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15 on '15 Global insights on the year ahead



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From the Editor's Desk



Jessica Cheam
Editor

As 2014 makes way for 2015, I can't help but feel that the world is poised on the cusp of big, fundamental change. Throughout history, there have been some years that are far more significant than others – 2015 might just be one of those.

To begin with, it is the year that the Millennium Development Goals (MDGs) expire – to be replaced by the even more ambitious Sustainable Development Goals (SDGs). The MDGs, for all their imperfections, marked the first time in history that the international community created and acted on a common set of aspirational goals to lift the lives of billions.

In September, the world will meet at the United Nations Special Summit on Sustainable Development to finalise the SDGs, which will for the first time weave the principles of sustainability throughout all targets. This will guide the global development agenda for the next 15 years.

It will set the stage for the next major event of the year in December – the UN climate change meeting in Paris, where governments have set a deadline for inking a global deal to tackle climate change. A climate treaty in Paris will finally enable governments to act boldly in implementing low-carbon policies and send a crystal clear signal to the private sector on

the future of the global economy.

If the world delivers on the goals and agreements of these two events, the course of human history could be changed forever. Professor of Sustainable Development at Columbia University Jeffrey Sachs, in an opinion piece we publish this issue, aptly dubs it the “greatest opportunity of our generation”.

With this highly-anticipated year ahead of us, Eco-Business has produced a special issue this month, featuring a series of interviews called “15 on 15” where 15 global and Asian leaders share their thoughts on the year ahead. We have profiled thought leaders, decision-makers and trail blazers from across government, business and civic society for this crystal-ball gazing exercise, which we hope will provide intellectual as well as emotional food for thought for our readers. We are grateful to all the interviewees who spared their precious time to speak with us, and we hope you enjoy reading the stories as much as we did writing them.

Finally, 2015 is already proving to be an eventful year given the headlines we've seen in just the first week - from the tragic loss of AirAsia QZ8501 to the terrorist attack in Paris. It made me recall one observation by UN Global Compact executive director Georg Kell in his interview about the increasingly uncertain global environment in which we now live in, and the erosion of public trust in key institutions. The demand for ethical leadership has never been greater, he says, to restore trust and infuse hope and goodwill among people to work towards a better future.

I can't think of a more fitting sentiment to take into the year ahead.





15 on '15

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Rhetoric will never yield meaningful results:

Yvo de Boer

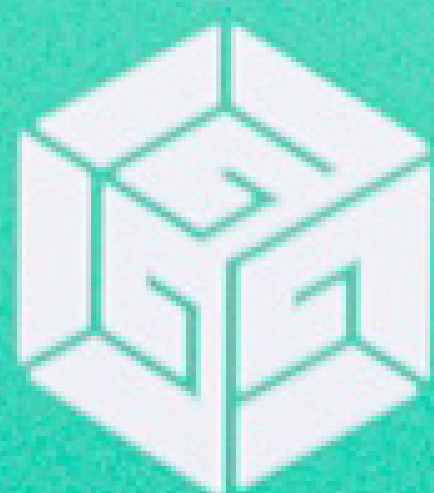
The path to green growth lies in working with governments and business on their priorities - and speaking the language that they understand, says Global Green Growth Institute Director-General Yvo de Boer.

BY JESSICA CHEAM

For years, as the leader of the United Nation's climate change negotiating process, Yvo de Boer sought to broker consensus from 194 diverse nations to agree on actions to tackle climate change. He presided over the negotiations from 2006 till 2010, and helped raise the profile of climate change globally, where it moved from the fringes to take its place at the top of the global agenda.

But leading the negotiations with a team he called "butlers of the process" was no easy feat. It was a highly fraught and complex process during which the Dutch bureaucrat was famously reduced to tears out of frustration at a 2006 meeting in Bali, Indonesia.

In a recent interview, de Boer says the four years as executive director of the United Nations Framework Convention on Climate Change (UNFCCC) was a period of time when he "learnt the most". Prior to that, he was Director for Interna-



Global
Green Growth
Institute

Image: Global Green
Growth Institute

tional Affairs at the Ministry of Housing, Spatial Planning and Environment of the Netherlands. He says his UN stint reinforced his belief that to come to an understanding with someone, you need to have a good understanding of the person's wants and needs:

“My sense is that the climate negotiations are rhetoric among people who don't understand and respect each other's interest... (so) you can never get a meaningful result.”

In 2010, he left to join international consulting group KPMG as global adviser on climate and sustainability, where he says his approach to business was not to talk about the environment, but to ask three questions: Firstly, how can sustainability contribute to the growth of your business? Secondly, how can your business be more cost-effective; and thirdly, how is sustainability critical to the value of your brand?

These words – growth, cost-effectiveness, and brand value – are the “language of business” that strikes a chord more than talking about saving the earth and dying trees, he notes. These days, as the Director-General of the Seoul-headquartered Global Green Growth Institute (GGGI), he has shifted his attention to working with governments to help them achieve their priorities and implement sustainable development policies.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

The agreement between US and China was significant. The deal itself is more spectacular than the results of the deal; there are some who argue that the Chinese economy has already peaked (in emissions) and what China is promising now is nothing beyond business as usual. I'm not sure it's true, but the fact that China and US have come to a common understanding on climate is very significant politically.

The US is also working hard to find common ground with India on World Trade Organization (WTO) matters – climate and trade are the biggest international processes and we need to



Beijing suffers from regular air pollution due to the exhaust emission of millions of cars and coal burning in nearby regions. China and the United States recently announced a landmark deal to curb carbon emissions and tackle climate change. Image: Shutterstock

These words - growth, cost-effectiveness and brand value – are the “language of business” that strikes a chord more than talking about saving the earth and dying trees.

see progress on both. If trade negotiations slow down, it also has an impact on sustainability because part of the trade negotiations involves environmental goods and services and how they are treated favourably. The environment domain needs progress on trade.

The third development is the Green Climate Fund. In recent months, there have been significant pledges to the to fund, and it's important that developed countries put money where their mouth is.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

I think we have progressed from two years ago, when at the Rio+20 conference most po-

litical leaders were absent but commitments were made by business. In September, at the UN climate summit, business and government were present and made significant commitments. I think there is now a mood within the business community that it cannot afford to sit around and wait for governments. There will be increasing pressure from the community on business leaders to provide the right policy framework. I think we'll see more of this emerge as we approach the Paris deadline at the end of the year.

More than 80 per cent of greenhouse gas emissions are related to the energy sector;

The thing that makes business leaders most nervous is the lack of clarity and predictability, so business leaders in Paris will say: If you want us to make long term investments in dramatic, fundamental technological change, then you have to create the political trust.



Yvo de Boer at the World Economic Forum Annual Meeting Davos 2009.
Image: World Economic Forum

many of the investments in energy are very long term, with equipment that span 30 to 50 years. The thing that makes business leaders most nervous is the lack of clarity and predictability, so business leaders in Paris will say: If you want us to make long term investments in dramatic, fundamental technological change, then you have to create the political trust.

What is your outlook on the progress of sustainable development specifically in Asia?

I think the struggle not just in Asia but many parts of the world is the debate on green and sustainable growth is largely in the domain of environment ministers and NGO community. But key decision makers - presidents, ministers of finance, economic affairs and heads of private sector - are not properly engaged and that means many environment ministries struggle to implement policies because there is insufficient leadership. The debate has to be taken up to the political level.

The second big problem I see is around capacity. In many Asian countries, staff in environment ministries change quickly, and when someone is familiar with an issue they move on to something else so it becomes difficult to build capacity to shape regulation and debates.

One challenge for sustainable development is that in many Asian countries, eradicating poverty is still a priority and many see the Western economic growth model as successful, so many of them provide cheap labour to the West without adding a great deal of value to their economies. Europe, the US, have outsourced manufacturing to Asia for decades so developing countries see the Western growth model as the best way of lifting them out of poverty.

Another issue is that many green growth projects don't make it off the drawing board because they can't get funding. That's why at GGGI we focus on policy analysis and help countries make these projects "bankable". We write proposals in a way that they can be financed, whether by the Green Climate Fund, Asian Development Bank or commercial banks. We have to write the proposals in the language of bankers.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

In Copenhagen in 2009 (which had a similar deadline for a global deal), the expectations were too high and too unclear. My feeling is we are in a different situation now. The expectations are less – it may not be good for the environment but it's good for the chances of getting a result.

There is also more clarity on what a Paris outcome should deliver. I would consider it a success if four things happen - the first being every country rich or poor, large or small, needs to announce a commitment to act on climate change. All the commitments will be different, but everyone needs to publicly commit to action or we'll never get this fixed.

Secondly, making statements is easy but delivering on them is another story. Every country must promise to write the commitment into national law. If you make a commitment to reduce emissions by x per cent, you commit to prepare legislation to achieve that goal, it will build trust in the words. Even if those two things happen, it will likely not be enough to limit warming to a more than two degree temperature increase. We are not ready for that level of ambition, so the whole climate problem will not be solved in Paris.

The third thing is countries have to agree that every three to four years, they will review their promises, and whether they are good enough to prevent more than a two degree rise. The fourth thing is money – industrialised countries caused this problem, so rich nations have a financial obligation towards poor nations and this has not been met, and not in transparent ways.

What will you and your organisation be working on this year?

At GGGI, I now work together with countries to assess risks and opportunities, do macro-economic analysis and identify where sustainable development policy can be meaningful. Then we help the government shape and implement that policy, so there's a certain consistency and hand-holding.



Heads of state at the UN climate change meeting in Copenhagen in 2009 were meant to ink a global deal to address climate change but talks broke down, with developed and developing countries unable to see eye to eye on many issues from financing to country-specific carbon emission targets. Image: UNFCCC

The governments are receptive, only because we work with governments on what they want to work on and provide technical expertise. We don't come with a pre-agenda. For example, in Thailand we are working with the government to evaluate if emissions trading is viable.

The governments are receptive, only because we work with them on what they want to work on and provide technical expertise. We don't come with a pre-agenda. For example, in Thailand we are working with the government to evaluate if emissions trading is viable. In India, we are working at the state level to analyse how green growth strategies could be meaningful. In Mongolia, we're working on green buildings, and in Indonesia, we're helping to design payment for forestry schemes. 🌱



The time has come for a new clean revolution:

Noeleen Heyzer

Countries need to leapfrog outdated systems to build a cleaner economy and to achieve this, there has to be a mindset change that requires leadership from everyone, says UN Under-Secretary-General Noeleen Heyzer.

BY JESSICA CHEAM

Under-Secretary-General of the United Nations Noeleen Heyzer has broken many glass ceilings in her decades-long career: The highest-ranking Singaporean in the UN, she was not only the first woman to lead the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) since its founding in 1947, but also the first woman from the South to head the United Nations Development Fund for Women (UNIFEM) prior to that.

Over the years, she has become a towering figure in the region, known for crafting and implementing complex policies that promote equitable growth and reduce poverty; she is also known for her passionate advocacy for sustainable development.

A firm believer of effecting change to improve lives, Dr Heyzer says the time has come for a new clean industrial revolution. Countries need to leapfrog outdated systems to

*Images: Office of the Special
Adviser of the UN Secretary-
General for Timor-Leste*

build a cleaner economy and to achieve this, there has to be a mindset change that requires leadership from everyone from companies to even the media.

