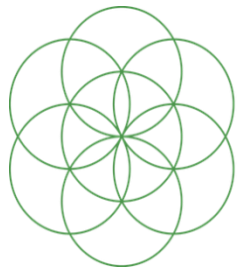




Webinar on Responsible Agricultural Investment

Wednesday, 29 April 2020

The recording and slides will be shared following the presentation



Grow**Asia**



AGENDA

Welcome: [Shivani Kannabhiran](#), Agricultural Sector Lead, OECD Centre for RBC

Presentation 1: [Christy Owen](#), Chief of Party, USAID Green Invest Asia (PACT)

Presentation 2: [Jean-Yves \(JY\) Chow](#), Senior Vice President, Food & Beverage/AgriSector, Mizuho Bank

Questions and comments

Presentation 3: [Imke Greven](#), Policy Advisor on Land Rights, OXFAM

Presentation 4: [Erin Sweeney](#), Sustainable Business and Investment Manager, Grow Asia

Questions and comments

Panel Questions

Key Takeaways from [Barbara Bijelic](#), Financial Sector Lead, OECD Centre for RBC

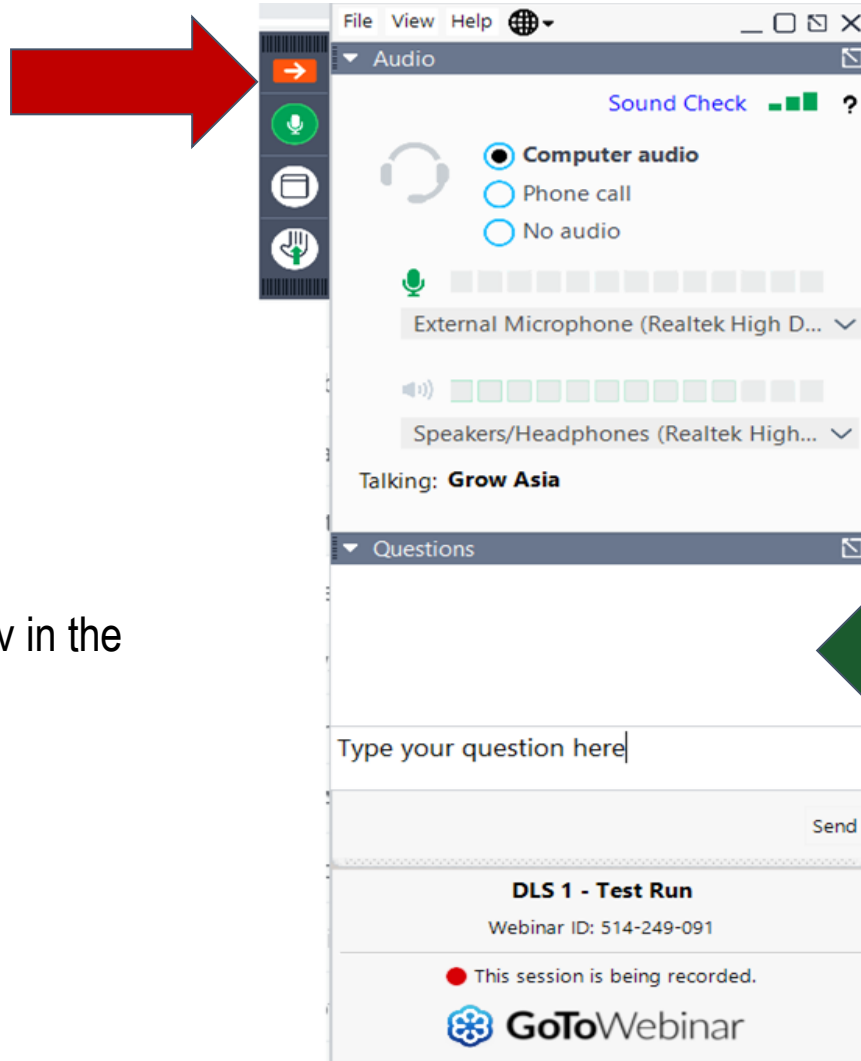
Thank you: Grow Asia

Before We Start...

Click the orange arrow if your GTW toolbox is minimised

Technical issues

- Send a question to Pranav in the Question Box
- Try logging off and on
- Send an email to:
pranav@growasia.org



Use the Question box at any time to ask any questions to the speakers.

If you have a specific speaker that you would like to address the question to, please write their name in () before the question

350+ people registered for this webinar!





