



ASEAN Sustainable Investment Guidelines

PREAMBLE

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, Member States of the Association of Southeast Asian Nations ("ASEAN"), hereinafter collectively referred to as "Member States" or singularly as "Member State";

REAFFIRMING ASEAN's resolve to ensure sustainable development for the benefit of present and future generations and to place the well-being, livelihood and welfare of the peoples at the centre of the ASEAN community building process, as enshrined in the ASEAN Charter adopted by ASEAN Leaders during the 13th ASEAN Summit held on 20 November 2007, in Singapore;

FURTHER REAFFIRMING ASEAN's commitment to achieve the 2030 Agenda for Sustainable Development as adopted by the United Nations General Assembly on 25 September 2015, the Paris Agreement as adopted at the United Nations Climate Change Conference held on 12 December 2015, in Paris, France, as well as each Member State's respective Nationally Determined Contributions;

ACKNOWLEDGING the rights and obligations of each Member State to develop and regulate its sustainable development policies and priorities, including establishing environmental and social protection measures, as it deems appropriate, in accordance with internationally recognised standards and agreements;

RECOGNISING the important role of investment in contributing to prosperity and resilience of ASEAN's economy, while preserving the environment and maintaining social cohesiveness in a sustainable manner;

RECALLING the ASEAN Comprehensive Investment Agreement ("ACIA") signed on 26 February 2009, as amended, which aims to create a liberal, facilitative, transparent and competitive investment environment in ASEAN;

FURTHER RECALLING the ASEAN Comprehensive Recovery Framework and its Implementation Plan as adopted at the 37th ASEAN Summit on 12 November 2020, in Ha Noi, Viet Nam, which serves as ASEAN's consolidated exit strategy from the COVID-19 crisis and provides, amongst others, the mandate to explore initiatives to

promote investment that contributes to the Sustainable Development Goals (“SDGs”), including a possible guideline on sustainable investment in ASEAN; and

DESIRING to establish the ASEAN Sustainable Investment Guidelines (“ASIG”) that serves as a non-legally binding framework for Member States to foster responsible and inclusive investment practices that contribute to sustainable and long-term well-being of ASEAN’s economy, environment and society;

HEREBY ACKNOWLEDGE the following objective, principles, and initiatives which Member States will endeavour to achieve and implement to the extent practicable, taking into account their respective domestic laws and regulations as well as international obligations:

OBJECTIVE

1. Provide a non-legally binding framework for Member States to foster responsible and inclusive investment practices that contribute to sustainable and long-term well-being of ASEAN’s economy, environment and society (hereinafter referred to as “Sustainability Objectives”). “Sustainability Objectives” may include, but not limited to, SDGs as defined in the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly on 25 September in 2015, as implemented or to be implemented by an individual ASEAN Member State in accordance with its respective plans and priorities.

PRINCIPLES

2. Recognise the following principles in promoting sustainable investment:
 - 2.1. Uphold Member States’ obligations under the United Nations Framework Convention on Climate Change (“UNFCCC”) and the Paris Agreement, and Member States’ respective goals to achieve net zero emissions;
 - 2.2. Affirm Member States’ rights, obligations and/or undertakings in multilateral, regional and bilateral agreements and arrangements regarding international trade and investment, green economy and recognised international standards that underpin trade and investment, as may be applicable to Member States¹;
 - 2.3. Cooperate on sustainable investment in a manner that promotes and does not restrict trade, investment and business, so as to facilitate the creation of tangible benefits in the economy and society;

¹ Non-exhaustive examples of such instruments may include, but not limited to the ACIA, ASEAN–Plus Free Trade Agreements, the Regional Comprehensive Economic Partnership Agreement (“RCEP”), the UN Guiding Principles on Business and Human Rights, UNCTAD Investment Policy Framework for Sustainable Development, the G20/OECD Principles of Corporate Governance, the OECD Policy Framework for Investment, the G20 Guiding Principles for Global Investment Policymaking, the APEC Non-Binding Investment Principles, and the UNESCAP Policy Guidebook on Attracting and Promoting FDI in the Digital Economy.

- 2.4. Deploy sound data and evidence-based analysis, including drawing on national circumstances, to inform and review progress on investment policies, decisions, measures² and activities;
- 2.5. Foster better alignment and convergence of standards, technical regulations and conformity assessment procedures among Member States, and rules that improve the interoperability of systems, strengthen the integration of markets and reduce potential barriers to trade and investment;
- 2.6. Share knowledge, information and expertise that lend support to understanding and addressing the challenges of transitioning to net zero emissions; and
- 2.7. Ensure that Member States' do not knowingly cause harm to the natural environment through their collaborative work.

INVESTMENT POLICY

Foster an investment policy environment that is conducive towards the achievement of Sustainability Objectives.

3. Enhance and nurture a free, open, transparent and predictable investment regime in ASEAN.
 - 3.1. Work towards promoting certainty, predictability, non-discriminatory practices and inclusiveness of foreign investors and their investments across the ASEAN region.
 - 3.2. Promote transparency, accountability and good governance in the formulation and implementation of economic policies.
 - 3.3. Foster a regulatory climate that provides investor with fair treatment and confidence in the rule of law.
4. Establish and maintain investment policy mechanisms³ that facilitate investment flows towards sectors, activities or regions that contribute to achievement of Sustainability Objectives.
 - 4.1. Establish and maintain investment policy mechanisms to determine and update the prioritised sectors, activities and/or regions taking into account their impact on Sustainability Objectives.

² The word “measures” refers to laws, regulations and administrative guidelines of general application, including their revisions and updates.

³ Non-exhaustive examples of investment policy mechanisms may include, but not limited to, economic development plans, laws, regulations, policy directives, budgets, lists of non-conforming measures and reservations in the schedules of Free Trade Agreements or International Investment Agreements, and statistical monitors.

- 4.2. Phase-out unnecessary discriminatory barriers that impede investments, particularly in sectors, activities and/or regions that contribute to the achievement of Sustainability Objectives.
- 4.3. Facilitate investment flows into economic sectors, activities and/or regions that contribute to the sustainability of the economy, environment and society, including, but not limited to, the development of:
 - 4.3.1. green and renewable energy projects, sustainable agriculture, eco-tourism, sustainable manufacture and their value chains; and
 - 4.3.2. compatible and credible international carbon markets that demonstrate high standards of social and environmental integrity, in line with Article 6 of the Paris Agreement.
5. Incorporate sustainability consideration in investment policy and treaty practices.
 - 5.1. Take into account Sustainability Objectives in investment strategy and planning, as applicable.
 - 5.2. Incorporate sustainability elements, where appropriate, into future International Investment Agreements (“IIAs”) and/or into updating existing IIAs with the view to achieve Sustainability Objectives as a shared responsibility.
6. Develop appropriate policy measures to mitigate negative externalities⁴ resulting from investment projects, in order to improve the enabling conditions for sustainable investment⁵.

INVESTMENT PROMOTION

Promote investment into sectors, activities and/or regions⁶ that contribute to achievement of Sustainability Objectives.

7. Make sectors, activities and/or regions that contribute to achievement of Sustainability Objectives more attractive for investment.

⁴ Non-exhaustive examples of such negative externalities resulting from investment projects include, but not limited to, Greenhouse Gas (“GHG”) emission and other pollution, erosion, chemical runoff, loss of traditional jobs, rise of urbanisation, losses or gains in interlinked sectors.

⁵ Non-exhaustive examples of such policy measures, which need to be adapted and applied on a case-by-case basis (depending on the types, sectors, regions etc. of the externalities), may include, but not limited to, carbon pricing, pollution tax, greening tax, mandatory pollution or damage control, sustainable financing, fostering innovation in green technologies and practices, targeted financial, and technical and information support to affected stakeholders.

⁶ Non-exhaustive examples of key sectors and/or activities which may include, but not limited to, the development of sectors and/or activities referred to in paragraph 4.3, such as carbon markets and offshore electricity infrastructure for cross-border electricity trade.

- 7.1. Align investment promotion measures for sectors, activities and/or regions in accordance with their contribution to the achievement of Sustainability Objectives.
- 7.2. Align investment promotion resources for sectors, activities and/or regions in accordance with their contribution to the achievement of Sustainability Objectives.
8. Attract and facilitate investors and investments that contribute to achievement of Sustainability Objectives.
 - 8.1. Identify potential investors with commendable track record in contributing to Sustainability Objectives.
 - 8.2. Support investment projects that contribute to the achievement of Sustainability Objectives, including through development of supporting infrastructures, facilities and network of suppliers for those investment projects.

INVESTMENT ADMINISTRATION

Take into account the achievability of Sustainability Objectives in administering investment policies and investment applications.

9. Establish and maintain mechanism to assess, admit and process investment projects and activities, taking into account their impact on Sustainability Objectives.
 - 9.1. Require Environmental Impact Assessments in assessing the application of investment projects, taking into account the size and risk level of a project and its contribution to the achievement of Sustainability Objectives.
10. Promote accountability of investment projects with respect to their impact on Sustainability Objectives.
 - 10.1. Promote the adoption of technologies and practices in investment projects that contribute to, or at least do not harm, the achievement of Sustainable Objectives, such as eco-friendly technologies and practices.
 - 10.2. Promote the integration of Environmental, Social and Governance (“ESG”) factors into investment applications and decision-making processes.
 - 10.3. Promote transparency in disclosing sustainability-related risks and mitigation strategies in investment applications as well as their regular updates thereafter during post-establishment processes, such as annual financial reporting and applications for investment renewal and investment expansion, for greater accountability and to reduce the risk of greenwashing, taking into account the size and risk level of an

investment project and its contribution to the achievement of Sustainability Objectives.

11. Establish and maintain a mechanism to determine, measure and monitor the impact of investments on Sustainability Objectives in a transparent manner.
12. Administer measures and requirements in line with Sustainability Objectives in a reasonable, objective, and impartial manner.

INVESTMENT FACILITATION

Assist and facilitate investors and businesses, taking into consideration the Sustainability Objectives.

13. Implement, review and continuously improve investment facilitation measures and initiatives, taking into account the ASEAN Investment Facilitation Framework (“AIFF”),⁷ as may be amended, as well as the evolving dynamism of business and technological changes, with a view to ensure and maintain conducive policy regime for conducting business activities.
14. Encourage the identification and recognition of investors with commendable track record in contributing to the achievement of the Sustainability Objectives.
15. Provide investors with information and assistance to support their investment operations in meeting the Sustainability Objectives.
 - 15.1. Establish and maintain a database of investment opportunities with high potential to contribute to Sustainability Objectives.
 - 15.2. Support investors in exploring collaboration with relevant domestic stakeholders to operate their businesses in a manner which contributes to Sustainability Objectives.
 - 15.3. Publish information on sustainability-related measures and resources.

CORPORATE PRACTICE

Cultivate sustainability-minded corporate ethics and practices among investors and business communities through corporate responsibility⁸ and corporate governance⁹ practices.

⁷ As adopted by ASEAN Economic Ministers–24th ASEAN Investment Area Council (AEM-AIAC) Ministers’ Meeting in 2021.

⁸ Corporate responsibility may include elements such as, but not limited to, lawful employment and industrial relation practices, provision of decent work, equal employment opportunities, due consideration of the environment, avoidance of all forms of corruption including bribery, assurance of quality and reliability of the provision of goods and services, and discipline against anti-competitive practices.

⁹ Corporate governance may include elements such as, but not limited to, fair and equitable treatment of all shareholders, protection of the rights of stakeholders, timely and accurate disclosure of company

16. Promote and facilitate the observance by investors and businesses within a Member State's territory of corporate responsibility and corporate governance practices based on internationally recognised instruments¹⁰ that the Member State may support or adopt:
 - 16.1. Develop and promote instruments, standards and/or action plans pertaining to corporate responsibility and corporate governance at the national and/or regional level, taking into account internationally recognised instruments and/or best practices.
 - 16.2. Promote awareness and encourage the observance of investors and business communities of corporate responsibility and corporate governance practices based on international, ASEAN and/or national instruments, standards and/or action plans.
 - 16.3. Encourage regular updates and sharing of best practices in corporate responsibility and corporate governance practices.
17. Encourage sustainability reporting for firms and corporations taking into account their business size and/or the risk level of their operations and their contribution to the achievement of Sustainability Objectives, as well as Member States' country-specific needs and conditions.
 - 17.1. Facilitate monitoring mechanisms and promote accountability of sustainability reporting by firms and corporations.
 - 17.2. Recognise investors, firms, and corporations which make significant contribution to the achievement of Sustainability Objectives.
 - 17.3. Provide support to implement projects with significant contribution to the achievement of Sustainability Objectives within the available resources of the Member States.

COLLABORATIVE EFFORT

Foster collaboration and joint initiatives among stakeholders in ensuring that investments contribute to the achievement of Sustainability Objectives in a shared manner.

18. Encourage collaboration between investors and domestic stakeholders in enhancing Sustainability Objectives.

performance, accountability and independence of the board of directors, effective compensation structure, and checks-and-balances risk management system.

¹⁰ Non-exhaustive examples of such instruments include the United Nations Global Compact for Safe, Orderly and Regular Migration, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the G20/OECD Principles of Corporate Governance, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the OECD Due Diligence Guidance for Responsible Business Conduct.

- 18.1. Facilitate dialogues among investors, government agencies and local communities to address sustainability-related concerns arising from investment projects to ensure inclusive decision-making.
 - 18.2. Conduct policy dialogues with domestic stakeholders involving investors, businesses, trade unions, civil societies, as well as other stakeholders, in promoting a responsible and sustainable business climate as well as in addressing related emerging issues.
19. Promote international cooperation and joint initiatives at the ASEAN-level in nurturing shared investment practices that contribute to the achievement of Sustainability Objectives.
- 19.1. Encourage the development of joint investment projects that promote sustainable development in ASEAN.
 - 19.2. Explore opportunities to organise competitions and/or issue awards to investment projects in ASEAN that significantly contribute to Sustainable Objectives on a regular basis, where possible.
 - 19.3. Pool resources for research in and outreach of sustainable technologies and sustainable investment best practices.
 - 19.4. Promote harmonisation of standards, regulations and/or approaches related to sustainable investing¹¹ with sufficient flexibility for a Member State's country-specific needs and conditions.
 - 19.5. Facilitate potential partnerships including among ecolabelling organisations operating within ASEAN to promote global best practice and interoperability, and to help drive demand for low carbon, sustainable and resource-efficient solutions.
 - 19.6. Conduct regular policy dialogues among policymakers and investment administrators in ASEAN with a view to sharing experiences and best practices, including success stories, in promoting and administering a responsible and sustainable investment climate in ASEAN, as well as addressing emerging cross-border investment policy challenges and promoting the business sector's contribution in achieving Sustainability Objectives.
 - 19.7. Support business-matching to ensure that investors are properly partnered to promote technologies, goods, services and investment that support the green transition.
 - 19.8. Feature green technologies, products, services and capabilities in promotional and business events such as, but not limited to, the annual ASEAN Investment Forum.

¹¹ Such as, but not limited to, instruments, frameworks, regulations, guidelines, and/or work plans related to sustainable reporting, corporate responsibility and corporate governance.

CONTINUOUS IMPROVEMENT

Continuously seek ways to improve investment practices that contribute to the achievement of Sustainability Objectives, by adapting to evolving technologies, environment, as well as business practices.

20. Establish and maintain a mechanism for periodic review of the investments and investment policy practices at national and ASEAN level with a view to improve their contribution to the achievement of Sustainability Objectives and resolve issues that impede their progress.
21. Keep updated on emerging technologies, standards, frameworks and practices that contribute to sustainable investment for possible adoption at national and/or ASEAN level.
22. Conduct training and capacity building programmes, at national and/or ASEAN level, to enhance the awareness, knowledge and skills of government officials, investors, businesses and other related stakeholders in sustainable investment practices.
23. Develop a framework and/or an action plan to facilitate implementation of applicable provision of the ASIG, as necessary and appropriate.
24. Review and update the ASIG within a timeline to be mutually agreed by Member States.

ADOPTED by the ASEAN Economic Ministers–ASEAN Investment Area Council (AEM-AIAC) in Manila, Philippines, this 24th day of March in the Year Two Thousand and Twenty-Six, in a single original copy in the English Language.