There is huge opportunity within Asean (Association of Southeast Asian Nations), in particular, to pursue sustainable development policies as it heads towards regional economic integration by year end. It is helpful that the awareness of corporate responsibility is on the rise in the region, says the National University of Singapore graduate, who also holds a Doctorate in social sciences from Cambridge University.

As the United Nations Secretary-General's Special Adviser for Timor-Leste, she is also currently working to help the country still suffering the effects of its past civil war achieve sustainable development by supporting sustainable tourism and renewable energy projects.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Three things strike me. The first was the historic climate summit convened by United Nations Secretary-General Ban Ki-moon in New York in September. It was the largest gathering of world leaders, but what was more important was the conversation and agreement to build a new global partnership to address climate change. It was encouraging to see the commitment of business to move a significant amount of their capital from “dirty investments” to “clean investments”. Over US\$200 billion was pledged to be moved in the next 14 months.

The US-China joint announcement on climate change in November was another. It is critical that the leaders of both countries have reaffirmed their cooperation on climate change to move towards an agreed outcome with legal force under the Convention at the United Nations Climate Conference in Paris 2015. Beyond that, they announced their post-2020 actions



Secretary-General Ban Ki-moon hosted the Climate Summit 2014 at UN headquarters in New York on 23 September. Leonardo DiCaprio (at speaker's podium), Actor and UN Messenger of Peace, addresses the opening of the UN Climate Summit 2014. Image: UNFCCC

To turn the climate challenge into a major opportunity, business has a big role to play or there is no way we can do it.

on climate change and how to make the transition to a low-carbon economy. They talked about how to turn the climate challenge into an opportunity. This can drive innovation, and the emphasis on carbon capture and low-carbon technology. This will improve the quality of life for all.

The third big headline was the IPCC's fifth assessment report, which talked about the new climate economy and made an economic case for taking action, as well as the cost of inaction. To turn the climate challenge into a major opportunity, business has a big role to play or there is no way we can transform the economy without transforming the way we do business.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

There are a couple of themes. One is how sustainability can be integrated into business models and long term strategies of corporations. There needs to be a paradigm shift on how they spend money to how they make money. There will be stronger discussions about green growth innovation, especially in developing energy for sustainable development. We need to think about a new clean industrial revolution – how to leapfrog outdated systems to build a more competitive and cleaner economy of the future that is low on carbon but high on poverty reduction and job generation.

To achieve this, there has to be a mindset change. The media has to play a role to encourage the change of consciousness. These companies are not operating in silos so there has to be peer pressure,

a new way of doing things. It should become the new normal, and obviously the more enlightened companies who have the power of initiating change should leapfrog those at the lower end. It can also be very inspiring for our youth – for them to contribute to the challenges of our time.

The other theme is the post-2015 discussion on Sustainable Development Goals (SDGs), we're looking at how to connect the dots. The climate challenge is not just about the environment – it's about the economy and society, and it's inter-generational.

What is your outlook on the progress of sustainable development specifically in Asia?

This is a special year, as it's the target year for the completion of the Millennium Development Goals (MDGs). Many Asian countries have achieved these but in many parts of Asia it is unfinished business – people still live in poverty and are vulnerable. Now that the SDGs are being discussed, these will be critical to guide national and global policies. There are wide global consultations on this in order to come to a consensus on how to integrate social, economic, and environmental priorities for inclusive and sustainable development.

We need to think about a new clean industrial revolution – how to leapfrog outdated systems to build a more competitive and cleaner economy of the future.



Solar panels floating in a reservoir in Thailand. Renewable energy adoption is rapidly growing in Asia. Image: Shutterstock

I'm also pleased that China is now taking a major leap in the climate change agenda. It's the second largest economy and will soon become the largest, so what happens in China will affect the rest of Asia in terms of sustainability and the quality of our air, water, and food.

This year is also important for Asean. The bloc is set to establish the Asean Economic Community – a common market meant to increase the flow of goods, labour and capital within the region – by the end of the year. The setting of norms and standards of this community will be very important – for example, if one product is banned because it's an environmental hazard it should be applied throughout the region, and not dumped in another country.

The awareness of corporate responsibility is also growing in Asean. What happens at the UN- and international community-level will also filter down. My concern with Asean is there are three different categories of countries – from the high income states like Singapore initiating sustainable urbanisation, then the middle-income countries and the poorer ones where applying common standards for land use, water, and air quality is still a challenge.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

I think there are more positive signs this time (compared to Copenhagen in 2009, where a global deal was meant to be inked). The environment is more constructive even if there are still major hurdles. First, I'm pleased that in Lima there was a big discussion on common but differentiated responsibilities (CBDR) – the need for all states to take responsibility but also to recognise different national circumstances; this is important for developing countries. There is more agreement; people want this to happen.

A critical component is climate financing. We have the Green Climate Fund and this will be one of the core issues in the climate negotiations. Obviously there will be discussions on how to ensure there is adequate and sustainable funding in order to do the work that's necessary.



This year is also important for Asean. The bloc is set to establish the Asean Economic Community - a common market meant to increase the flow of goods, labour and capital within the region – by the end of the year. I think the setting of norms and standards of this community will be very important.

What will you and your organisation be working on this year?

I will be involved in sustainable energy issues and of course, the nexus between energy, food and water. In February, I will be in Timor-Leste working on sustainable tourism and renewable energy.

Renewable energy is rapidly growing in the region – it is not in a position to replace the current energy system for industry but it can make a huge difference, lighting the lives of people who still do not have access to energy, especially in the rural areas. ☺



Image: United Nations
Global Compact

Demand for ethical leadership now greater than ever:

Georg Kell

Head of the United Nations Global Compact identifies three mega trends that are now playing out: the rise of transparency, the realisation that social dilemmas are a growth barrier, and the importance of finding solutions to overcome these constraints.

BY JESSICA CHEAM

Over the past year, executive director of the United Nations Global Compact (UNGC) Georg Kell watched dark clouds gather on the horizon as stories on the rise of nationalism, disease and terrorism dominated global headlines.

What worries him is the erosion of public trust in central institutions, which contributes to a volatile and unpredictable global environment. This is why, Kell emphasises, the demand for ethical leadership has never been greater.

Trust between people and institutions needs to be restored, not least because markets need a stable environment to thrive. Beyond that, there is now a strong business case that financial success accompanies social responsibility,

environmental stewardship, and good governance, he says.

As leader of the world's largest voluntary corporate sustainability initiative with 8,000 corporate members in 145 countries, Kell has spent more than a decade since the founding of the UNGC in 2000 advocating responsible business practices. Under his leadership, UNGC also launched sister initiatives on investment and business education: the Principles for Responsible Investment (PRI) and the Principles for Responsible Management Education (PRME). They are international networks of investors working together to promote and apply guidelines for responsible investment and management education.

The German bureaucrat started his career as a research fellow in engineering at the renowned Fraunhofer Institute for Production Technology and Innovation in Berlin before working as a financial analyst in various countries in Africa and Asia. He joined the UN in 1987 and has been leading the organisation's engagement with corporates worldwide ever since.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Three developments stand out: firstly, political turmoil and the continued erosion of public trust in central institutions. There are indeed dark clouds gathering: populism, nationalism and extremism seem to be on the rise. This should concern everybody. Markets can only deliver in a stable and secure environment. Consequently, demand for ethical leadership and value based transactions are in greater demand than ever to restore trust and to infuse hope and good will to work towards a better future.

Secondly, the evidence on man-made global warming is now so overwhelming that markets and policy makers finally seem to be paying attention. At the UN Climate Summit in September, investors took a stand for the first time by committing to evaluate the carbon exposure



Thai anti-government protesters rally at Bangkok's Pathumwan intersection in January 2014. Stories of civil unrest dominated headlines around the world in the past year. Image: Shutterstock

There are indeed dark clouds gathering: populism, nationalism and extremism seem to be on the rise...Markets can only deliver in a stable and secure environment. Consequently, demand for ethical leadership and value based transactions are in greater demand than ever to restore trust and to infuse hope and good will to work towards a better future.

of investment portfolios and reporting on it by the end of 2015 in Paris.

Businesses are also getting serious by aligning their government affairs with their sustainability goals. All too often, companies make laudable sustainability commitments but at the same time lobby governments not to take action on climate. It is key that companies ensure that their government advocacy is consistent with their sustainability strategy. These are promising steps, and the recent climate commitments by United States and China is an encouraging omen that progress is within reach.

Thirdly, the business case for corporate sustainability is getting stronger. Evidence now shows that long-term financial success goes

hand in hand with social responsibility, environmental stewardship and good governance. This is extremely encouraging. Clearly three mega trends are now playing out: the rise of transparency, the realisation that social dilemmas are a growth barrier, and that it makes sense to find solutions to overcome these issues and resource constraints.

A related development is that more companies are now willing to collaborate to tackle dilemmas. The willingness to collaborate on issues such as women empowerment, anti-corruption and green growth has clearly seen a remarkable increase.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

No doubt, building greater flexibility is key in light of increasing uncertainty in the global business landscape. This requires more invest-

“More companies are now willing to collaborate to tackle dilemmas. The willingness to collaborate on issues such as women empowerment, anti-corruption and green growth has clearly seen a remarkable increase.”



United Nations Global Compact executive director Georg Kell. Image: UN Global Compact/Thomas Tolstrup

ment in social and environmental assets in local communities to enhance resilience and to build trust.

To make this happen, corporate boards have to be involved in elevating environmental, social and governance (ESG) issues, as these are increasingly shaping risk and opportunity portfolios. A clear assessment of what is material to a company is more important than ever.

A related challenge is to better leverage social and environmental investments to mitigate risks and to seize new opportunities. In many instances this will require the exploration of enhanced partnerships since no company alone can handle many of the challenges we are now facing. Finding the best pathways that will have the greatest impact will require a new way of collaborating with peers, competitors, civil society and public institutions.

What is your outlook on the progress of sustainable development specifically in Asia?

We are extremely pleased that country-level activities are gaining strength and that more Asian companies, when investing in other regions of the world, are engaging in collaborative efforts to ensure greater social and environmental harmony.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

Progress on pricing carbon is arguably one of the most important benchmarks towards a climate deal. Economists, policy makers and corporations as well as citizens will hopefully realise that not pricing carbon is a huge market distortion that holds back green investments.

This perversion of markets must end and there are good movements underway that suggest it is within reach in 2015. Already many jurisdictions are moving ahead with carbon pricing to send the right market signals on a massive scale. This happens at city, state and national levels.

What will you and your organisation be working on this year?

We have two big goals: The first is to introduce a new framework for business to



A wind farm in Vietnam. Many countries are moving to price carbon, a move which will spur investments in cleaner forms of energy. Image: Shutterstock.com

align itself better with the UN's forthcoming Sustainable Development Goals (SDGs). We will launch this on 25 June 2015 at the UN Headquarters when the Global Compact turns 15. We hope that this framework will unleash unprecedented collaboration on social and development issues covering diverse areas such as women's empowerment, water stewardship, anti-corruption, education and sustainable agriculture.