Introduction

Shivani Kannabhiran, Agricultural Sector Lead
OECD Centre for Responsible Business Conduct



OECD and Responsible Business Conduct (RBC)



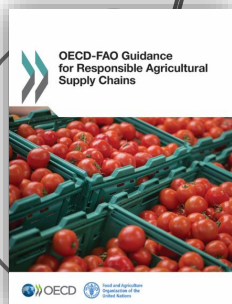
OECD Guidelines for Multinational Enterprises

- Most comprehensive standard on responsible business conduct
- Incorporate expectations of due diligence



OECD Due Diligence Guidance for Responsible Business Conduct

- Relevant for all types of companies in all countries and sectors
- Additional explanations, tips and illustrative examples of due diligence
- Complementary to resources for specific sectors and supply chains



OECD-FAO Guidance for Responsible Agricultural Supply Chains

- Tailored guidance to help companies build responsible agricultural supply chains through risk-based due diligence
- Specific risks along the full supply chain and measures covered



OECD-FAO Guidance for Responsible Agricultural Supply Chains



5 step framework for risk-based due diligence



<https://mneguidelines.oecd.org/rbc-agriculture-supply-chains.htm>



Investing in Sustainable Agriculture: Role and Barriers for Finance

Christy Owen, Chief of Party, USAID Green Invest Asia
(PACT)





USAID GREEN INVEST ASIA



Investing in Sustainable Agriculture: Role and Barriers for Finance

April 29, 2020

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TRANSFORM**

www.greeninvestasia.com

OUR VISION

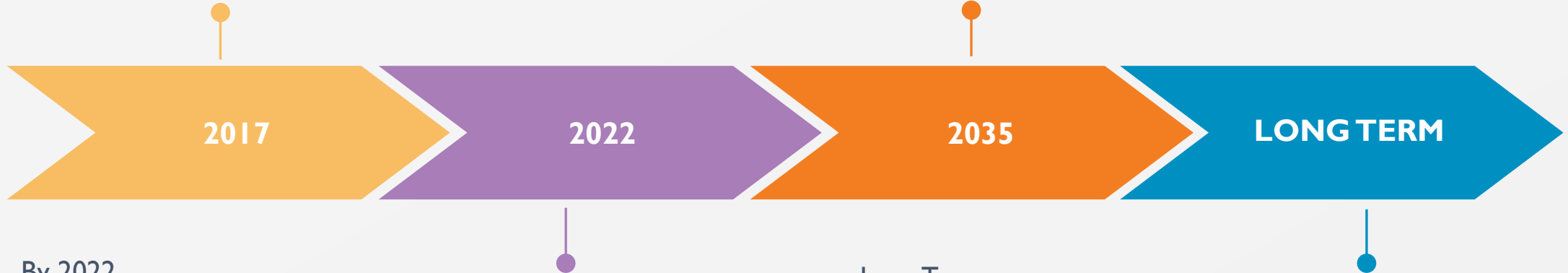
USAID GREEN INVEST ASIA

In 2017

Five-year platform launched by U.S. government to provide companies/investors sustainable business and financial services

By 2035

Investees improve their land use practices and reduce carbon emissions by 25 million metric tons



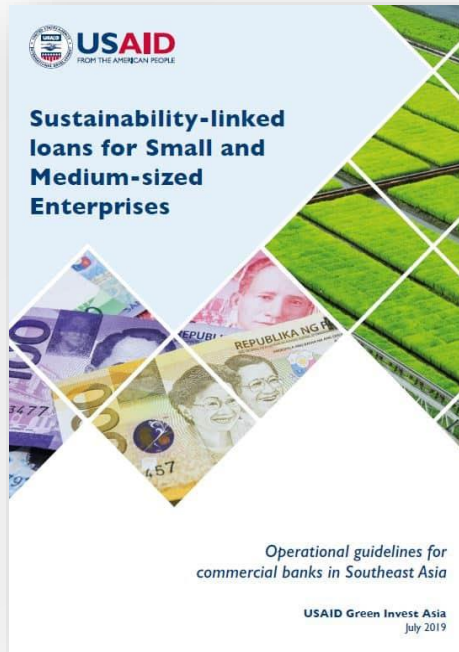
By 2022

Increase private sector investment in sustainable agribusiness and forestry companies in Southeast Asia by \$400 million

Long Term

Investments into sustainable land use increase, while associated greenhouse gas emissions further decrease creating new “business as usual” scenario

ROLE OF FINANCE SECTOR TO DRIVE RESPONSIBLE SUPPLY CHAINS



Investors can highlight priorities and incentives for responsible business in agriculture.

- **Drive creative financial products that incentivize good behavior-** Positive trend toward the use of sustainability-linked loans. Move into SME sector for greater reach into supply chain.
- **Increase capacity to measure carbon footprint of investments (scope 3)-** Cannot manage what is not measured. Example: Pilot with Rabo Foundation for measuring carbon emissions.

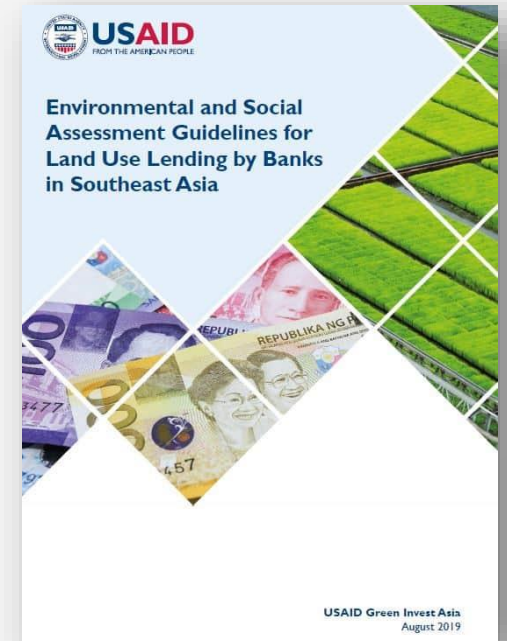
BARRIERS TO FINANCING SUSTAINABLE SUPPLY CHAINS

