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Advancing Together for Sustainable, Inclusive and Resilient ASEAN

**EXPLANATORY NOTE ON
PROMOTING PARLIAMENTARY COOPERATION FOR SUSTAINABLE
AND INCLUSIVE GROWTH IN ASEAN THROUGH ENVIRONMENTAL,
SOCIAL AND GOVERNANCE APPROACH**

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Background:

The incorporation of environmental, social, and governance (ESG) procedures into global investment choices has grown remarkably. ESG investments spans a wide range of indicators and is gaining greater attention and recognition from policymakers, investors, and the general public for supporting sustainable working practices and business operations. Investors have started to recognize that ESG elements contribute to efficiency, productivity, long-term risk management, and operational improvement. ESG investing is a strategy which not only permit businesses to operate sustainably but also deliver newfound value to their investors, which goes beyond the traditional monetary profit. ESG investing indicates that a firm is sustainable and works responsibly, delivering value to society and all stakeholders as a result. ESG plays a significant role in reaching the Sustainable Development Goals of the United Nations. Smart ESG investments may enhance sustainability, stimulate economic development, and bolster risk management. The SDGs and ESG investments may mutually support one another.

The levels of ESG investment development and policy implementation across ASEAN Member States vary. While there has been a tremendous rise in investment in ESG-related knowledge in recent years, significant effort is required to get beyond awareness development to the actual construction and implementation of ESG frameworks. ESG transparency and openness have been improving. This is notably obvious in ASEAN Member States where stakeholders in the business and public sectors, such as civil society or government-led initiatives, have actively supported and promoted policy, regulation, and guideline changes.

ASEAN is showing strong interest in promoting green growth and green recovery and have since garnered strong momentum in promoting a green economy, including a circular economy, by applying best practices in corporate governance and influencing social and environmental procedures and subsequent outcomes. Meanwhile, the Cambodian Prime Minister in unison with the Cambodian Parliament is striving to enhance sustainable and inclusive development that serve the needs and promote the wellbeing of the people by encouraging the implementation of ESG approaches.

Moreover, as ASEAN continues to diversify its economy and export markets, especially to those in the EU under the newly signed comprehensive and strategic partnership, the region will stand to gain by promoting environmental stewardship, social protection, and labour standards to a higher level, much in line with those of the standards applied in export markets, including for example, the EU Green Deal.

Objective:

This topic invites the parliaments in ASEAN to discuss issues and work collaboratively to find practical resolutions to corporate social responsibility (CSR) issues in environmental, social and governance (ESG) capabilities within the ASEAN community. Concerning the ESG approach, parliaments and parliamentarians can discuss about enhancing their roles, inter alia, within the following confine:

- To promote sustainable and inclusive development to serve the needs of the people and promote the wellbeing of the people by applying the Environmental, Social and Governance (ESG) approach;
- To strengthen parliamentary platforms and mechanisms in revitalising sustainable and inclusive growth in ASEAN through parliamentary frameworks and mechanisms;
- To take part in the discussion and policymaking on ESG approach that signifies the ASEAN's greater attention to and acting in unison to constructively promote green growth and green recovery; and
- To encourage AMS to strengthen access to sustainable finance, access to market and the internationalisation of goods and services produced under strict compliance with green growth and green recovery frameworks; environmental policies and MSMEs that promote the sustainable use and effective governance of natural resources as well as legislation, regulation and taxation; and encourage improvement in institutional framework arrangements.

Rationale:

The Parliaments and parliamentarians in the world have gained increasingly important roles, not only in making legislations, but in also supporting sustainable development, post-pandemic economic recovery and peacebuilding efforts amongst others. The Parliaments in ASEAN can support, among other programmes and plans, the Implementation Plan of the ASEAN Comprehensive Recovery Framework adopted at the 37th ASEAN Summit to achieve an inclusive and resilient ASEAN future in areas such as the circular economy, sustainable energy, green infrastructure, sustainable investments, sustainable agriculture and sustainable finance. Moreover, the parliaments in ASEAN can also commit to addressing challenges together by urging AMS to develop regional standards for the ASEAN ESG modalities and promoting environmental stewardship, social protection, and labor standards to a higher level.