The second goal is to grow the Caring for Climate platform into a transformative force by way of encouraging government officials to agree on a global framework on climate change in Paris 2015.

We will also bring to scale the Global Compact Board Programme and work with our sister initiatives, Principles for Responsible In-

Not pricing carbon is a huge market distortion that holds back green investments. This perversion of markets must end and there are good movements underway that suggest it is within reach in 2015.

vestment (PRI) and Principles for Responsible Management Education (PRME), to ensure that responsible and sustainable business practices are the winning ones.

And finally, we will do everything possible to support our more than 80 local networks around the world, which are increasingly gaining strength and embedding universal sustainability principles in specific contexts. 🌱



Capacity building is Asia's main challenge: **Christine Loh**

Christine Loh, Under-Secretary for the Environment at Hong Kong's Environment Bureau, believes that while great strides have been made in Asia to institutionalise the concept of "green growth", lack of local capacity remains the biggest hurdle to long-term sustainable development.

BY MICHELE KOH MOROLLO

A pioneer in environmental advocacy in Asia, Christine Loh has seen the concept of sustainable development gradually take its rightful place in public policy over the decades. While the notion is now accepted and understood in most international and regional policy-making circles, Asian economies still have a long way to go in developing their own regulations, she said.

Since the 1980s, Loh has been an active campaigner for the environment, serving on the boards of a wide range of Hong Kong and international non-governmental organisations (NGOs). She was also a Hong Kong politician and member of the Legislative Council of Hong Kong for close to a decade before founding Civic Exchange, a

*Image: Hong Kong
Environment Bureau*

non-profit, non-partisan, public policy think tank in 2000.

Development, the environment and conservation are core areas of interest for Civic Exchange, and Loh's work in helping the public make sense of related policies and finding better solutions to problems convinced her that the idea of "green development" is crucial to long term sustainability.

In September 2012, Loh left Civic Exchange to become Under-Secretary for the Environment at the Environment Bureau. She says she joined the Bureau because she believes that the government of Hong Kong is serious in its efforts to improve the environment, and also because she wants to influence the policy-making process that she spent 12 years researching.

Working closely with Hong Kong's Environment Secretary Wong Kam-sing, Loh will focus on policies concerning air quality, waste management and nature conservation. She speaks to Eco-Business about the challenges that developing Asian countries must overcome to grow more sustainably, particularly the urgent need to build local capacity and expertise, and shares what Hong Kong will be doing in the next five years to move in the right direction.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

In 2014, the major sustainability issue for business that will have resonance is the dramatic drop in the price of oil. In the short-term, this is helping a lot of businesses lower their costs, and it is also helping consumers directly by keeping energy costs down. However, we have to wait and see how this will affect the energy sector in the longer-term. For example, how might it affect the relative costs of other fossil fuels and also the further development of renewables.

Another issue is the re-emergence of interest in climate change in light of the run-up to COP21 (21st Conference of the Parties) in Paris in 2015. Last year, 2014, was an important



Protestors demonstrating in Copenhagen in 2009 at the UN climate change summit.
Image: UNFCCC

I was at Copenhagen in 2009, and watched how despite the high level attention and attendance of world leaders, the talks still broke down. I hope world leaders will not let that happen again.

stepping stone to COP21, which is why we saw China and the US – the two biggest greenhouse gas emitters – agreeing at the November APEC meeting in Beijing to rein in their emissions by 2030, followed by hectic attempts by many countries at COP20 at Lima to keep things on course for 2015. The future of the energy sector and climate change will no doubt continue to be a major discussion point throughout 2015.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Obviously, energy prices affect all businesses, thus energy will be an important theme for many companies and industries. As many of the leading compa-

panies around the world are now doing Environmental, Social and Governance (ESG) reporting, they are gaining new insights into their own operations, and with heightened awareness about energy and COP21 around the corner, leaders in the corporate sector will be more interested in sustainability issues.

For example, the Hong Kong Exchanges and Clearing Limited (HKEx) published in 2012 a recommended ESG Reporting Guide to promote voluntary ESG reporting. HKEx will be doing a second round of consultation on ESG reporting in the first half of 2015 to raise the obligation level

It is certainly good that in policy-making circles at the global and regional level (such as the UN, APEC, Asean), the concept of sustainable development is now accepted, but Asian economies still need to develop their own policies in areas such as energy, air quality, greenhouse gas reduction and biodiversity protection.

of recommended disclosures in the ESG Guide to “comply or explain”.

I also understand that corporate social responsibility (CSR), which includes ESG issues, is becoming an important theme in the business community. Another driver for adopting ESG practices and reporting is the growth of responsible investment as more investors have started incorporating ESG criteria into their valuations and investment strategies.

What is your outlook on the progress of sustainable development specifically in Asia?

Many Asian economies are developing rapidly, but they still face many challenges with regards to sustainable development. It is certainly good that in policy-making circles at the global and regional level (such as the UN, APEC, Asean), the concept of sustainable development is now accepted, but Asian economies still need to develop their own policies in areas such as energy, air quality, greenhouse gas reduction and biodiversity protection.

In many developing Asian countries, there is a lack of data, such as good emissions invento-



Many Asian countries are lagging behind on policies that protect their biodiversity. Image: Shutterstock.com

ries, and information on pollution impact and biodiversity. Many of these countries don't have enough scientists, or the capabilities of their scientists are lacking. There is also a lack of local expertise in law-drafting and developing, promoting and enforcing new policies.

Money can also be a challenge – with so many development priorities, it is not easy to find sufficient financial resources to build the necessary hard and soft infrastructure to improve environmental governance. The concept of green development is the right way forward with resource efficiency at its core. Indeed, this needs to be a global revolution for all economies.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

There is a lot of expectation riding on COP21 that the governments of the world will agree on a successor treaty to the Kyoto Protocol. I was at Copenhagen in 2009, and watched how despite the high level attention and attendance of world leaders, the talks still broke down. I hope world leaders will not let that happen again.

While a lot of work is going into the climate negotiations, we should not under-estimate the remaining difficulties underlying the arguments between developed and developing countries. Developed countries are not decarbonising fast enough; developing economies' have a requirement for a lot more energy, which essentially still means they use a lot more fossil fuel; and global progress at becoming more energy efficient is still slow.

The international politics of decarbonisation and the financial implications are not easy to circumvent. On top of dealing with mitigating climate change, there is already enough greenhouse gas in the atmosphere to fuel global warming for years to come. This calls for everyone to consider the climate risks they are going to face, and to be ready to adapt to them. This will of course require investment and action.

The joint announcement of climate goals by China and the US at APEC was encouraging. I hope in the run-up to COP21, the other major emitters around the world will join them to play a leadership role; and that business leaders too

While a lot of work is going into the climate negotiations, we should not under-estimate the remaining difficulties underlying the arguments between developed and developing countries.

will drive change through reducing their own carbon footprint. I know the scientific community will continue to voice its concerns that the world must act with great determination, and that the NGO community will continue to raise global awareness of the need to act.

What will you and your organisation be working on this year?

Hong Kong's target is to reduce our carbon intensity by 50 to 60 per cent by 2020. This will be achieved by a number of measures, including adopting a cleaner fuel mix for electricity generation, maximising energy efficiency and "greening" our road transport. Going beyond 2020, we also have plans to promote energy saving in the building and transportation sectors between 2015 and 2025, setting the stage for further improvements by 2035. We will be releasing specific plans in the near future.

This year, we will release a new climate change document in time for COP21 to explain Hong Kong's efforts on both mitigation and adaptation. We will also be releasing our city-level biodiversity strategy and action plan, as part of Hong Kong's contribution to meeting the targets of the UN Convention on Biological Diversity.

We also have an enormous waste-to-resources plan for the city that includes dealing with food waste, mandating municipal waste charging, improving recycling with a HK\$1 billion fund to help the recycling sector, returning restored landfills for community usage, and building new waste-to-energy facilities. Our air quality efforts are also substantial. Our major measures include meeting air quality targets by 2020, replacing 82,000 pre-Euro 4 diesel commercial vehicles by the end of 2019, and mandating ocean-going vessels to switch to a much cleaner fuel while at berth in Hong Kong. 🌱



Images: Singapore Ministry of Environment and Water Resources

More than 'an even chance of success' in Paris:

Vivian Balakrishnan

Singapore's Minister for Environment and Water Resources, who has been closely involved in global climate negotiations, says the key to a successful Paris conference would be a transparent and consultative process that involves trade-offs and compromises.

BY JESSICA CHEAM

As Singapore's Minister for Environment and Water Resources, Dr Vivian Balakrishnan has been involved in all the United Nations climate change meetings in the past four years. Despite its small size, the city-state has been asked more than once to facilitate some tough discussions as it has become known for being "honest brokers and providing intellectual consistency", he says.

Having experienced how tough and arduous negotiations can get - some marathon meetings lasted till the early hours of the morning and raised voices were not

Vivian Balakrishnan

uncommon - Dr Balakrishnan is cautiously optimistic that the December conference in Paris will indeed deliver on a global deal to tackle climate change.

The last time a similar global deal was expected was in Copenhagen in 2009, when talks famously broke down and ended in disarray. It was overly ambitious, notes the politician, adding that negotiators have since learnt hard lessons. The key to a successful Paris conference would be a transparent and consultative process that involves trade-offs and compromises, he says.

An eye surgeon by training, Dr Balakrishnan joined politics in 2001 and has held various portfolios in trade and industry, and community and national development. Since taking up the environment portfolio in 2011, he has become a vocal advocate for sustainable development. Climate change, he emphasises, is a human issue - not an environmental one. The planet has seen greater climate changes than these and survived, he notes, but the question is whether humanity is able to withstand the challenges and thrive.

In the past year, he also initiated the significant Transboundary Haze Pollution Act, passed by the Singapore Parliament, which seeks to penalise companies responsible for deforestation and burning of forests in neighbouring countries, as long as the resulting haze pollution affects Singapore. Most recently, he has been charged with Singapore's initiative to become a Smart Nation by using the latest technologies to improve the lives of citizens - a vision he says "dovetails nicely" with the environment agenda.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

This year we've seen many countries, which would not have made the necessary investments for a low carbon economy, being forced



People wearing masks in a heavy hazy weather morning in October 2014. Located in Sanhao Street, Shenyang City, Liaoning Province, China. Image: Shutterstock.com

Asia has rapidly industrialised in the last two decades, and this whole discussion about which economic growth trajectory we should take has become very abstract. But when people can see pollution, they start to demand better standards.

to do so because of the clear and imminent threat of air pollution. That's why, I believe, China made its recent announcement (to tackle climate change by setting carbon emission targets for the first time). The air pollution, or PM 2.5 — small airborne particles less than 2.5 microns which easily penetrate the lungs and is harmful to human health — is visible, affects people's lives and has become a political issue. This is a positive development because tackling PM 2.5 also means tackling emissions.

Asia has rapidly industrialised in the last two decades, and this whole discussion about which economic growth trajectory we should take has become very abstract. But when people can see pollution, they start to demand better standards.

The other significant macro trend is how the cost of renewable energy, in particular solar, has come down in many parts of the world. In

Singapore, for example, it has become competitive with energy from the grid – that's a big story. What I'm watching with careful attention is the collapse of oil prices. If it stayed above US\$100 per barrel, renewables would benefit. But if it keeps dropping, it would have a deleterious effect on renewable energy and even on natural gas.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Businesses exist first of all to make money. They will do whatever it takes to maximise their revenue and profits. The role of governments and civic society is to demand certain things of them: The first is transparency, second is investment in research and development and thirdly, that they price externalities.

There are some economists who say we should have a universal carbon tax. Theoretically, that is the simplest, most elegant

solution – there should be a global, revenue-neutral carbon tax (which does not raise the overall tax revenue of governments). But on a political level, it's a no-go, because there are too many disparate stakeholders with individual economies and it will be difficult to get people to agree.

It's similar to the problem we have with haze in this region. Companies responsible for deforestation pay no price. Our new Transboundary Haze Pollution Bill is a limited attempt to price this pollution and get people to take responsibility for their actions.

More businesses in Asia are also realising that the environment and economy are no longer trade-offs of one another. Businesses need to be more responsible and play a greater role in managing our environment. This is to create a long-term virtuous cycle where both the environment and the economy can be sustained, while the business remains viable and maintains its competitive edge.

More businesses in Asia are also realising that the environment and economy are no longer trade-offs of one another. Businesses need to be more responsible and play a greater role in managing our environment.



What is your outlook on the progress of sustainable development specifically in Asia?

The World Bank estimates that developing countries will need US\$70 billion to US\$100 billion every year to tackle problems due to climate change. This presents new business opportunities. As countries confront their environmental problems, there will be an increase in demand for services such as waste management, weather forecasting, and disaster risk insurance. As awareness of environmental issues increases, consumers are also changing their buying habits to take into account corporate responsibility.

Ageing populations and declining fertility rates seen in many Asian countries would also affect the progress of sustainable development in the near future. This means that more people who have retired, or are about to retire, continue to have consumption needs. However, we have to fund these needs by drawing down savings and liquidating assets. There are implications on economic growth and businesses when a significant proportion of the population are drawing down savings and liquidating assets for current consumption.

What are your hopes for the coming year as we approach the big deadline for a global agreement on climate change in Paris by year end?

I've now been actively involved in four UN climate change meetings and had access to the innermost circuit of discussions. By being honest brokers and providing intellectual consistency, Singapore is viewed as a constructive player, and in our own small way, facilitated a number of discussions. Copenhagen overreached in terms of ambition and it also failed to adequately consult with all parties in the room. The process cannot be overly ambitious and it cannot be a few parties in a smoky room hashing out a deal. These lessons have been learnt and now you see far greater consultation and transparency.

At the end of the day, to get an agreement will involve trade-offs and compromises. Since Copenhagen, the process has improved. We've moved away from the top-down approach to one that is based on INDCs (intended nationally-determined contributions) – commitments made by countries. We hope that everyone will submit their pledges. And even after that, the question is whether the commitments will be sufficient to avert dangerous climate change.

My view is that even if it's inadequate, it's better to have a multilateral rules-based agreement than to have no agreement at all and no scientific way to measure a country's contribution. So we have to be prepared to compromise on ambition in order to achieve universal participation.

In the meantime, we're helped by the attention on pollution and the economic viability of renewable energy. It's my hope that we'll get universal and domestic participation, and then, with the business case for renewable energy, there's still some hope. I think there's more than an even chance.

What will you and your organisation be working on in the year ahead?

In Singapore, we've just launched the Sustainable Singapore Blueprint, which outlines our strategy for sustainable development in the years ahead. We've tried to pitch it at a personal and human level – it's about bequeathing a viable future for our children, and that there



Night view of Singapore's Marina Bay area. In the past year, the city-state has launched the Sustainable Singapore Blueprint that outlines its sustainability strategy and unveiled its intention to be a Smart Nation. Image: Shutterstock.com

Singapore has also unveiled a vision to become a Smart Nation by using the latest technology to improve the lives of citizens. It dovetails nicely with our vision to be a sustainable city because it will enable us to achieve greater resource efficiency and create safer environments.

is a value in having a green, sustainable city. The other theme is active participation and ownership: At an individual, civic and corporate level, we are seeking ways to promote responsible stewardship.

Singapore has also unveiled a vision to become a Smart Nation by using the latest technology to improve the lives of citizens. It dovetails nicely with our vision to be a sustainable city because it will enable us to achieve greater resource efficiency and create safer environments. For example, we can use technology to make taking public transport more attractive or raise recycling rates. We can also improve healthcare services through smart monitoring systems. The bottom line is that this is about humans, not technology. So the Smart Nation initiative fits in nicely with the environment agenda. As minister in charge of this programme, I see this as a virtuous cycle. 🔄



Image: Green Growth Knowledge Platform

Finance the missing piece in green growth puzzle: **Achim Steiner**

Achim Steiner, executive director of the United Nations Environment Programme, identifies the key requirement for achieving a global green economy and calls for strong political leadership for a successful agreement on climate change in Paris.

BY **VAIDEHI SHAH**

Achim Steiner may run the United Nations Environment Programme (UNEP) and its various efforts to tackle climate change, ecosystem loss and promote green growth. But when it comes to solving the world's challenges, he says the key lies not within the environmental sphere, but outside - in the financial world.

He believes that the global community needs to get the finance sector on board as it is where the money flows to that will determine if the global economy can respond to the sustainability challenge.

Noting that the cost of adapting to climate change "could place a crippling burden on the world economy", Steiner emphasises that even though governments have pledged more than US\$10 billion of financing to help developing countries cope with climate change, more than ten



A solar farm in Thailand. Investing in renewable energy sources such as solar energy is necessary for to cap climate change-causing greenhouse gas emissions. Image: Shutterstock.com

times this amount will be required in the next five years.

In fact, UNEP estimates that up to US\$6 trillion a year is needed till 2030 for countries to improve their energy, transport, water, and urban infrastructure. This is why it has made designing greener financial systems a priority.

The agency launched an initiative called the Inquiry into the Design of a Sustainable Financial System last year and will work with policymakers and businesses to advance a green financial system in the coming years. Already, there are encouraging signs: The recent growth in green bonds markets is one example, notes the UN leader who has helmed the agency for close to a decade.

Steiner, who has German and Brazilian citizenship, has dedicated the bulk of his career to environmental causes: Prior to his appointment as UNEP executive director in 2006, Steiner led the International Union for Conservation of Nature (IUCN) from 2001 to 2006, and the World Commission on Dams before that.

Many corporations are increasingly looking at the issue of climate change as one that will affect their business. In the financial sector, for example, investors are paying close attention to the developments in energy to guide their investment into energy sources and infrastructure.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

The first ever UN Environment Assembly convened in Nairobi in June, and was attended by delegations from 160 countries as well as high-level participants from government, business, and civil society. This collective meeting, which agreed on 16 decisions that encourage international action on major environmental issues ranging from air pollution and the illegal trade in wildlife, to plastic debris in the oceans, chemicals and waste,

was an important milestone in UNEP's 43-year history.

This year, a draft set of Sustainable Development Goals - which will drive the future of development in coming decades - was also agreed in New York in June. The final version of the text is now being negotiated.

We also saw the concept of an inclusive green economy maturing in both industrialised and emerging economies. In the field of renewable energy, for example, South Africa, which adopted a green energy policy three years ago, has just raised US\$14 billion for investments in wind and solar energy. Kenya is also channelling 90 per cent of its investment in upgrading its electricity infrastructure into renewable energy generation facilities.

The financial sector is also beginning to recognise the importance of sustainable development, as evidenced by the increase in the issue of green bonds this year. The value of bonds

issued in the period January to October 2014 rose to US\$32 billion, compared to US\$11 billion for the whole of 2013.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Businesses will still be plagued by economic uncertainty, thanks to a global economy that remains vulnerable and unpredictable. At the same time, many corporations are increasingly looking at the issue of climate change as one that will affect their business. In the financial sector, for example, investors are paying close attention to the developments in energy to guide their investment into energy sources and infrastructure.

I believe that global sustainability efforts should focus on the financial world because investment decisions will impact how well economies can respond to global challenges.

Pledges by large corporations on sustainability issues such as deforestation and energy use will have implications for small and medium enterprises, which will need to evolve more efficient production techniques and technologies. This will require significant investment. Governments must put in place the right policies and incentives – and where necessary, financing or subsidies – to allow SMEs to perform well in a more resource-constrained and consumer-sensitive economy.

What is your outlook on the progress of sustainable development specifically in Asia?

We are seeing a far greater awareness in Asia of the link between health and pollution. The link between economic progress, pollution, and sustainability is also one that will gain more attention.

Climate change is driving an expansion of renewable energy in Asia, and the increased demand will make renewables more economically viable – this is being seen in the shortages of solar technology, and growing investment in the sector in Asia.

It remains to be seen if this rapidly developing and urbanising continent can transition away from fossil fuel-based infrastructure towards a clean energy economy, or from private cars to a culture of low-carbon public transport. The

We are seeing a far greater awareness in Asia about the link between health and pollution across the continent. The link between economic progress, pollution, and sustainability is also one that will gain more attention.



Image: UNEP

type of infrastructure that receives investment in Asia will be important, as this will affect companies and economies for years to come.

I am cautiously optimistic about how Asia will fare on sustainability in the long term. There are positive examples of sustainable development being implemented across the region, but the pace of transition is still too slow in most economies to effectively contain the negative impact of climate change.

Speeding this up boils down to economic policy. Global fossil fuel subsidies, for example, amount to about US\$700 billion a year – such significant subsidies inevitably drive investments in carbon-intensive energy. Therefore, economic policy must support sustainable investing and infrastructure development.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

In Lima, virtually all countries recognised the need for a global framework for climate action. But the negotiations also demonstrated that the issue of different obligations between developing and industrialised economies is difficult to resolve.

What is needed now is strong political leadership that can frame a broad agreement on how developing and developed nations can work together to mitigate climate change. This, along with corporations supporting the goal of a deal in Paris, will be a critical necessity over the next eleven months, so that a successful agreement can be reached.

I hope we will see more of the proactive political leadership that resulted in the US-China deal and EU emissions reduction pledge, so that in Paris, we will not be negotiating partial elements of an agreement, but a unified framework for climate policy.

What will you and your organisation be working on this year?

We are spending much time with leaders from the economic and corporate sphere to demonstrate that it is important to act on climate change, but there are also many opportunities in doing so.

We are focusing on the post-2015 sustainable development goals. We see the universal



Hybrid buses ply the streets in London. The European Union in October pledged to cut greenhouse gases by at least 40 per cent by 2030. Image: Shutterstock.com

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objectives as an essential set of guiding posts for both industrialised and developing countries. We are also conducting a study into the design of sustainable financial systems, which will examine how central banks and regulatory authorities can facilitate a transition towards more sustainable economies. A report of our findings will be published at the end of the year.

In addition, we are significantly expanding our work in the field of wildlife protection at the request of governments struggling with the illegal wildlife trade, which is worth US\$213 billion a year. We will work with the United Nations Office on Drugs and Crime and signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) to help governments strengthen national legislation on this issue, and raise public awareness to reduce consumer demand for illegal wildlife products. 🌱



Images: UN-ESCAP

Private sector must foster inclusive growth:

Shamshad Akhtar

The private sector will have a central role to play in the global development agenda going forward and must prioritise inclusive growth, says UN-ESCAP executive secretary Shamshad Akhtar.

BY VAIDEHI SHAH

For more than three decades, Shamshad Akhtar, executive secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), has been an instrumental figure in helping multilateral development banks weather global upheavals such as the 1997 Asian Financial Crisis and the 2010 Arab Spring revolutions.

Today, as the head of the UN agency for economic and social development in Asia Pacific, Akhtar brings her economic expertise to the organisation's work on a wide range of issues such as natural disasters, income and gender inequality, and sustainable development in the region.

Even as Asia Pacific strives for prosperity, inequality poses a threat to the region's economic dynamism, says Akhtar, who

identifies reducing inequality and eliminating extreme poverty as key to the region's sustainable future. The private sector has the power and potential to lift people out of poverty and income deprivation, and can take steps such as impact investing, creating job opportunities, and offering social protection and benefits to do so, she adds.

Akhtar, a Pakistani, previously held leadership positions in the Asian Development Bank and the World Bank, and was also the first woman to serve as the governor of the Central Bank of Pakistan in 2006. Recognised by the Asian Wall Street Journal as one of the top 10 professional women in Asia in 2008, she took the reins at ESCAP in December 2013.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Firstly, the protracted nature of the global financial crisis has created substantial uncertainty for business and global recovery has been uneven. The Asia-Pacific region has shown good resilience and withstood the crisis quite well, but private sector trade prospects have been affected by weak external demand.

Continued efforts to revive the economy through a combination of monetary and fiscal policies need to be accompanied by broad structural reforms to encourage businesses to operate more efficiently. Business nonetheless benefited from intra-regional trade, which has been fairly high in Asia and the Pacific.

In addition, in 2014, the United Nations system and member states focused on tackling the challenges of climate change, with the foundations for a new deal emerging from the Lima Conference.

The initiatives and policies that resulted from the UN's work on climate change have begun to change how business operates, and require real private sector support to succeed. There is a growing understanding that we cannot elim-

There is a growing understanding that we cannot eliminate poverty and build sustainable economies without strengthening climate resilience and ensuring cleaner, safer patterns of consumption and production.

inate poverty and build sustainable economies without strengthening climate resilience and ensuring cleaner, safer patterns of consumption and production.

Lastly, there was also much progress in 2014 on defining the post-2015 development agenda. This framework, which will guide future efforts in economic and sustainable development, identifies businesses and industries as key drivers of growth. The private sector has the opportunity to deliver widespread benefits for society by developing products, services and business models that solve global challenges.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

The first theme is inclusive growth: how to better share the benefits of prosperity more equitably. This is important for the private sector because addressing income inequality will lead to more business opportunities and expansion of markets. Rising incomes are already driving a significant expansion of the middle class in Asia, which creates more demand for goods and services.

A second, complementary theme is regional economic cooperation and integration. As countries in the region prosper, there are more opportunities for the private sector to benefit from increasing trade within the region. To support this, investments in infrastructure connectivity – including transport, energy and Information and Communications Technology (ICT) – are essential. Financial cooperation to

mobilise and channel funding towards these areas is also critical.

The emergence of new regional development banks, such as the Asian Infrastructure Investment Bank and the New Development Bank of the BRICS (Brazil, Russia, India, China and South Africa), can play a very important role in supporting existing sources of funding and making possible massive infrastructure investments. And in turn, huge opportunities for businesses to expand their participation in trade and investment.

In the Asia-Pacific region and elsewhere, the inequalities that have risen alongside economic growth must be tackled and reduced in all their forms.

What is your outlook on the progress of sustainable development specifically in Asia?

In the Asia-Pacific region and elsewhere, the inequalities that have risen alongside economic growth must be tackled and reduced in all their forms. This is important for the private sector too, as prevailing inequalities will undermine the region's economic dynamism.

ESCAP has calculated that, had inequality not increased in the three largest countries of the Asia-Pacific region, namely China, India and Indonesia, an additional 190 million people would have been lifted out of poverty since the 1990s. Fundamentally, whether related to income, opportunity, or power, we need to reduce the inequalities in Asia through action that supports and promotes human rights and which eradicates the structural causes of inequality.

This could involve strengthening social pro-



tection and creating decent and productive work for all; ensuring universal access to public services such as education and healthcare, and guaranteeing civil and political freedoms. This is especially important to empower women and youth across our region.

I am deeply optimistic about our regional prospects. The Asia-Pacific region has the dynamism, the resources, the know-how and motivation to not only drive global growth, but also to lead on sustainable development. The key to the future we want is pro-poor growth which eliminates extreme poverty and reduces inequalities, while ensuring the health of our natural environment.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris? The Paris summit this year has to deliver ambitious goals and actions to stave off further acceleration of climate change and put the world on a safer trajectory, in spite of the political difficulties in the process of negotiations.

The five UN Regional Commissions, including ESCAP, have an important role in facilitating such agreement, especially through supporting our developing member states to push forward national strategies which focus on both their development aspirations and climate actions. We need a shift away from the conventional “trade-off” mind-set, and to strengthen the flow of climate financing and clean technology transfer to developing countries.

What will you and your organisation be working on this year?

The next ESCAP Commission session, which is the largest and most inclusive annual inter-governmental meeting for the countries in Asia Pacific will be held in May 2015. It will focus on carrying forward dialogues on sustainable development, exploring how to facilitate integration and implementation of sustainable development goals and the financing arrangements that will be needed to implement the post-2015 development agenda.

These dialogues at the Commission session will feed into the wider global debates and ne-



Students cycle to school in rural Cambodia. Asia's high rates of population and economic growth pose challenges for sustainable development in the region, but also opportunities for innovation. Image: Shutterstock.com

The Asia-Pacific region has the dynamism, the resources, the know-how and motivation to not only drive global growth, but also to lead on sustainable development. The key to the future we want is pro-poor growth which eliminates extreme poverty and reduces inequalities, while ensuring the health of our natural environment.

gotiations on sustainable development goals, as well as to the Third International Conference on Financing for Development, to be held in July in Addis Ababa.

At ESCAP we are focused on growing our support for least developed and landlocked developing countries, as well as the Pacific Island developing States. The promotion of greater regional economic cooperation and integration will be critical in advancing these interests and in building prosperity for all the people of Asia and the Pacific. 🌐



Image: City Developments

Responsible companies have the competitive advantage:

Kwek Leng Joo

With green consumerism on the rise, especially in Asia Pacific, there are tremendous opportunities for companies to make a meaningful impact on communities and the environment as they grow their business, says Singapore Compact president Kwek Leng Joo.

BY JESSICA CHEAM

Back in the 1990s, when the term ‘corporate social responsibility’ was hardly uttered in Asia - a region obsessed with growth and where awareness of CSR only grew in recent years - Kwek Leng Joo, deputy chairman of Singapore-listed property developer City Developments Limited (CDL), was already practicing elements of it through the company’s operations.

Currently also the president of the Singapore Compact for CSR (the local chapter of the United Nations Global Compact), the CSR pioneer became known over the years within corporate circles for transforming CDL into one of the world’s leading sustainable businesses with the philosophy “conserve as we construct”. The developer is listed on three global sus-

tainability benchmarks: the FTSE4Good Index, Global 100 Most Sustainable Corporates by Corporate Knights, and the Dow Jones Sustainability Index.

An avid nature lover and photography enthusiast who publishes annual calendars featuring photos of Singapore's naturescape taken by himself, Kwek has advocated CSR and sustainability to the local business community and youth for decades.

Far from approaching CSR as an obligation - common among many Asian corporate honchos - Kwek views it as a competitive advantage. Recent evidence has emerged that prove that consumers prefer to buy products and services from responsible companies, he says, and this means companies that offer eco-products will have an advantage in this competitive consumer landscape.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Companies now face increased environmental responsibility and accountability due to increased regulation and public pressure through social media. The latter reaches the masses instantly, permanently and can be unforgiving, this is why engagement has become a buzzword in the corporate sphere and companies need to be proactive rather than reactive.

In October, Singapore Exchange said it will be mandating that all listed companies publish sustainability reports. This is timely and will have a significant impact. There 770 listed companies in Singapore, but only 27, or 3.5 per cent of them, produce sustainability reports, according to the Global Reporting Initiative (GRI) database. The new rule may position Singapore - a hub for many industries in Asia - as a steward for sustainability standards.

Consumers are also increasingly demanding that firms operate in a responsible manner. According to a 2014 survey by Nielsen, 55 per cent



Bananas bearing the FairTrade certification, which denotes environmentally and socially sustainable production practices. Studies show consumers are willing to pay more for responsibly made products. Image: Shutterstock.com

According to a 2014 survey by Nielsen, 55 per cent of global online consumers across 60 countries said they are willing to pay more for products and services provided by companies that are committed to positive social and environmental impact.

of global online consumers across 60 countries said they are willing to pay more for products and services provided by companies that are committed to positive social and environmental impact. With green consumerism on the rise, there are tremendous opportunities for companies to make a meaningful impact on communities and the environment as they grow their business.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Singapore, like many parts of the world, has seen increasing demands for accountability and transparency. I think sustainability reporting will increase significantly in 2015. To avoid being left behind, companies will need to start planning their sustainability efforts and reporting early. Over the years, CDL's

efforts in sustainability have enabled us to enjoy first-mover advantage. As a result, environment-related legislation in our industry have had little business impact on our operations. Sustainability reporting has led us to establish frameworks, systems and processes where we can manage, monitor, measure and improve on the materiality issues that affect our business and stakeholders.

Specifically for the building industry, there is also greater emphasis on collaboration. In Singapore, the government has launched a third green building masterplan to move beyond building structures and hardware to focus more on end-users. In October, we launched a Green Lease Partnership Programme to engage, encourage and enable tenants to play a more proactive role

The global conversation needs to shift beyond who should take more responsibility – developed or developing nations - to a sense of shared duty: what we are doing about it and how can we contribute and benefit.



Artist's impression of Canberra Drive in Singapore. CDL is the first developer in Asia to use Prefabricated Prefinished Volumetric Construction (PPVC) to build a large-scale residential development. Image: City Developments

in Singapore's sustainable development. For example, we jointly developed a new digital energy monitoring portal for tenants with Tuas Power that will give tenants near real time tracking of their energy consumption via any mobile device.

With collective effort among the business community, government and community at large, I believe sustainability among corporates will be pushed a notch higher.

What is your outlook on the progress of sustainable development specifically in Asia?

A survey conducted earlier in 2014 by McKinsey among 3,000 business executives worldwide showed that companies no longer question the importance of sustainability, though not all succeed in implementing it to reap full financial, social and environmental benefits. Another global survey by Nielsen in 2014 showed that the propensity to buy socially responsible brands is the strongest in Asia-Pacific at 64 per cent. These findings augur well for sustainability in this part of the world.

More companies are convinced that they have to embed sustainability into their business goals, mission and values. On the other hand, more consumers are increasingly showing a preference for green products. This clearly shows that companies that offer eco-products will have an advantage in this competitive consumer landscape.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

Scientists have declared 2014 to be the hottest year on record. There is no standstill in global warming and the world urgently needs to mitigate climate change. The global conversation needs to shift beyond who should take more responsibility – developed or developing nations - to a sense of shared duty: what we are doing about it and how can we contribute and benefit.

Just like corporations, global economies need impetus. Perhaps an equitable 'Sustainability Index' using carbon per capita may be created as an instrument to measure economic success,



City Square Mall – Singapore's first eco mall promotes sustainable lifestyle habits such as recycling among shoppers. Image: City Developments

instead of relying on just measuring GDP using dollars per capita.

Singapore is one of the most consumerist societies in the world but we are behind other Asian cities like Tokyo and Taipei when it comes to eco-habits such as recycling. While we have already made much progress, a lot more can be done through early education to shape mindsets and behaviour.

With clean energy as a key economic growth area in Singapore, perhaps energy consumption data of buildings can be transparently published and compared between buildings and even apartments. In the long-term, my hope is for every home and workplace building to be carbon positive and climate neutral. This may not happen in my lifetime, but it is a vision that we can work towards.

What will you and your organisation be working on this year?

This year marks the 20th year of CDL's sustainability commitment. Back in the 1980s and 1990s, the building and construction industry was widely perceived to be destroying the environment. It was very clear to us then

Singapore is one of the most consumerist societies in the world but we are behind other Asian cities like Tokyo and Taipei when it comes to eco-habits such as recycling.

that a paradigm shift was required and in 1995, we established our vision to 'conserve as we construct'. Innovation has since been a key driver of our company philosophy and we continue to push boundaries and revolutionise how buildings can be constructed in a more sustainable way.

In 2015, CDL will be the first developer in Asia to adopt the game-changing advanced construction technology, Prefabricated Prefinished Volumetric Construction (PPVC), for a large-scale residential development. This is likely to be the largest application of PPVC of its kind in the world. Compared to using conventional methods, we expect PPVC to increase productivity by more than 40 per cent, save some 55,000 man days, and enable the project to complete four months ahead of schedule. This may well revolutionise the way we build for the future. 🌱



Images: Forum for the Future

Companies must gear up for an ultra-transparent future:

Sally Uren

Forum for the Future CEO

Sally Uren predicts that businesses will be subject to more scrutiny than ever in the digital age and will need to look beyond sales and profits to connect with increasingly conscious consumers.

BY VAIDEHI SHAH

As the chief executive of UK-based non-profit Forum for the Future, Sally Uren is a firm believer that making good business decisions requires gazing far into the future to identify trends that will affect companies in the long run.

One such trend which she predicts will impact businesses worldwide is the growing demand for transparency. The spread of digital technology, combined with increasing consumer awareness about how products are made, will leave companies with nowhere to hide, says the Briton.

Businesses will soon have no choice but to evolve accountable and responsible processes, and communicate a deeper purpose beyond profit to their customers, notes Uren. Helping companies form strategies and policies to do just that is part of her organisation's mission.



Wild Orangutan in the forest of Borneo, Indonesia. Companies such as Kellogg's, Cargill, and Asia Pulp and Paper in 2014 made pledges at the 2014 UN Climate Summit to end deforestation by 2030. Image: Shutterstock.com

It works on sustainability projects with a network of over 130 global partners including shipping firm China Navigation Company, agribusiness Sime Darby, and retailers Marks and Spencer on improving major global systems such as in food, energy, shipping, and retail.

Examples of projects Uren has led include Consumer Futures 2020, a toolkit of possible future trends to help retailers and manufacturers plan ahead; and Tea 2030, a global coalition of tea growers, packers, and certifiers working on challenges such as water

I have seen multinationals and large corporations show greater willingness to commit to important targets around deforestation and to collaborate on sustainability solutions.

scarcity and the vulnerability of crop yields to climate change.

Uren joined Forum for the Future in 2002 and has worked her way up the ranks to helm the organisation in July 2013. The non-profit,

which was set up in 1996 to lead the public and private sectors down a sustainable path, has since grown into a prominent global sustainability organisation with regional offices in the United States, India, and Singapore.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

This past year, I have seen multinationals and large corporations show greater willingness to commit to important targets around deforestation and to collaborate on sustainability solutions. For example, the New York Declaration on Forests, signed at September's UN Climate Summit, saw companies such as Kellogg's, Nestle, palm oil giant Cargill, and Asia Pulp and Paper sign a pledge to halve deforestation by 2020 and end it by 2030. A total of 35 corporate giants including Google, Coca-Cola, Facebook

Businesses will need to be aware of a new, emerging era of ultra-transparency, where the ubiquity of social media and mobile technology allows consumers to constantly scrutinize how they operate. There is nowhere to hide.



and McDonald's have also come together to launch Collectively.org, a futures-based platform aimed at making sustainability desirable to millennials.

I think these shifts in corporate attitudes come out of a realisation that firstly, sustainability issues are so complicated that no one organisation can solve them alone; secondly, some companies, especially those that rely on commodities, are realising that deforestation and climate change will have material impact on their work, which motivates them to address these issues.

I have also seen faint glimmers of companies beginning to look at shareholder value as more than just profit. For example, when questioned last year by a shareholder on the return on investment (ROI) of Apple's environmental policy, chief executive Tim Cook responded that "doing the right thing" was more important than ROI.

To bring this concept into the mainstream, the financial services sector needs to look beyond the short-termism of quarterly reporting to long-term sustainability. While the benefits of sustainability such as cost savings are widely known, corporates also need to be rewarded for environmental sustainability by investors, who should allocate more capital to organisations that are sustainability leaders. The stock market currently rates companies according to financial performance alone, but environmental performance needs to be factored into these metrics too.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Businesses will need to be aware of a new, emerging era of ultra-transparency, where the ubiquity of social media and mobile technology allows consumers to constantly scrutinize how they operate. There is nowhere to hide.

We will also see increased public awareness on issues like inequality and resource scarcity - consumers are becoming concerned citizens, who will put pressure on businesses to do more on environmental stewardship than before.

Consumer-facing brands, for example, will have to meet growing expectations on the environmental and social values behind their products, and be more authentic about communicating a corporate purpose beyond increasing sales.

What is your outlook on the progress of sustainable development specifically in Asia?

We will continue to see steady progress on this front, but it is not as certain if it will be transformational or rapid.

In the run-up to the climate change conference in Paris (COP 21), I hope to see big businesses engage their huge customer bases to demand an agreement on climate change. Currently, brands such as Ben and Jerry's are already educating people on causes such as responsible dairy farming. If companies such as Unilever, whose products reach millions daily, could galvanise its customers to support action on climate change, that could be a game-changer.

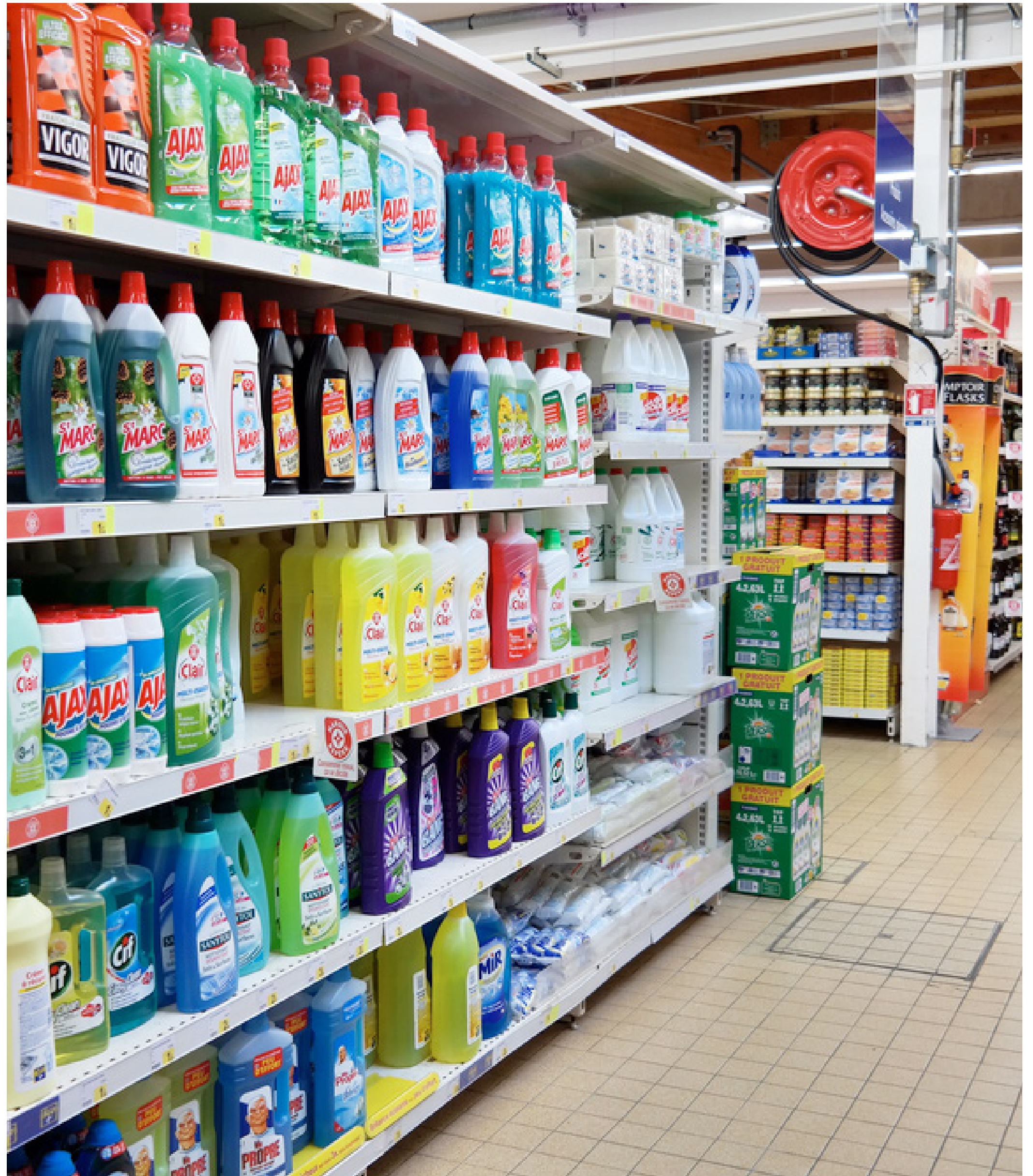
What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

I wish to see a global agreement on curbing carbon emissions and a price on carbon. I would also like to see developed nations working with emerging economies to agree on a common framework for mitigating climate change. I worry that a failure to do so will undermine our ability to address it.

Businesses also want to see a global agreement reached, because it is difficult for them to go the extra mile on reducing emissions without a price on carbon and supportive government policy. The private sector and civil society both want a strong climate deal, but governments around the world seem unable to reach a common understanding.

What will you and your organisation be working on this year?

I am the most excited about the Futures Centre, which Forum for the Future will launch early next year. It is being built from the Singapore office. Asia, as a fast-paced dynamic region, was an attractive location for the centre.



A supermarket shelf stocked with cleaning supplies. Unilever, which makes household products such as detergents and cosmetics, has a customer base of 2 billion people. Image: Shutterstock.com

Currently, brands such as Ben and Jerry's are already educating people on causes such as responsible dairy farming. If companies such as Unilever, whose products reach millions daily, could galvanise its customers to support action on climate change, that could be a game-changer.

It will combine our knowledge of the tools and techniques for futures analysis and editorial expertise to give current decision-makers the information they need to make better decisions for a sustainable future. I'm excited about how it will help inspire and enable others to create change. ☺



Reducing carbon emissions is serious business:

Toby Heaps

For policymakers and companies to take serious action on climate change, investors need to send a clear message sustainability is important to them, says Corporate Knights chief executive Toby Heaps.

BY VAIDEHI SHAH

While the 2008 global financial crisis has seriously dented public confidence in the efficacy of markets, Toby Heaps, founder and chief executive of Canadian investment advisory firm Corporate Knights Capital remains unshakeable in his belief that market forces are the most powerful mechanism for transforming the global economy to a sustainable and low-carbon one.

These days, his sole daily preoccupation is thinking up ways to increase investment in responsible companies. Driven by a conviction that access to information about a company's environmental and social performance would help investors support ethical companies, Heaps, who is Canadian, founded Corporate Knights in 2002 which have become known as curators of the world's first global corporate sustainability ranking called Global 100 Most Sustainable Corporations in the World (Global 100).

In 2011, the firm set up an investment advisory and research arm, which publishes company rankings and research reports on corporate sustainability performance on top of of-

Images: Corporate Knights

fering advice to companies on improving their sustainability.

Heaps, who also serves on the board of non-profit The Natural Step Canada, which develops sustainable business strategies and awareness programmes, and has previously been press secretary to American presidential hopeful Ralph Nader, is optimistic about the year ahead.

The landmark climate deal signed by the United States and China, which will see both nations curbing the growth of their carbon emissions, will drive governments and businesses towards more significant action on mitigating climate change, he says.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

The launch of the Montreal Carbon Pledge in September - it commits investors who sign the pledge to measure and publicly disclose the carbon footprint of their investment portfolios every year. The initiative aims to attract pledges from institutional portfolios worth a total of US\$3 trillion ahead of the 2015 UN climate conference in Paris, otherwise known as COP 21. This pledge supports the goals of the Portfolio Decarbonisation Coalition, an initiative led by the United Nations Environment Programme's Finance Initiative and CDP, which aims to get investors to commit to decarbonising US\$100 billion of investments by COP 21.

The US-China deal has also been a major step forward this year, mostly due to China's commitment to peaking its carbon emissions by 2030. This is important because the country is likely to have the power and government drive to deliver on their promise. And if the publicly announced deadline is 2030, the goal is likely to be met even sooner.

It is also significant that the market for green bonds - which specifically fund energy efficiency, renewable energy, and clean mobility projects - grew 400 per cent in 2014, and is unlikely to slow down in the near future.



Chinese premier Xi Jinping in November signed a deal with US President Barack Obama to curb their countries' carbon emissions. Image: Shutterstock.com

The US-China deal has also been a major step forward this year, mostly due to China's commitment to peaking its carbon emissions by 2030. This is important because the country is likely to have the power and government drive to deliver on its promise. And if the publicly announced deadline is 2030, the goal is likely to be met even sooner.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

The idea of decoupling carbon emissions and consumption of natural resources from growth is a key theme for businesses not just next year, but every year for the next century. The fact that in many countries, its GDP (gross domestic product) is growing faster than their energy consumption indicates that this process is slowly taking place.

There are about 40 countries and 20 cities today that have implemented or plan to introduce a carbon price - I think we will see this grow, and not just in developed economies like Europe and California. A lot of the progress is likely to happen in emerging economies.

What is your outlook on the progress of sustainable development specifically in Asia?

It is an encouraging trend that 43 per cent of the companies listed in the Standard and Poors (S&P) 500 index today link the bonuses of their chief executives to sustainability criteria. A decade ago, this would have been under five per cent. In 2015, we will see an increasing alignment of material sustainability factors with compensation for corporate leaders. This is a really powerful driving force

In 2015, we will see an increasing alignment of material sustainability factors with compensation for corporate leaders. This is a really powerful driving force for sustainability because people respond to what they get paid to do. I would like to see this figure increase from 43 per cent to 65 per cent this year.



for sustainability because people respond to what they get paid to do. I would like to see this figure increase from 43 per cent to 65 per cent this year.

There is a space race towards the low-carbon economy, and in 2015, an increasingly urbanized and capitalized Asia will make significant progress in closing the gap between low-carbon investment and deployment.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

The major breakthrough that was needed for a Paris agreement has already been made. China's commitment was the roadblock that prevented other countries from taking steps to reduce their emissions, but its recent pledge to peak emissions by 2030 has cleared the path for a successful deal in Paris. It is now easier for emerging economies like Brazil and India to promise emissions cuts, put a tax on carbon, and other measures. It remains to be seen how many countries will follow suit and take strong action on the environment.

What will you and your organisation be working on this year?

We launched three low-carbon indices last year that highlight companies in carbon-intensive sectors such as energy, materials, and utilities, whose operations have a lower carbon intensity than the rest of the sector. The three indices so far list companies in Canada, Europe, and North America. I'm excited about launching more such indices that empower sustainability-conscious investors to move money based on their values. We would like to expand our low carbon indices to Asia. These rankings will motivate companies to reduce their carbon emissions so that they can be portrayed favourably to investors, and guiding investment decisions.

I hope for Corporate Knights to play a role in channelling trillions of dollars of potential investment into low-carbon companies, as doing so sends a powerful signal to policymakers and companies that reducing their carbon emissions is serious business. 🌱

Climate change is the biggest risk: Lucille Sering

The head of the Philippines Climate Change Commission says extreme weather events that have devastated the country are validating what science has long warned and that climate change remains the biggest risk for governments and businesses.

BY MEDILYN MANIBO

There is no doubt for Philippines Secretary Mary Ann Lucille Sering that climate change is the biggest risk for governments and businesses, especially given clear evidence from both the scientific community and the increase of extreme weather events around the world.

“Our typhoons have already spoken on our behalf,” noted the Philippines climate commissioner and lead negotiator at the United Nations climate change conference in Lima, Peru last month. In the past two years, the country has bore the brunt of major typhoons - Hagupit last December and Haiyan the year before - which devastated large swathes of the country, taking lives and destroying billions of dollars in infrastructure and agriculture.

These typhoons are “validating what science has long warned”, says Sering. As executive director and vice chairperson of the Philippines Climate Change Commission (CCC), she leads the five-year old government agency in finding ways



Image: Philippines Climate Change Commission



A banana plantation in Mindanao was destroyed by a strong typhoon that hit the Philippines in December 2012. Bananas are a big export earner for the country. Image: UN OCHA/ Imogen Wall

Our typhoons have already spoken on our behalf...validating what science has long warned. Addressing climate change risk is addressing business risk.

and solutions to embed climate change adaptation and mitigation strategies in all areas of government, and also on getting businesses to address these risks at the local level.

She has pushed for a People's Survival Fund aimed at helping local governments finance adaptation to climate change and disaster risk management. She is also known for promoting sustainable urban planning concepts to local governments, which aims to build resilience of communities and ecosystems. Before taking off to Peru, Sering led the CCC in holding the Climate Consciousness Week last November, which featured the country's second business summit on climate change. She told local business leaders then: "Addressing climate change risks is addressing business risks."

She recently took over the role of president of the Climate Vulnerable Forum, an intergovernmental partnership between 20 countries which are highly affected by climate change. CVF countries include Afghanistan, Bangladesh, Barbados, Bhutan, Ethiopia, Ghana, Kenya, Kiribati, Madagascar, Maldives, Nepal,

Rwanda, Saint Lucia, Tanzania, Timor Leste, Tuvalu, Vanuatu and Vietnam.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

The fifth assessment report of the Intergovernmental Panel on Climate Change (IPCC) issued last year is a significant document because an overwhelming majority of scientists, or at least 95 per cent of them, finally agree that the increase in global temperature since the 1950s is human-induced.

Extreme weather events, water scarcity, biodiversity loss and other global warming-related changes in the environment will increasingly affect businesses and how they operate. We have seen how extreme weather changes have disrupted business operations not only in Philippines, but in many parts of the world. These events cause setbacks to sustainable development especially for developing countries like ours.

The UN climate summit in New York last September was also an important event where a number of world leaders signalled their intent to act urgently on climate change.

The subsequent announcement by United States and China regarding emissions reduction at the APEC summit was also a welcome development. Work will continue towards a global emissions reduction agreement in Paris but countries must step up between now and Paris if we are to meet the deadline in December.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Climate-related risks brought by these extreme weather events such as floods and how to address them. Even as the Philippines embark on a low emission development strategy, including increasing the national budget for climate change actions and programmes, the cost of damages from typhoons even before Haiyan in 2013 was already around 2.7 per cent of our gross domestic product.

In other countries, climate related risks are also evident. In Thailand in 2011, for

example, severe floods brought Bangkok to a standstill and its manufacturing industries, seriously affecting the global electronics industry's supply chain. Corporations should start investing in ways that will reduce the impact of climate disasters in order to become sustainable.

What is your outlook on the progress of sustainable development specifically in Asia?

Pursuing sustainable development that is inclusive and transparent remains a challenge as sustainability requires a paradigm shift on individuals' lifestyles, which means people have to consciously choose low-carbon technologies and renewable energy sources and responsible production and consumption of goods, among others.

There are a growing number of people who are aware of this need but that number remains small. Awareness should be translated to actions and our media should be empowered as well so they can also contribute in changing the current mindset.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

Hope springs eternal - I hope that a balanced, well-structured and coherent draft text will be achieved in Paris.

The world knows that time is no longer on our side. The countries that are negotiating for climate change policies should start reassessing their political stand to a more science based approach. Science has already stated what the world needs to address climate change, which means know-how and technologies are already available and innovation continues to grow. What else do we need to know?

What will you and your organisation be working on this year?

We will be conducting a series of consultations on our intended nationally determined contributions, which will embody the specific actions of the country to emissions reduction and hopefully make our submissions before the Paris climate summit.

We also accepted the presidency of the Climate Vulnerable Forum, a group of 20 most vulnerable countries. We will take the lead in highlighting not only our vulnerabilities, but also exchange ideas and learn from each other.

In the climate negotiations, we will push for human rights to be a climate justice issue and hopefully incorporate it in the global agreement in Paris. We will continue to provide technical assistance to various local governments in climate proofing their land use plans. 🌱

The cost of damages of climate risks on private businesses are evident, as we have seen how floods in Thailand in 2011 affected the global electronics industry's supply chain. Corporations should start investing in ways that will reduce the impact of climate disasters in order to become sustainable.



Image: IISD Reporting Service



Images: WBCSD

Never has the drive for ambitious policies and radical action been so strong: **Peter Bakker**

World Business Council for Sustainable Development president Peter Bakker says that current CSR initiatives by companies do not adequately address sustainable development, but national commitments by US, China and the EU to tackle climate change may force the private sector to step up efforts.

BY VAIDEHI SHAH

Peter Bakker, president and chief executive of the World Business Council for Sustainable Development (WBCSD), has been at the forefront of corporate sustainability efforts for years and is no stranger to the challenges companies face in raising sustainability standards. But, in his view, the drive for ambitious policies and radical action has never been as strong as it is today.

For a long time, the private sector's efforts to operate more sustainably have been largely confined to corporate social

responsibility (CSR) or standalone green initiatives, says Bakker. But national-level pledges made by some of the world's largest emitters last year - including a deal between the United States and China to cut their carbon emissions - will send the private sector the right signals to propel climate action, he says.

Bakker, who led Dutch logistics giant TNT as chief executive before taking the helm at WBCSD in January 2012, has been rallying businesses to act on sustainability issues before sustainability became a buzzword.

He helped TNT achieve a high position on the Dow Jones sustainability index through setting ambitious emission-reduction targets for the company and launching social programmes such as one with the UN World Food Programme (WFP) where TNT provided financial and logistics support to the organisation.

Today, Bakker leads WBCSD's efforts to develop solutions for pressing sustainability challenges such as in energy efficiency, forest management, emissions reductions, and low-carbon transport. The council engages its 200 members - senior leaders of companies from more than 30 countries and 20 industrial sectors - to collaborate on solutions that drive sustainable development.

Bakker, who received the Clinton Global Citizen Award in 2009 for his contribution to solving global hunger through his work at TNT, says that solving problems in a resource-constrained world will require innovative thinking from the business world - a goal that will remain on top of the corporate agenda this year.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Climate change was high on the sustainability agenda, with the 5th IPCC assessment report signalling disastrous consequences if greenhouse gas emissions continue. It is therefore necessary for energy, industry, agriculture,

Today, the collective CSR and sustainability activities of businesses have not yet achieved the scale and impact needed to reverse negative environmental, economic and societal trends.

and forestry ecosystems to transform to more low-emission operations.

The UN Climate Summit in New York in September was an important milestone, where businesses joined governments, academia, and civil society to mobilize action and political will towards a global climate agreement in 2015.

Earlier in June, the World Bank also released a statement that underscored the importance of putting a price on carbon, which gathered support from 73 countries and over 1,000 companies and investors. This demonstrated that carbon pricing will be a key instrument in driving the shift towards a low-carbon economy.

Separately in July, the European Commission published its circular economy package, a set of laws to boost recycling, reduce waste and inspire new zero-waste business models which are crucial for a sustainable future. Initiatives which minimise waste and increase reuse of resources are estimated to yield €600 billion in annual savings and create 180,000 jobs by 2030.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

The new economic, environmental and social landscape requires business to provide innovative solutions to complex systemic challenges. Today, the collective CSR and sustainability activities of businesses have not yet achieved the scale and impact needed to reverse negative environmental, economic and societal trends. Addressing these challenges in an efficient man-

ner will continue to be on top of the corporate agenda in 2015.

As the concept of business ‘value’ expands beyond financial gains to long-term economic, social, environmental and ethical factors, more sustainable companies will be recognised and rewarded. This will motivate more companies to scale up their own sustainability efforts.

Tackling climate change will also remain a high priority for business. Achieving the ambitious goals required to keep the planet within the safe limits of temperature increase to 2 degrees Celsius will require smart policies and collaboration among various stakeholders. WBCSD will be sup-

porting an on-going dialogue with policymakers and other stakeholders to help create scale fast.

What is your outlook on the progress of sustainable development specifically in Asia?

I foresee positive progress on sustainability in Asia in 2015. A key development that will drive this is the expansion of WBCSD’s Action 2020 platform in Southeast Asia. The platform is an actionable agenda for business to drive sustainable development, and six partner organisations of the WBCSD (Indonesia, Singapore, Vietnam, Thailand, Malaysia and the Philippines) have recently joined forces to launch this programme in the region.

This partnership will help scale up business solutions to solve environmental and social problems and serve as a dialogue partner for stakeholders such as the Asean (Association of Southeast Asian Nations) secretariat, governments, institutions and other NGOs.

“As the concept of business ‘value’ expands beyond financial gains to long term economic, social, environmental and ethical factors, more sustainable companies will be recognised and rewarded.”



A large mural as a symbol of hope was erected during the final days of COP20 climate change conference in Lima, Peru. Image: IISD Reporting Services

China's 13th Five-Year Plan (2016-2020) for economic and social development is another source of optimism for sustainability in Asia. It is expected to integrate measures to boost energy-efficiency and environmental protection, building on the positive development of China's recent agreement with the US to increase the non-fossil fuel share of all energy to 20 per cent and to peak its carbon dioxide emissions by 2030. Innovative Chinese companies are already making significant progress in the clean energy sector.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

The political momentum for an ambitious global climate agreement has been growing. In October, EU leaders agreed to a domestic greenhouse gas reduction target of at least 40 per cent compared to 1990, along with an aim to both increase the market share of renewable energy and increase energy efficiency by 27 per cent. The recent deal between US and China further strengthened this momentum.

Bold policies on climate action will be key in driving investment in innovative low-carbon business solutions to achieve the scale required. WBCSD is calling for a universal, ambitious and balanced climate agreement with a long-term goal to achieve global net-zero emissions within the 21st century, backed by national contributions that create an upward spiral of ambition.

More national and international regulators must follow this lead and offer the private sector the right signals to propel climate action. Now that the two largest economies of the world agree that the climate has changed, the drive for ambitious policies and radical action has never been so strong.

What will you and your organisation be working on this year?

WBCSD has played a key role in putting the private sector at the core of the discussions for a global climate agreement and will continue to lead business in Paris and beyond, with several collaborative projects to support the transition to a low-carbon economy.



The political momentum for an ambitious global climate agreement has been growing. Bold policies in climate action will be key in driving investment in innovative low-carbon business solutions to achieve the scale required.

Our initiatives in the coming year include a series of business and technology roundtables on removing obstacles to scaling up action on climate change and the development of a Natural Capital Protocol which aims to help companies understand the value of natural resources and services to their business.

We are also working with the Global Reporting Initiative to develop an implementation guide on impact assessment, selection of key performance indicators and goal setting to assess how far business operations align with the Sustainable Development Goals. 🌱



Image: TCS

IT a huge enabler of sustainability:

Girish Ramachandran

Regardless of whether a global deal on climate change is achieved by year end, climate change is happening and it's time for businesses to be the driving force, says the newly-minted Asia Pacific president of IT giant Tata Consultancy Services.

BY JESSICA CHEAM

The written word can go a long way in empowering the less privileged. But it typically takes 200 hours of learning to make a person literate and this can lead to high dropout rates. To tackle this issue, Tata Consultancy Services (TCS) launched an initiative called Computer Based Functional Literacy a decade ago to help make people literate and teach them new languages through a free computer programme using animated graphics.

This method ensures reading can be learnt in 40 to 45 hours, and its relative ease has helped 260 million people in India improve their lives. The initiative has since grown in popularity and expanded to Africa, while picking up many accolades along the way. This example exemplifies how IT can be used to improve lives and sustainability - a firm belief held by Girish Ramach-

Girish Ramachandran

andran, the newly-minted Asia Pacific president of the IT giant Tata Consultancy Services (TCS).

In his previous role as corporate vice president, Ramachandran was part of the CEO's office and responsible for the organization's strategic business initiatives. The Indian national, who joined TCS in 1994 and held various portfolios including head of TCS's Europe operations, predicts that in the coming years, the role of IT in delivering efficient systems and information exchange will only grow.

This will help "green" supply chains the world over. Internally, TCS has applied its own systems to make it as "operationally efficient" as possible - a move that has helped TCS win recognition as a leader in sustainability in Asia. Ramachandran adds that regardless of whether a global climate deal is achieved by governments by year end, it is time for businesses to be the driving force. Corporates have a responsibility to employees, consumers and investors to be a sustainable organisation, he says.

Trained in computer technology, Ramachandran holds executive board positions at the Europe-India Institute and International Business Foundation Amsterdam. He is also the Chairman of Confederation of Indian Industries' Benelux (Belgium, the Netherlands and Luxembourg) chapter.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

This year we have seen how IT can be a huge transformation enabler in the area of sustainability. Whether it's advocacy, e-governance or urban consumption, governments and companies around the world are talking about green supply chain and procurement, sustainability programmes and carbon trading. In all of this, IT can help in building a sustainable future for all organisations.

At Tata Consultancy Services (TCS), our CSR is focused in three areas - education, health and



Technology is increasingly viewed as an important enabler for companies to achieve efficiency and sustainability in their operations. Image: Shutterstock

Whether it's advocacy, e-governance or urban consumption, governments and companies around the world are talking about green supply chain and procurement, sustainability programmes and carbon trading.

environment. We are using IT as an enabler for some of these initiatives. For example, we have a programme called Computer Based Functional Literacy that uses IT to help people become literate and to learn new languages. This project has been regarded very well around the world, in India and in Africa.

At the same time, the industry needs also to look inwards and work on its processes. At TCS, we are constantly looking at our energy consumption and put in place internal programmes to reduce this as much as possible. And it's not just energy we're worried about, but also our water, waste and carbon footprint. We are investing in cleaner technology and processes and measuring its benefits.

In 2014, TCS received some great recognition for sustainability, including being named number one in the Channel NewsAsia Sustainability Ranking of the top 100 most sustainable companies in 10 key Asian economies. We are immensely proud that our sustainability practices are recognized as amongst the best in the world.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Organisations looking at sustainability will need to look at three things – economy, value and ecology. Companies need to increase its oper-

Organisations looking at sustainability will need to look at three things - economy, value and ecology. Companies need to increase its operational efficiency and that's where IT can play a big part.



Hong Kong's central business district. Businesses are growing in many Asian cities, which present strong potential for growth of socially responsible investment. Image: Shutterstock

ational efficiency and that's where IT can play a big part. The second part is about benefits. Consumers are demanding where the products are being sourced from as well as produced in the right way. Supply chains are increasingly becoming very important and IT can help give it visibility.

Connectivity among supply chain actors is necessary to enable collaboration and information exchange. In the 21st century model, supply chain participants will be linked through information hubs. Innovative IT systems will provide support for companies to make smart decisions and build new capabilities while ensuring the full supply chain cycle delivers on agility and sustainability.

Sustainability will be a big theme going forward. In India, for example, CSR spending has become the law. But if you look at the Tata group, it has been spending on CSR for many years. It's the way the company was set up. It has 96 operating companies and each one stands on its own feet, there is no cross subsidy between companies. When the company was formed in 1868, the group's philosophy is what comes from people has to go to people. At the same time, we are all very profit-minded. And when we make money, we give it to the parent company in dividends. The parent entity, as a philanthropic trust, invests in communities across the world. That's CSR in a sustainable way.

What is your outlook on the progress of sustainable development specifically in Asia?

The outlook for Asia is marked by four trends. Firstly, it is resource scarce even as its population is rapidly growing. The second is regulation – governments and regulators can go a long way in implementing disclosure policies to increase transparency.

Thirdly, there is a new competitive landscape in Asia where consumers are looking for products which are produced in a sustainable way. This will make companies re-think themselves and their whole value chains. