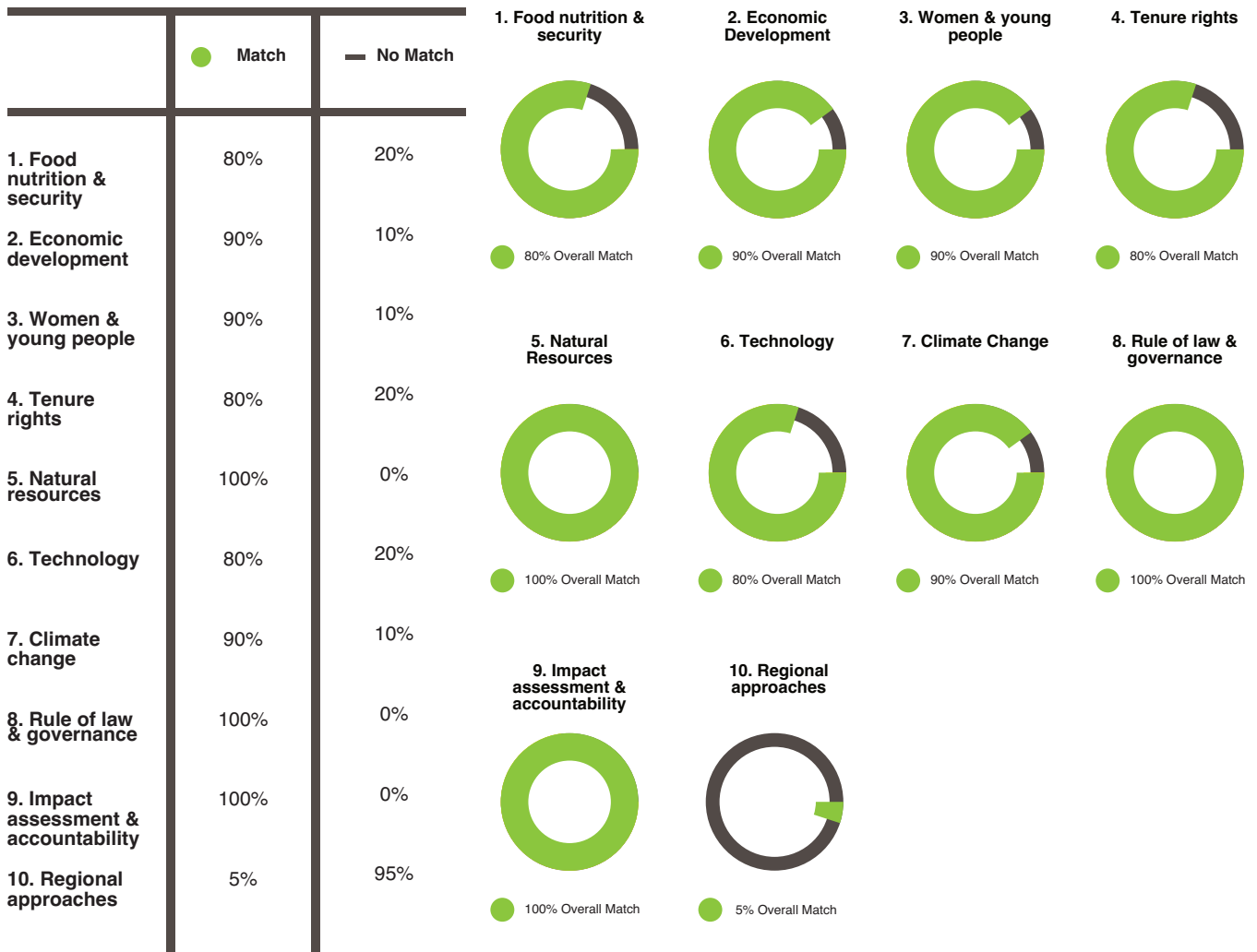
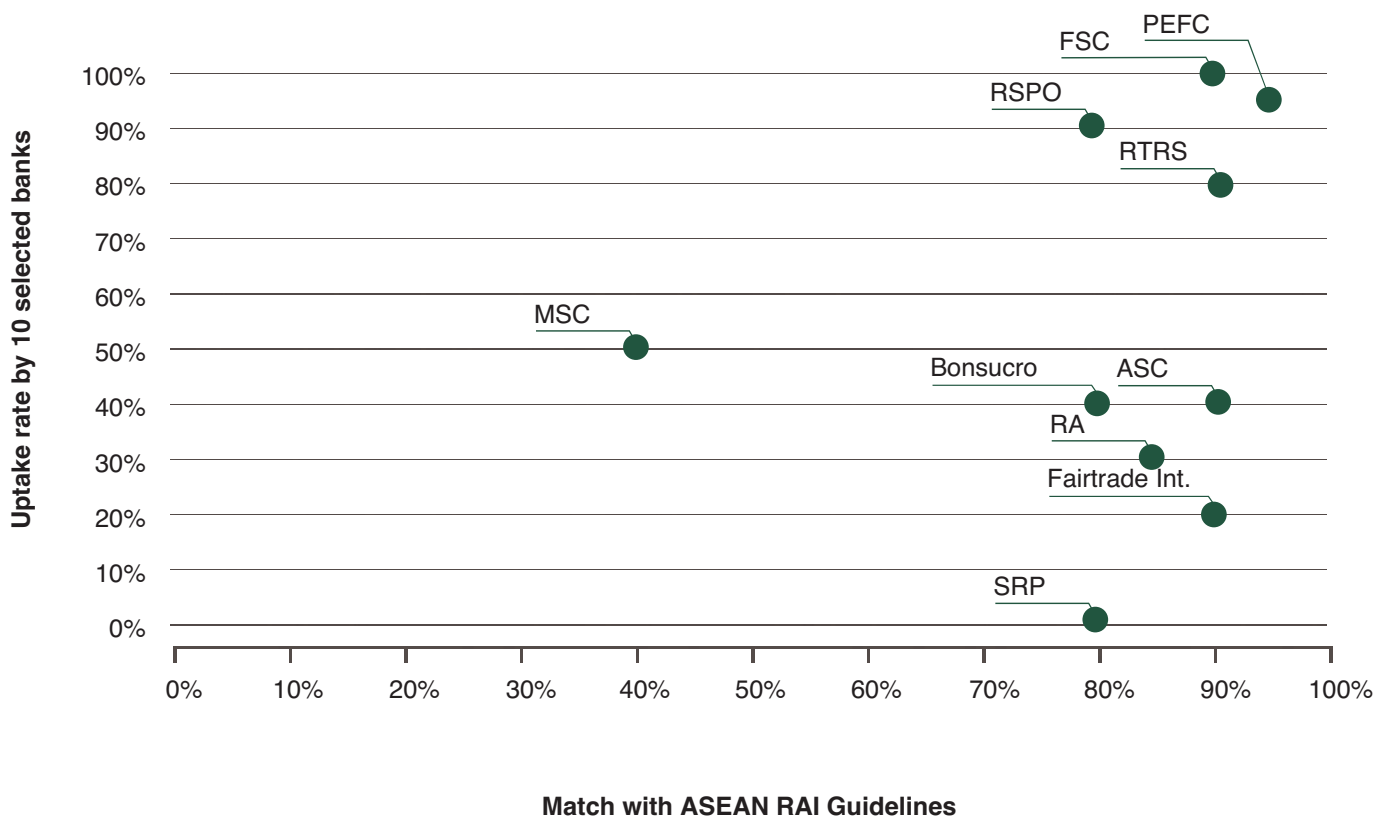




Exhibit 7 shows that overall, the ASEAN RAI align well with most FAF standards, but the uptake of these FAF standards by the banks differ in scope. The ASEAN RAI includes roles for ASEAN Member States (AMS) and agribusiness investors on why and how to embed a regional approach. The benefits of such an approach could include greater intra-ASEAN and intra-Asian investment, and reduced confusion because of harmonized policies among AMS. Representatives from the selected banks cited various reasons for the variation: banks are not investing in a specific sector or do not disclose anything on that sector; the standard is newer on the market and therefore unfamiliar to them as in the case of the Sustainable Rice Platform<sup>32</sup>; the bank has chosen to provide its own sector policies that are not linked to these 10 FAF standards.

### Exhibit 7: Uptake of the FAF standards by the banks and coverage of ASEAN RAI Guidelines



32. As SRP is a relatively new standard to the market – where other standards have existed for many years – this observation is to be expected.

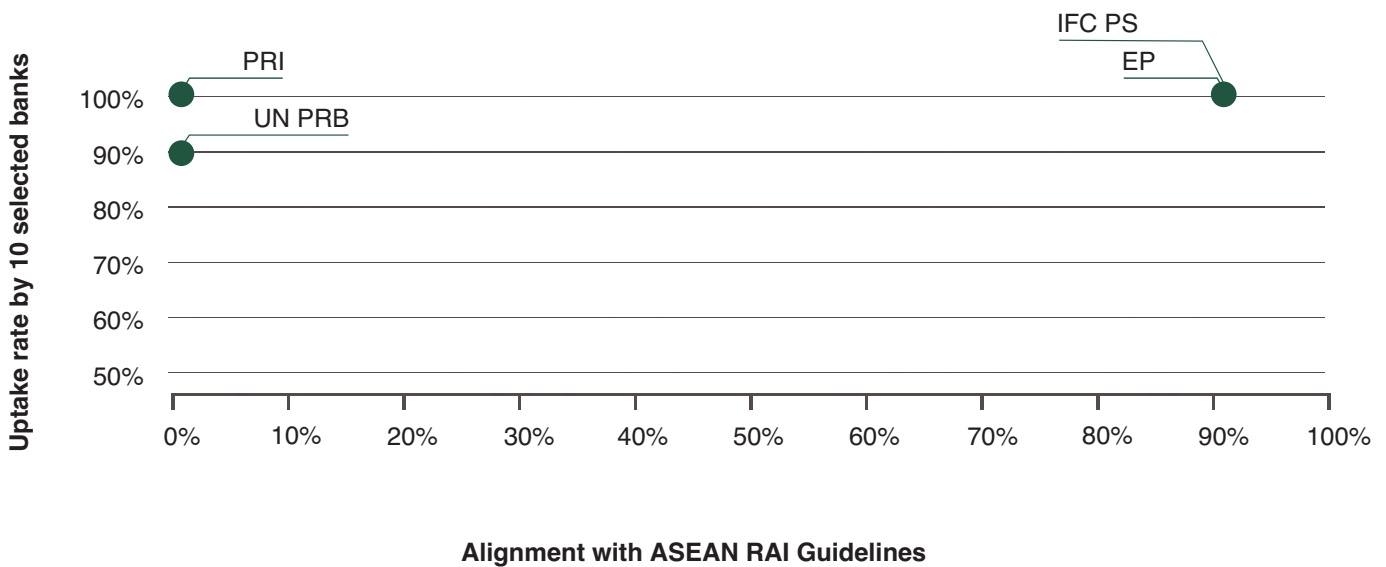
**4.1**

**Conclusion**

**Investment Standards and Principles**

Exhibit 8 shows that most banks are signatories or include policies related to all four investment standards and principles reviewed. Likewise, the Equator Principles and IFC Performance Standards are well aligned to the ASEAN RAI Guidelines. Given that the PRI and UN PRB do not have a sectoral focus and were not designed to be issue specific, it was not relevant to compare them to the 10 ASEAN RAI Guidelines (hence they are not considered on the Alignment with ASEAN RAI Guidelines axis). Both Principles provide international guidance for investors and banks to reach sustainability and responsibility targets. Therefore, we investigate below how investors and banks can use the ASEAN RAI to achieve some of PRI and UN PRB’s principles in their agriculture, fisheries and forestry portfolios or asset classes.

**Exhibit 8: Uptake of the standards and principles by the banks and coverage of ASEAN RAI Guidelines**



## 4.1

### Conclusion

#### PRI and UN PRB

The Principles for Responsible Investment (PRI)<sup>33</sup> is a global reporting project, where signatory investors must report on progress each year. The six PRI principles ensure investors incorporate ESG issues into investment analyses and decision-making; incorporate ESG issues into internal policymaking; encourage investees to disclose/report on ESG issues; promote implementation of PRI in the investment community; collaborate to enhance effectiveness of the Principles; and report on their own progress toward meeting the above Principles. PRI offers investment tools and resources to teach investors how to incorporate ESG issues into their decision-making and offers specific guidance<sup>34</sup> for different asset classes. Related to the ASEAN RAI, PRI recently published a primer on responsible forestry as part of their repository of tools for investors.<sup>35</sup>

The Principles for Responsible Banking (UN PRB)<sup>36</sup> is a framework that helps signatory banks align their strategy and practices with society's goals, as set out in the Sustainable Development Goals and the Paris Climate Agreement. Banks are required to understand their impacts, set targets in the areas that matter most for making substantial contributions to their societies, and work with their clients, customers and stakeholders towards delivering more sustainable outcomes. The UN PRB aims to support banks to: identify greatest areas of positive and negative impact in their portfolios, set and implement targets to improve their impacts, and publicly disclose their progress. The UN PRB Guidance Document<sup>37</sup> provides examples of how banks can implement each of the six principles. For example, Principle four (to proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals) provides an example of how a UN agency and EU bank partnered to identify projects together to drive sustainable growth, which included smallholder projects and responsible agriculture.

Both sets of principles, to which investors and banks become signatories, encourage signatories to understand how their decisions or investments impact communities, the environment, and their economies. This goal is mirrored by the 10 ASEAN RAI Principles, which provide sector-specific guidance for agribusinesses and governments about how to invest responsibly. Banks and asset managers can use the ASEAN RAI as guidance to inform the targets, policies and practices they implement for investments and portfolios related to food, agriculture and forestry.

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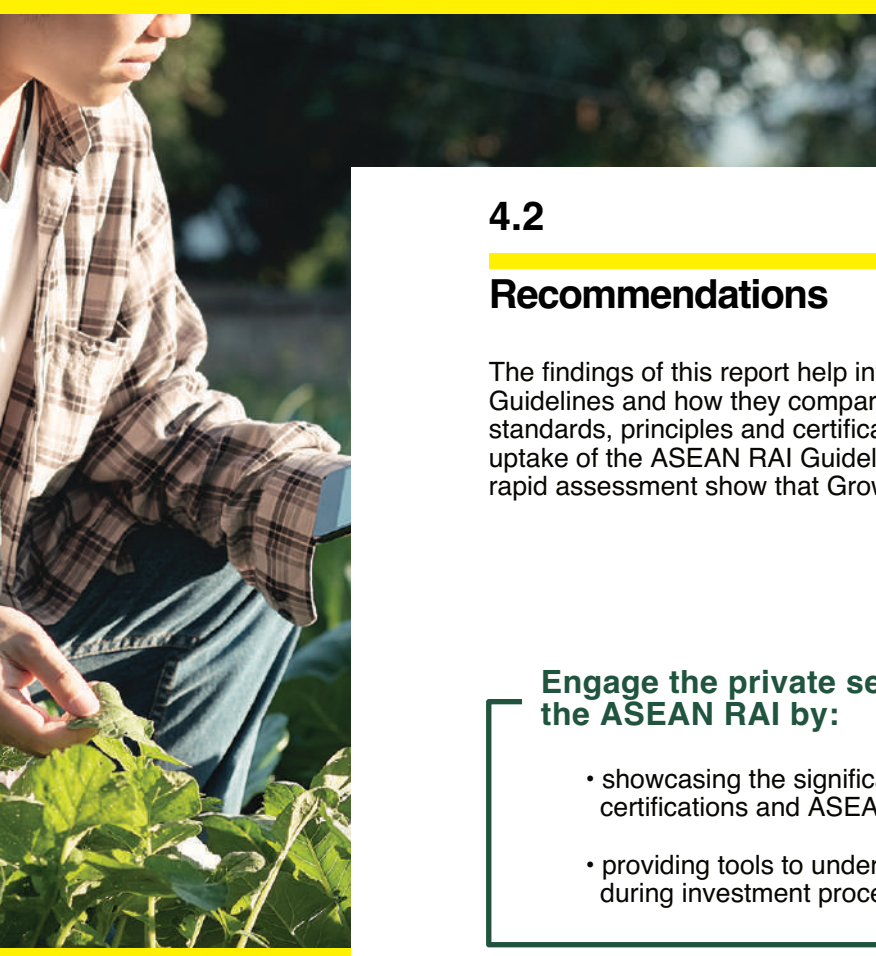
33. [Introduction to PRI](#)

34. [PRI Investment Tools](#)

35. [PRI Forestry Primer](#)

36. [Introduction to UN PRB](#)

37. [UN PRB Guidance Document](#)



## 4.2

### Recommendations

The findings of this report help inform the private sector about the 10 ASEAN RAI Guidelines and how they compare with existing FAF industry and investment standards, principles and certifications. To better understand the actual use and uptake of the ASEAN RAI Guidelines by the private sector, the findings from this rapid assessment show that Grow Asia and its partners should:

#### Engage the private sector in adopting the ASEAN RAI by:

- showcasing the significant overlap between existing FAF standards and certifications and ASEAN RAI Guidelines
- providing tools to understand how to practically apply the ASEAN RAI during investment processes.

#### Explore landscape of regional and country-level financial institutions

and their commitments to national, regional and international FAF and investment certifications, standards and principles.

#### Include ASEAN and member state banks when studying the uptake of standards

to determine if local banks and/or MDBs operate differently and/or perhaps focus more on regional challenges (Guideline 10).



## ANNEX 1: THE ASEAN RAI GUIDELINES\*



### Guideline 1

**Contribute to food security, food safety and better nutrition by:**

- Respecting the right to freedom from hunger
- Pursuing SDG 2 (ending hunger) and related ASEAN goals
- Securing sustainable supplies of affordable, safe and nutritious food
- Respecting farmers' rights to seed diversity

### Guideline 2

**Contribute to equitable, sustainable and inclusive economic development and the eradication of poverty by:**

- Helping to achieve equitable, sustainable and inclusive growth
- Creating decent, safe and sustainable jobs and livelihoods
- Encouraging innovation, new and sustainable technologies
- Assisting the various stakeholders to improve quality and standards
- Sharing value from the investor and the country where the investment is located
- Requiring fairer, more transparent contracts between buyers and producers
- Respecting and promoting sustainable forest livelihoods

### Guideline 3

**Contribute to equality, engagement and empowerment for women, young people, indigenous peoples and marginalized groups, by:**

- Strengthening equitable access to opportunities
- Acknowledging women and youth's contribution to the FAF sector
- Recognizing the central role of the FAF sector in ensuring access to employment
- Increasing marginalized population's equitable access to resources
- Integrating women's empowerment into FAF sectors
- Ensuring marginalized populations play a meaningful role in decision making

### Guideline 4

**Respect tenure of land, fisheries, and forests, and access to water by:**

- Respecting all legitimate tenure rights holders of land
- Recognizing the rights to free, prior and informed consent (FPIC)
- Assessing social impacts on all legitimate tenure rights holders
- Avoiding displacement and resettlement of legitimate tenure rights holders

### Guideline 5

**Conserve and sustainably manage natural resources, especially forests by:**

- Preventing and remedying negative environmental impacts
- Supporting sustainable forest management practices
- Balancing economic objectives with conservation objectives
- Supporting sustainable sourcing and certification of products
- Minimizing loss and waste
- Encouraging sustainable consumption
- Ensuring robust, participatory planning, management and governance of resources

\*For the purposes of this report, language from the ASEAN RAI has been simplified due to target audience and accessibility considerations.

## Guideline 6

**Support sustainable and appropriate technologies and practices for resource efficient, productive and safe FAF systems by:**

- Investing in and ensuring diffusion of technology throughout FAF value chains
- Adopting policies supporting distribution of technologies
- Promoting collaboration and coordination amongst ASEAN member states for R&D
- Leveraging private sector investment through strategic public-private partnerships
- Supporting inclusive business models to encourage technology transfer
- Strengthening forums for information exchange
- Recognizing and respecting rights to traditional knowledge and technologies

## Guideline 7

**Increase resilience to, and contribute to the mitigation of and adaptation to climate change, natural disasters, and other shocks by:**

- Recognizing FAF's potential in adaptation and mitigation of climate change
- Developing climate adaptation measures
- Encouraging the development of financial risk protection products
- Recognizing and respecting indigenous and traditional knowledge and practices
- Responding to the heightened vulnerability of marginalized populations

## Guideline 8

**Respect the rule of law and incorporate inclusive and transparent governance structures, processes and grievance mechanisms by:**

- Abiding by national laws
- Refraining from corrupt practices and bribery
- Disclosing information relevant to an investment
- Promoting access to transparent and effective dispute resolution mechanisms
- Taking actions to address any legacy issues
- Consulting meaningfully with individuals affected by investment decisions
- Promoting a transparent, coherent, and consistent legal and policy environment

## Guideline 9

**Assess and address impacts and promote accountability by:**

- Requiring and conducting independent and transparent impact assessments
- Defining baseline data and indicators
- Effectively screening investors and investment projects
- Identifying impact mitigation measures
- Ensuring that these assessments are publicly available
- Regularly assessing changes and communicating results to stakeholders
- Implementing appropriate and effective remedies and/or compensation for negative impacts

## Guideline 10






**Strengthen regional approaches to responsible investment in FAF in ASEAN by:**

- Promoting harmonization of FAF standards, regulations and approaches
- Promoting a 'race to the top' for responsible investments through incentives
- Collaborating on capacity building activities to raise regional standards










## ANNEX 2: FOOD, AGRICULTURE AND FORESTRY STANDARDS





Logo	Name	Date <sup>38</sup>	Sector Focus	Description	Principles
	Aquaculture Stewardship Council (ASC)	2016	Fishery (farming)	<p>The Aquaculture Stewardship Council (ASC) standard addresses key environmental impacts of fish farming and sets requirements for workers' rights and protects communities surrounding certified farms.</p> <p>The ASC and Marine Stewardship Council (MSC) Standards have both been reviewed for the fishery sector, the first one focusing on aquaculture and the second one addressing wild fishing (either marine or freshwater organisms).</p>	<ol style="list-style-type: none"> <li>1 – Sustainable wild populations</li> <li>2 – Environmental impacts</li> <li>3 – Effective management</li> <li>4 – Social responsibility</li> <li>5 – Community relations and interactions</li> </ol>
	Bonsucro	2018	Sugar	<p>Bonsucro supports a community of over 500 members in 40+ countries, from all elements of the sugarcane supply chain, including, farmers, millers, traders, buyers and support organizations.</p> <p>With some 1.4 million hectares of land under cultivation for sugar cane, Thailand is the world's second largest sugar producer after Brazil with exports of 6.5 million tonnes a year, valued at more than US\$3.6 billion. Besides Thailand, the Philippines is also considered as major sugar producing country. Therefore, Bonsucro - the platform that supports all parts in the sugarcane supply chain - will be reviewed for the sugar industry.</p>	<ol style="list-style-type: none"> <li>1 – Obey the law</li> <li>2 – Respect human rights and labor standards</li> <li>3 – Manage efficiency to improve sustainability</li> <li>4 – Manage biodiversity and ecosystem</li> <li>5 – Continuously improve</li> <li>6 – Adhere to EU directives</li> </ol>
	Fairtrade International	2019	Cane sugar, cereals, cocoa, coffee, fiber crops etc.	<p>Fairtrade aims to empower producers through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries. As a leader in the global movement to make trade fair, Fairtrade supports and challenges businesses and governments and connects farmers and workers with the people who buy their products.</p> <p>In ASEAN, Indonesia and Malaysia have been the top cocoa bean producers for many years now, with Indonesia as the third-largest cocoa bean exporter in the world after Ghana and the Ivory Coast. As it is an important commodity for the region, this study reviews the Fairtrade International Standard. Fairtrade International has standards that cover not only cocoa, but also sectors such as sugar, cereals, coffee, fruits, herbs, tea, flowers, textile and precious metals. There are separate overarching standards for small-scale producer organizations, for hired labor organizations (plantations), and traders.</p>	<ol style="list-style-type: none"> <li>1 – General requirements (certification scope, democratically organized small-scale producers compliant with national legislation, market potential and trading with integrity.)</li> <li>2 – Trade</li> <li>3 – Production</li> <li>4 – Business and Development</li> </ol>
	Forest Stewardship Council® (FSC®) - 1993	1994	Forestry	<p>The Forest Stewardship Council® is an international nongovernmental organization that promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC is dedicated to the promotion of responsible forest management worldwide, and helps take care of forests and the people and wildlife that call them home as well as future generations. FSC defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social, and economic stakeholders. It covers the production of timber, all non-timber forest products and ecosystem services.</p>	<ol style="list-style-type: none"> <li>1 – Compliance with Laws</li> <li>2 – Workers Rights and Employment Conditions</li> <li>3 – Indigenous Peoples Rights</li> <li>4 – Community Relations</li> <li>5 – Benefits from the Forest</li> <li>6 – Environmental Values and Impacts</li> <li>7 – Management Planning</li> <li>8 – Monitoring and Assessment</li> <li>9 – High Conservation Values</li> <li>10 – Implementation of Management Activities</li> </ol>
	Marine Stewardship Council (MSC)	1997	Fishery (wild fishing)	<p>The Marine Stewardship Council (MSC) recognises and rewards efforts to protect oceans and safeguard seafood supplies for future generations through a voluntary market-based scheme. Through the MSC Fisheries Standard and MSC Chain of Custody Standards it sets out the requirements for fisheries and seafood suppliers to certify that their products come from well-managed and sustainable sources.</p>	<ol style="list-style-type: none"> <li>1 – Sustainable target fish stocks</li> <li>2 – Environmental impact of fishing</li> <li>3 – Effective management</li> </ol>

38. Date of publication of the standard; not of the launch of the organization.

Logo	Name	Date <sup>38</sup>	Sector Focus	Description	Principles
	Programme for the Endorsement of Forest Certification (PEFC)	2002	Forestry	PEFC, the Programme for the Endorsement of Forest Certification, is a leading global alliance of national forest certification systems. As an international non-profit, non-governmental organization, it promotes sustainable forest management through independent third-party certification. PEFC provides forest owners, from the large to the small, with a tool to demonstrate their responsible practices, while empowering companies to buy sustainably. The PEFC label enables consumers to recognize products originating from a PEFC-certified forest - a forest managed in line with the strictest environmental, social and economic requirements.	<ol style="list-style-type: none"> <li>1 – Maintenance or appropriate enhancement of forest resources and their contribution to the global carbon cycle</li> <li>2 – Maintenance of forest ecosystem health and vitality</li> <li>3 – Maintenance and encouragement of productive functions of forests (wood and non-wood)</li> <li>4 – Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems</li> <li>5 – Maintenance or appropriate enhancement of protective functions in forest management (notably soil and water)</li> <li>6 – Maintenance or appropriate enhancement of socio-economic functions and conditions</li> </ol>
	Rainforest Alliance (RA)	2020	Coffee, cocoa, tea, fruits, nuts, cut flowers	<p>The Rainforest Alliance standard has overarching principles covering the agriculture, forestry and tourism sectors. Amongst these three sectors, only the Sustainable Agriculture Standard of the Rainforest Alliance applicable to smallholder farms is considered for this study because RA is no longer working on forestry and tourism certification per 2019, as it is managed by NEPCON officially. As the Rainforest Alliance merged with UTZ in 2018, they are working on harmonizing their separate standards into a new harmonized set of standards. This harmonized set of standards was published on June 30, 2020 and audits against the new program will begin in mid-2021. Hence, the draft for smallholder farmer standard published in 2019 is used in this mapping exercise.</p> <p>The Rainforest Alliance focuses on cocoa, coffee, tea, fruits, nuts and cut flowers, as the main crops.</p>	<ol style="list-style-type: none"> <li>1 – Management (group management capacities, group member administration, internal inspections and risk assessments, etc.)</li> <li>2 – Farming (planting and rotation, genetically modified organisms, soil fertility and conservation)</li> <li>3 – Social (assess and address of discrimination, forced labor, child labor, workplace harassment and violence, freedom of association and collective bargaining, etc.)</li> <li>4 – Environment (forest, other natural ecosystems and protected area, conservation and enhancement of natural ecosystems and native vegetation)</li> </ol>
	Roundtable on Sustainable Palm Oil (RSPO)	2005	Palm oil	<p>The Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria is applicable for sustainable palm oil production worldwide. The RSPO covers the most significant environmental and social impacts of palm oil production and the immediate inputs needed for its production.</p> <p>Given the predominance of the palm oil sector in Indonesia and Malaysia where almost 90% of the world's production is concentrated, the Roundtable on Sustainable Palm Oil (RSPO) certification is reviewed. RSPO certification covers three main components namely people, planet and prosperity, and is a widely recognized standard for this commodity.</p>	<ol style="list-style-type: none"> <li>1 – Behave ethically and transparent</li> <li>2 – Operate legally and respect rights</li> <li>3 – Optimize productivity, efficiency, positive impacts and resilience</li> <li>4 – Respect community and human rights and deliver benefits</li> <li>5 – Support smallholder inclusion</li> <li>6 – Respect workers' rights and conditions</li> <li>7 – Protect, conserve and enhance ecosystems and the environment</li> </ol>
	Roundtable on Responsible Soy (RTRS)	2009	Soy	<p>The Roundtable on Responsible Soy (RTRS) is a civil organization that promotes responsible production, processing and trading of soy on a global level. This standard applies to all varieties of soybeans and is currently developing a similar standard for maize (which has not been considered in this study as it is not fully developed).</p> <p>For similar reasons to the RSPO, although smaller in size in comparison to the palm oil market, the Roundtable on Responsible Soy has also been reviewed for this study.</p>	<ol style="list-style-type: none"> <li>1 – Legal compliance and good business practices</li> <li>2 – Responsible Labor Conditions</li> <li>3 – Responsible Community Relations</li> <li>4 – Environmental Responsibility</li> <li>5 – Good Agricultural Practices</li> </ol>
	Sustainable Rice Platform (SRP)	2015	Rice	<p>The Sustainable Rice Platform (SRP) is a global multi-stakeholder alliance launched in 2011 and led by UNEP, IRRI and GIZ. The SRP Standard for Sustainable Rice Cultivation comprises 41 requirements structured under eight themes.</p> <p>The SRP is part of this analysis given the major role of ASEAN in the global rice market. According to 2019 ASEAN Agricultural Commodity Outlook, ASEAN produced ~110 million tons of milled rice in 2019. This means approximately one-fifth of global rice production (512 million tons) originates from ASEAN. Moreover, ASEAN is a net exporter with approximately 20 million tons in 2019.</p>	<ol style="list-style-type: none"> <li>1 – Farm management</li> <li>2 – Pre-planting</li> <li>3 – Water use</li> <li>4 – Nutrient management</li> <li>5 – Integrated pest management</li> <li>6 – Harvest and postharvest</li> <li>7 – Health and safety</li> <li>8 – Labor rights</li> </ol>

38. Date of publication of the standard; not of the launch of the organization.

## ANNEX 3: INVESTMENT STANDARDS AND PRINCIPLES

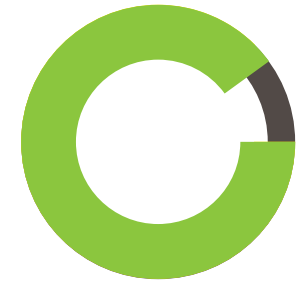
Logo	Name	Date	Applicable to	Description	Principles
	Equator Principles	2003	Financial Institutions	The Equator Principles were launched in 2003 and now adopted by 104 financial institutions from 38 countries. The Equator Principles (EP) is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in project finance. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.	<ul style="list-style-type: none"> <li>1 – Review and Categorisation</li> <li>2 – Environmental and Social Assessment</li> <li>3 – Applicable E&amp;S Standards</li> <li>4 – ESMS and Equator Principles action plan</li> <li>5 – Stakeholder Engagement</li> <li>6 – Grievance Mechanism</li> <li>7 – Independent Review</li> <li>8 – Covenants</li> <li>9 – Independent Monitoring and Reporting</li> <li>10 – Reporting and Transparency</li> </ul>
	IFC Performance Standards	2012	Companies  Financial Institutions	The IFC Performance Standards (IFC PS) are an international benchmark for identifying and managing environmental and social risk and have been adopted by many organizations as a key component of their environmental and social risk management. IFC PS provide guidance on sector-specific Environmental, Social, Governance (ESG) considerations, including for agriculture and forestry.	<ul style="list-style-type: none"> <li>1 – Risk management</li> <li>2 – Labour</li> <li>3 – Resource efficiency</li> <li>4 – Community</li> <li>5 – Land resettlement</li> <li>6 – Biodiversity</li> <li>7 – Indigenous People</li> <li>8 – Cultural Heritage</li> </ul>
	Principles for Responsible Investment	2006	Asset owners  Investment managers  Service providers to asset owners and investment managers	The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. It focuses on the investment implications of environmental, social and governance (ESG) factors. The PRI is an independent organization but has two UN partners – UN Environment Programme Finance Initiative and UN Global Compact – which play an important role in delivering the PRI's strategy. The six Principles for Responsible Investment (PRI) are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.	<ul style="list-style-type: none"> <li>1 – Incorporate ESG issues into investment analysis and decision-making processes</li> <li>2 – Be active owners and incorporate ESG issues into ownership policies and practices</li> <li>3 – Seek appropriate disclosure on ESG issues by the entities in which investments are made</li> <li>4 – Promote acceptance and implementation of the Principles</li> <li>5 – Work together to enhance effectiveness in implementing the Principles</li> <li>6 – Report on activities and progress towards implementing the Principles</li> </ul>
	UN Principles for Responsible Banking	2019	Banks	The UN Principles for Responsible Banking (UN PRB) were launched by 130 banks from 49 countries in 2019. These principles aim to accelerate the banking industry's contribution to achieving society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement. The Principles focus on impact analysis, target setting, aligning business strategies with the needs and goals of society, and transparency and accountability.	<ul style="list-style-type: none"> <li>1 – Alignment</li> <li>2 – Impact and target setting</li> <li>3 – Client and Customer</li> <li>4 – Stakeholders</li> <li>5 – Governance and culture</li> <li>6 – Transparency and accountability</li> </ul>





**FAF Standard**

**Fairtrade International**



- 90% Match
- 0% Partial Match
- 10% No Match

Principles	ASEAN RAI Guidelines	1. Food nutrition & security	2. Economic development	3. Women & young people	4. Tenure rights	5. Natural resources	6. Technology	7. Climate change	8. Rule of law & governance	9. Impact assessment & accountability	10. Regional approaches
General requirements		—	—	—	●	—	—	—	●	●	—
Trade		—	●	—	—	—	—	—	—	●	—
Production		●	●	●	—	●	—	●	—	●	—
Business and Development		—	●	●	—	—	●	—	●	●	—
<b>Total</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>

**Marine Stewardship Council**

Partial comparison with MSC Fisheries Standard only, but excluding counterpart MSC Chain of Custody Standards.



- 30% Match
- 10% Partial Match
- 60% No Match

Sustainable target fish stocks		◐	—	—	—	●	—	—	—	●	—
Environmental impact of fishing		◐	—	—	—	●	—	—	●	●	—
Effective management		—	—	—	◐	—	—	—	●	●	—
<b>Total</b>		<b>0.5</b>	<b>0</b>	<b>0</b>	<b>0.5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

FAF Standard

Programme for Endorsement of Forest Certification Schemes	ASEAN RAI Guidelines	1. Food nutrition & security	2. Economic development	3. Women & young people	4. Tenure rights	5. Natural resources	6. Technology	7. Climate change	8. Rule of law & governance	9. Impact assessment & accountability	10. Regional approaches
	Principles										
	Maintenance or appropriate enhancement of forest resources and their contribution to the global carbon cycle	●	●	—	—	●	●	●	●	—	◐
	Maintenance of forest ecosystem health and vitality	●	—	—	—	●	●	●	●	—	◐
	Maintenance and encouragement of productive functions of forests	●	●	—	—	●	—	●	—	—	—
	Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems	—	—	—	—	●	—	●	—	—	—
	Maintenance or appropriate enhancement of protective functions in forest management	—	●	—	●	●	—	●	—	●	—
	Maintenance or appropriate enhancement of socio-economic functions and conditions	—	●	●	●	—	●	—	—	●	—
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0.5</b>



- 90% Match
- ◐ 5% Partial Match
- 5% No Match





FAF Standard

RSPO



- 80% Match
- 0% Partial Match
- 20% No Match

ASEAN RAI Guidelines										
Principles	1. Food nutrition & security	2. Economic development	3. Women & young people	4. Tenure rights	5. Natural resources	6. Technology	7. Climate change	8. Rule of law & governance	9. Impact assessment & accountability	10. Regional approaches
Behave ethically and transparent	■	■	●	■	■	■	■	■	●	■
Operate legally and respect rights	■	■	●	■	■	■	■	●	■	■
Optimise productivity, efficiency, positive impacts and resilience	■	●	■	■	■	■	■	■	●	■
Respect community and human rights and deliver benefits	■	●	■	●	■	■	■	●	■	■
Support smallholder inclusion	■	●	■	■	■	■	■	●	●	■
Respect workers' rights and conditions	■	●	●	■	■	■	■	●	■	■
Protect, conserve and enhance ecosystems and the environment	●	■	■	■	●	■	●	■	●	■
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>







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## ANNEX 6: SOURCES FOR BANK UPTAKE ANALYSIS

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### ABN AMRO

#### FAF standards

[Summary Agri commodities policy](#)

[Animal Welfare Statement \(For MSC and ASC\)](#)

[Human Rights: What a bank can do to prevent abuse \(For Fairtrade International\)](#)

#### Investment standards

[ABN AMRO's Equator Principle Policy 2018](#)

[Principles for Responsible Investment driving sustainable investment](#)

[Progress Towards Implementing the Principles For Responsible Banking](#)

### ANZ

#### FAF standards

[ANZ's forestry and forests policy](#)

#### Investment standards

[Equator Principles](#)

[Responsible Investing](#)

### BNP Paribas

#### FAF standards

[Politique sectorielle – huile de palme \(RSPO\), pate a papier \(FSC, PEFC\) and agriculture \(UTZ, RTRS, Bonsucro\)](#)

[Position statement on ocean protection](#)

#### Investment standards

[Reporting on Equator Principles Implementation](#)

[Principles for Responsible Investment UNEP FI](#)

[BNP adopts Equator Principles for its Project Finance Activity](#)

[BNP Paribas renforce son engagement en faveur des Objectifs de Développement Durable des Nations Unies lors de la Semaine du climat de New York](#)

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## Crédit Agricole<sup>39</sup>

### FAF standards

[Politique sectorielle “Forêts et huile de palme”](#)

### Investment standards

[Politique RSE \(IFC PS, Equator Principles\)](#)

[UN PRB](#)

## Credit Suisse

### FAF standards

[Agreements and memberships \(RSPO\)](#)

[Summary of Credit Suisse’s Sector Policies and Guidelines \(FSC, PEFC, RSPO, RTRS, Bonsucro\)](#)

### Investment Standards

[Summary of Credit Suisse’s Sector Policies and Guidelines \(Equator Principles, IFC PS\)](#)

[Agreements and memberships \(Equator Principles, PRI, UN PRB\)](#)

[Credit Suisse Global ESG Investment Principles \(PRI\)](#)

## HSBC

### FAF standards<sup>40</sup>

[Agricultural Commodities Policy \(RSPO, RTRS, FSC, PEFC\)](#)

[Forestry Policy \(FSC, PEFC\)](#)

[Forestry and agricultural commodities](#)

### Investment standards

[Equator Principles<sup>41</sup>](#)

[Industry Initiatives \(PRI\)](#)

[Environmental, Social and Governance Update 2019 \(PRI, EP\)](#)

[Global Asset Management Green Impact Investment Guidelines \(IFC PS\)](#)

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39. From Crédit Agricole: we do have a global approach CSR strategy, in which we expect our clients to have the best market practices and international standard in terms of ESG matters.

40. From HSBC: The HSBC Agricultural Commodities Policy covers palm oil, soy, cattle and rubberwood; we thus do not have a specific standalone policy for the specified sectors. However, to note, our Forestry Policy prohibits financing the conversion of primary forest to any plantation or for other uses. Further, smallholders for palm oil and small-scale growers/ranchers/plantations are out of scope per sector definitions in the HSBC Agricultural Commodities Policy.

41. HSBC applies IFC PS via their EP commitment as signatory.

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## ING

### FAF Standards<sup>42</sup>

[Environmental and Social Risk Policies](#)

### Investment Standards

[ESR policy framework \(Equator principles, IFC PS\)](#)

[Partnership, memberships & endorsements \(PRI\)](#)

## Rabobank

### FAF standards<sup>43</sup>

[Sustainability Policy Framework](#)

### Investment standards

[Principles For Responsible Banking](#)

## Standard Chartered

### FAF standards

[Position statements](#)

### Investment standards

[Leading International Standards \(IFC PS, Equator Principles\)](#)

[The evolution of sustainable finance \(UN PRI\)](#)

[We have signed up to the UN's Collective Commitment to Climate Action \(UN PRB\)](#)

## Société Générale

### FAF standards

[Sector policy: Agriculture, Fisheries and Food \(RSPO, RTRS\)](#)

[Sector policy: Forestry and forest products \(FSC, PEFC\)](#)

### Investment standards

[Responsabilité Sociale d'Entreprise](#)

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42. From ING: ING's ESR Framework does not explicitly mention 4 out of the 10 soft-commodity sector standards listed in Exhibit 5. These are Aquaculture Stewardship Council (ASC), Bonsucro, Marine Stewardship Council (MSC) and the Sustainable Rice Platform (SRP). However, ING's ESR Framework refers to other general agricultural standards which underlying criteria are similar. This list is publicly available on page 49 of the ESR Framework.

43. From Rabobank: Rainforest Alliance/Utz is not a specific sector standard as such (although it is applicable to smaller farmers in particular in quite a number of the sectors we cover in our policies) and therefore is not directly referenced but certainly relevant to meet our requirements in many cases.



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