USAID GREEN INVEST ASIA

Understanding agriculture and forestry- risk identification and management

Support for smallholders- moving from mono cropping to intercropping strategies, financial options and access, cash flow, etc. Example: smallholder rubber fund feasibility study

E&S fundamentals- incorporating E&S values with other business fundamentals



Financial Access





USAID
FROM THE AMERICAN PEOPLE

USAID GREEN INVEST ASIA

CHRISTY OWEN

Chief of Party

cowen@pactworld.org

www.greeninvestasia.com

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Sustainability-Linked Loan (“SLL”) / ESG Loan

Green Loans: The New Black

JY Chow, Food, Beverage & Agriculture Sector
Coverage Lead, Senior Vice President, Mizuho Bank



Impact Financing Themes In Sustainable Agriculture

Source: Trilliuminvest, Mizuho Analysis



Sustainable Production

- Crops, livestock, fisheries
- Animal welfare
- Timber & wood products
- Sustainability standards



Sustainable Consumption

- Nutrition
- Healthy foods
- Food safety
- GMOs
- Food waste



Sustainable Agricultural Technology

- Smart irrigation
- Biowaste
- Software
- Big data
- Green chemistry
- Digital precision ag



Conservation & Climate Change

- Climate change mitigation & adaption
- Deforestation
- Land care & soil health
- Water use
- Biodiversity



Social Equity & Sustainable Livelihoods

- Fair trade
- Land grabs
- Workers' rights
- Child labor
- Women farmers
- Food sovereignty

Financing Tools

Debt

Green, ESG Bonds And Loan

Cash And Cash Equivalents

Investing In A Community Bank's FDIC-guaranteed Certificate Of Deposit

Fixed Income

Both Public Bond Markets And Private Debt), ESG Fixed-income

Public Equities,

Listed Company

Private Equity And Venture Capital, Private Debt

Specialized Private Equity and Microfinance

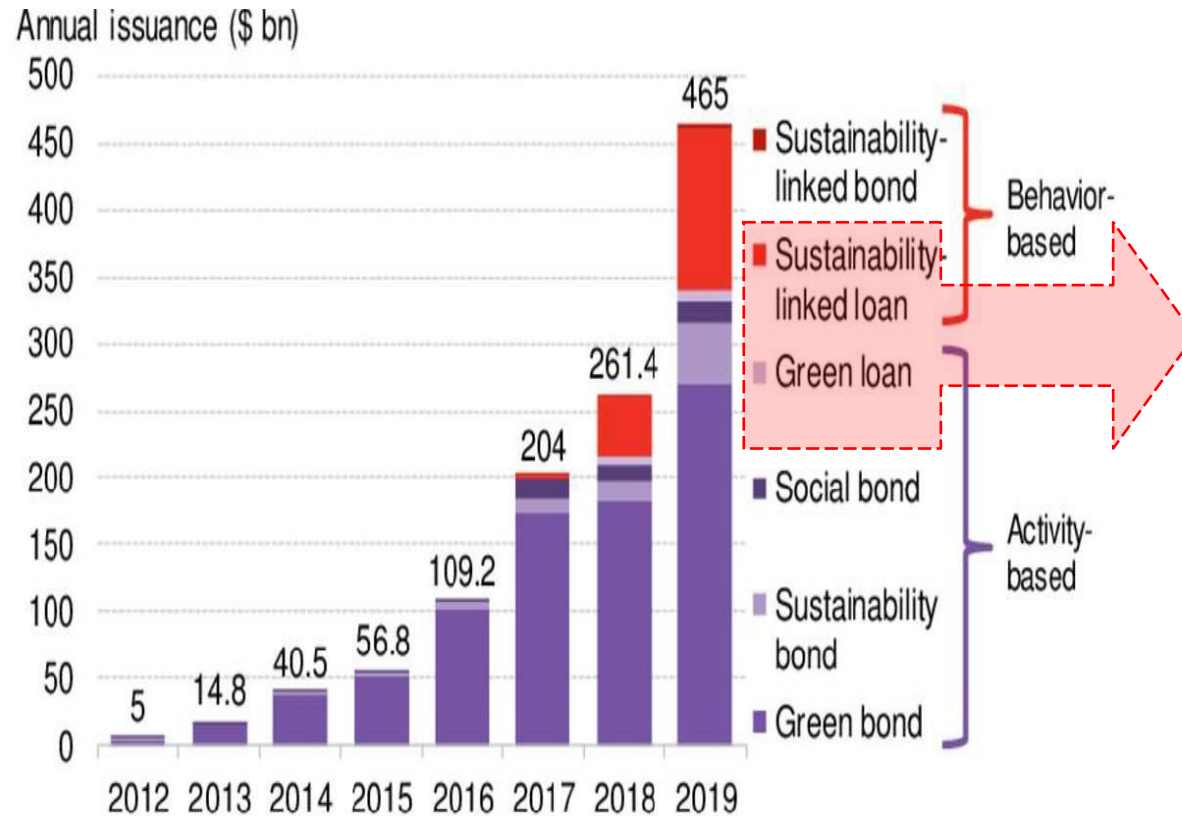
Real Assets

Such As Grassland Pasture Farmland And Sustainable Timberland

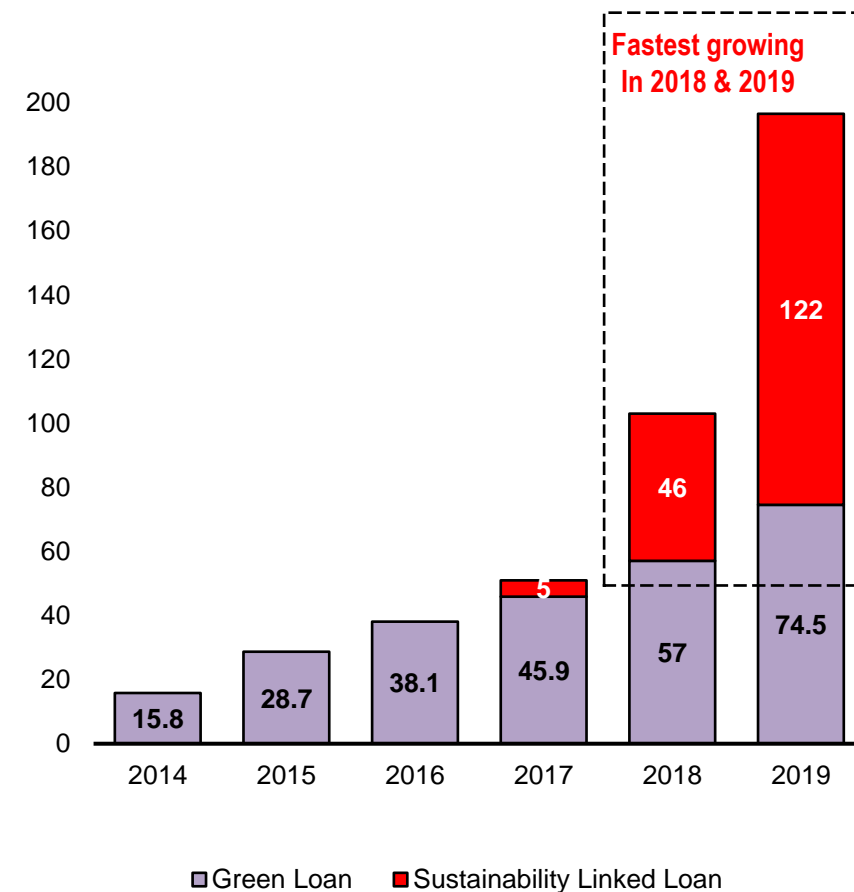
Sustainable Financing Overview: ESG Linked Boom

Source: BNEF

Annual Issuance of Sustainable Financing (Bonds and Loans)



Aggregate Volumes of Announced Green & Sustainability Linked Loans, 2014–2019 (US\$bn)



Transformational Development of Green Financing in Asia

Source: Public disclosures

Loan Market Association (LMA) and Asia Pacific Loan Market Association (APLMA) Set Industry Standard for Green Loans by launching Green Loan Principles (GLP) March 2018



Singapore's First Syndicated Green Loan following GLP
(S\$1.2 billion) Sep 2018



LEO Is First Private Company in Hong Kong to Earn HKQAA Green Finance Certificate and Complete a Green Loan (HKD350M) Sep 2018



SET-listed Indorama Ventures Plc (IVL) clinches first green loans from Mizuho – (Total ~US\$200 million)



CapitaLand secures first and largest S\$300 million sustainability-linked loan in Asia's real estate sector from DBS - Singapore, 4 October 2018



- Launched Hong Kong Green Finance Association (sept)
- “Green loans are less likely to default”
- “All listed companies will have to be annually disclosing their environmental plans and spending by 2020”
- **China may be first to cut green loan risk weights (Nov)**
Ma Jun, policy adviser to China's central bank

S&P Global
Ratings

S&P Global Ratings' Proposal For Environmental, Social, And Governance (ESG) Evaluations
September 2018

Loans That Can Save the World Finally Gain Ground in Asia **Bloomberg** June 3rd 2019

BlackRock Research Findings: “ESG screening boosts stock market” Jan 2019

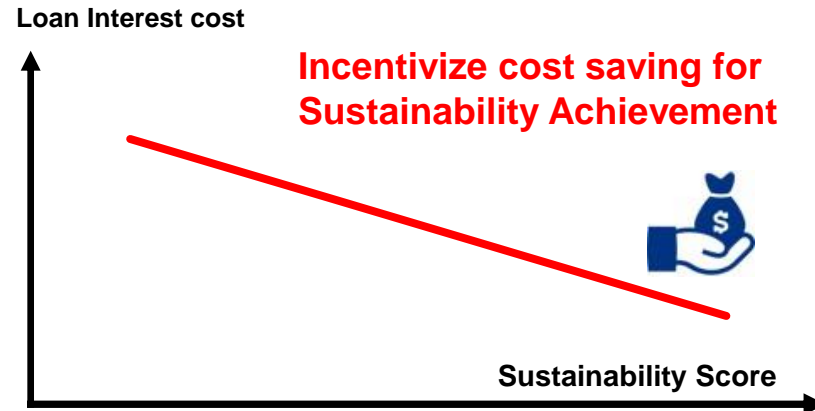
Green Financing Options and Consideration in Asia

| Considerations | Green Bond | GLP Complaint Loan | Sustainability-Linked Loan |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Description | Bonds issued to finance environmentally-friendly projects | Any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects | Loan terms and conditions tied to the ESG profile of the borrower, with potential cost savings from improvement in ESG performance |
| Framework/ Standards | Green Bond Principles (GBP) | Green Loan Principles (GLP) | Sustainability Linked Loan Principles |
| Use of Proceeds Constraint | YES: Projects must fit within the eligible green project categories | YES: Use of the loan should be clearly described in the financial documents | NO: ESG performance targets need to be identified |
| Reporting | YES: Process for project evaluation and selection; and, Up-to-date information on the use of proceeds to be renewed annually | YES: Should clearly inform the banks of the sustainability objectives | YES: Information to be provided under the agreed ESG framework with an independent agency |
| Disclosures | YES: To investors, and likely publicly available | YES: To lenders only | YES: To lenders Only |
| Need for Second Opinion agency | YES Major Agency: Cicero, Sustainalytics, Bureau Veritas, DNV-GL, Oekom Research, Rating agency and Big4 | YES Certification party in the case of HKQAA Major Agency: Sustainalytics | YES Sustainalytics, Vigeo Eiris, ESG Score RobecoSAM, Rating agency and Big4 |
| Greenwashing Risk | YES | YES | Lower |
| Examples | US\$580M Star Energy Geothermal green bonds to refinance bank loans used to buy two Chevron geothermal fields in Indonesia's West Java. (DBS) | S\$1.2 B Fraser Property GLP Green loan HK\$350M LEO Paper HKQAA Green Loan A\$170M Investa Commercial Property Fund | S\$ 300M CapitaLand US\$ 200 Wilmar RCF US\$ 500 Olam Clun loan |

Source: Public Disclosures

Sustainability/ ESG Linked Loan Approach and Case Study

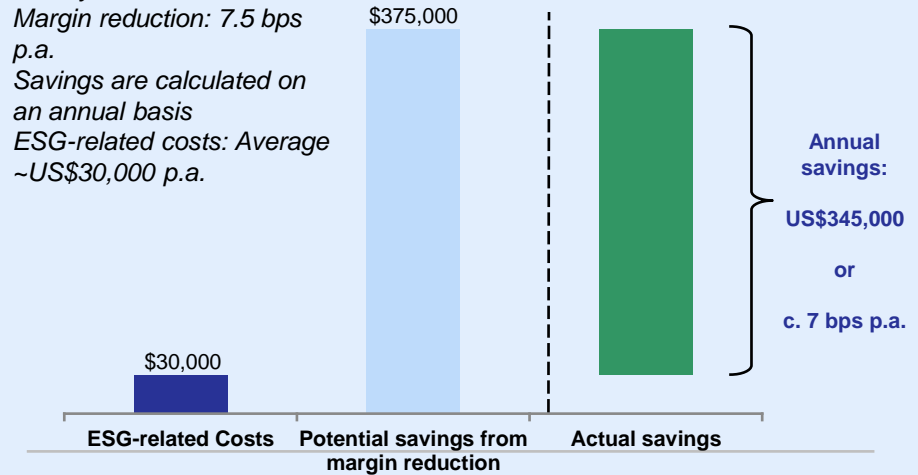
Sustainability/ ESG Linked Loan Concept



Illustrative Potential Cost Savings

Key Assumptions:

- Facility size: US\$500 million
- Margin reduction: 7.5 bps p.a.
- Savings are calculated on an annual basis
- ESG-related costs: Average ~US\$30,000 p.a.



Source: Public disclosures

Sustainability/ ESG Linked Loan Concept: Indorama Ventures Public Company Limited (IVL)

| | |
|----------------------------------------------------------|--|
| | |
| USD 100m & EUR 100m Bilateral Sustainability-Linked Loan | |
| Bilateral Lender | |
| April 2019 Thailand | |

| | |
|--------------------------------------------------|--|
| | |
| USD 255 million Sustainability-Linked Ninja Loan | |
| Sole Arranger | |
| March 2020 Thailand | |



Thailand first ! ESG linked and Cross border – Ninja Loan



Positive incentive loan (PIL)



Low funding cost



Diversification of funding sources: Syndicated and allocated among 16 Japan based banks and institutions. (2020)

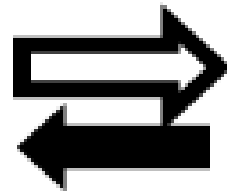


Utilizing existing ESG framework and policies

Post Covid Responses in Agrifood Supply Chain

Source : Company disclosures, Mizuho Analysis

**Buy
Produce
Sales
Differently**



☐ **Food Security:**

- ☐ Self Sufficiency / Protectionism
- ☐ Innovation and IP

☐ **Digitalization and Robotization**

- ☐ IoT & blockchain
- ☐ Agtech & Foodtech

☐ **Food Safety & Animal Health**

- ☐ Biosecurity
- ☐ Animal health & Nutrition crossover

☐ **Vertical Integration**

- ☐ Optionalities and Strategic sourcing
- ☐ D2C and Omni Channels sales

☐ **Sustainability**

- ☐ ESG
- ☐ Green Innovations

Questions and Comments





Role of the Financial Sector in Land-Related Conflicts & Human Rights Violations

Imke Greven, Policy Advisor on Land Rights, OXFAM



THE ROLE OF THE FINANCIAL SECTOR IN LAND-RELATED CONFLICTS & HUMAN RIGHTS VIOLATIONS

Prepared for the Grow Asia-OECD webinar

IMKE GREVEN (IMKE.GREVEN@OXFAMNOVIB.NL)

LAND RIGHTS POLICY ADVISOR

29-04-2020



corner of the world, by demanding land rights now.

<https://www.landrightsnow.org/>



Press release / July 24, 2018

DEADLIEST YEAR ON RECORD FOR LAND AND ENVIRONMENTAL DEFENDERS, AS AGRIBUSINESS IS SHOWN TO BE THE INDUSTRY MOST LINKED TO KILLINGS

<https://landmatrix.org/en/get-the-idea/big-deal/>

<https://www.globalwitness.org/>



OXFAM
Novib



Example:

Dutch Insurance companies and deforestation and land grabbing in the palm oil sector

<https://fairfinanceguide.org/ffg-international/case-studies/2017/deforestation-and-land-grabbing-in-the-palm-oil-sector/>

FREE, PRIOR, INFORMED CONSENT



[https://oxfamilibrary.openrepository.com/
handle/10546/620854](https://oxfamilibrary.openrepository.com/handle/10546/620854)

WHAT CAN FINANCIAL INSTITUTIONS DO?

- **Awareness**
- **Knowledge**
- **Commitments**
- **Supply chain management**
- **Transparency**
- **Grievance mechanisms**

AGRIBUSINESS INDUSTRY STANDARDS & BANKING SECTOR STANDARDS

- UN Guiding Principles on Business and Human Rights (UNGPs)
- International Finance Corporation (IFC) Performance Standards (1, 5 and 7)
- Equator Principles
- World Bank Environmental and Social Framework (ESF)
- Dutch Banking Sector Agreement
- Banking Environment Initiative (BEI)
- Soft Commodities Compact
- Food and Agriculture Organization of the UN Voluntary Guidelines on the Responsible Governance of Tenure (VGGTs)
- UN Global Compact
- UN Environment Programme Principles for Responsible Banking (PRB)
- Palm oil - RSPO
- Sugar - Bonsucro
- Soy – RTRS
- Rainforest Alliance Sustainable Agriculture Standard
- Forest Stewardship Council (FSC)

ANZ compensates Cambodian families forcibly evicted to make way for sugar plantation

By Erin Handley
Posted 27 Feb 2020



<https://www.abc.net.au/news/2020-02-27/anz-compensates-cambodian-families-forcibly-evicted-sugar-plant/12006382>

https://ausncp.gov.au/sites/default/files/2020-02/Complaint_11_statement.pdf



Families were evicted to make way for a sugar crop in Kampong Speu, Cambodia. Photo: Nicolas Axelrod/Ruom ©.



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Tools for Responsible Agricultural Investing in ASEAN

Erin Sweeney, Sustainable Business and Investment
Manager, Grow Asia





Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC



WORLD
ECONOMIC
FORUM



Grow**Asia**

ASEAN Guidelines for Responsible Investing in Food, Agriculture and Forestry



Opportunity in ASEAN Agriculture



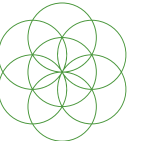
Accounts for 12% of regional GDP [ASEANSTAT]

Employs 100 million people, one-sixth of the population [ILOSTAT]

Intra-ASEAN % FDI increased 5% to 14% [ASEANSTAT]

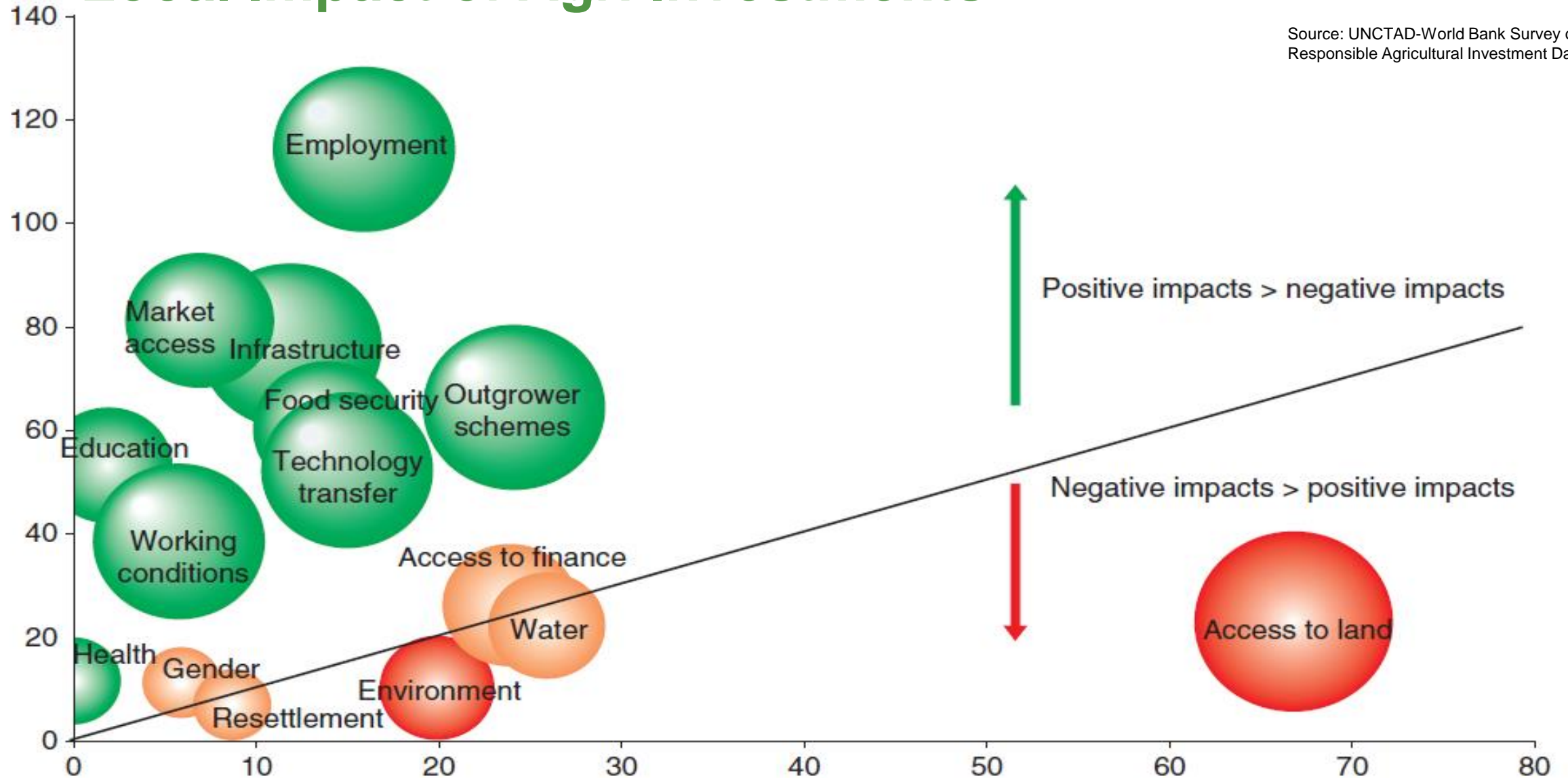
“competitive, inclusive, resilient and sustainable”

[ASEAN Economic Community Blueprint 2025 Vision for Food, Agriculture and Forestry]



Local Impact of Agri Investments

Source: UNCTAD-World Bank Survey of Responsible Agricultural Investment Database



ASEAN Guidelines for Responsible Investment in Food, Agriculture & Forestry (ASEAN RAI)



**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**

Advantages of ASEAN RAI

Aligned with SDGs

Applicable along diversified value chains

Adapted from international standards to fit ASEAN:

- technology & innovation
- climate change & natural disasters
- regional approaches

License to operate (ASEC adoption)

Non-binding, to be integrated with national policies

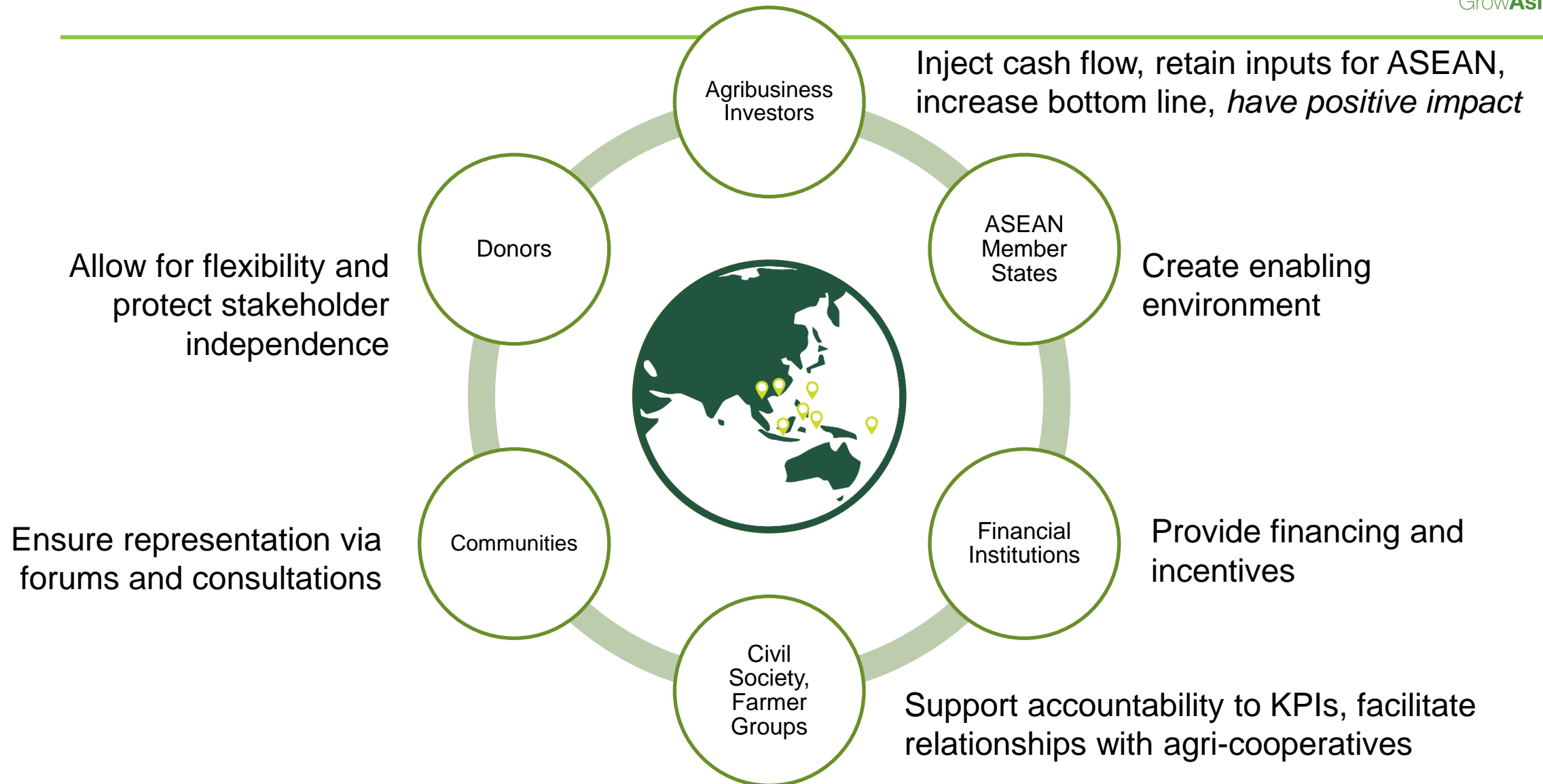


Business Incentive for Responsible Investments

1. There's a business case for it
2. Enabling Environments are changing
3. Responsible finance mechanisms are on the rise
4. Communicates commitments (externally and internally)
5. Flexibility in guidance allows for diverse starting points



Multistakeholder Approach



Long-term Vision and Support



National Legal & Policy Services

Integrate RAI into national policies through expert technical assistance

Learning & Accreditation Program

Train 400+ experts to guide future investments

Run 6-month blended learning with mentorship

Regional & National Capacity Building

Inspire private sector RAI uptake through knowledge sharing and capacity building

Engage farmers, communities, NGOs

Investor Engagement & Impact Management

Encourage investors to adopt RAI

Develop metrics to evaluate & monitor long-term impact

Join Us

Agribusinesses & Investors

Contribute a case study

Test the ASEAN RAI

Investors & IHL

Contribute curriculum

Send staff to pilot training

Investors, AMS, NGOs, farmers

Share insights at regional convenings

Gain new skills at national workshops

AMS & NGOs

Request policy support

Web www.aseanraiguidelines.org

Direct inquiries

Erin Sweeney

Manager, Sustainable Business and Investment

erin@growasia.org



Questions and Comments



Panel Discussion





Key Take-Aways

Barbara Bijelic, Financial Sector Lead
OECD Centre for Responsible Business Conduct



Responsible Business Conduct in the Financial Sector

<https://mneguidelines.oecd.org/rbc-financial-sector.htm>



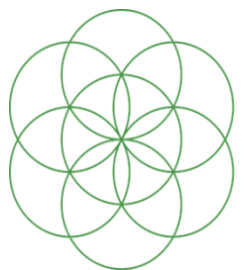
Responsible Business Conduct for Institutional Investors

- Explains key considerations for **institutional investors including asset owners and investment managers** in carrying out due diligence as recommended by the OECD Guidelines.
- Helps prevent and address adverse impacts related to human and labour rights, the environment, and corruption caused by companies in their investment portfolios.



Due Diligence for Responsible Corporate Lending and Securities Underwriting

- Only existing guidance for **banks and other financial institutions** to implement due diligence as recommended by the OECD Guidelines in the context of their corporate lending and underwriting activities.
- Helps identify, respond to and publically communicate on environmental and social risks associated with their clients.



GrowAsia

Thank you



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Swiss Agency for Development
and Cooperation SDC



With funding by the



European Union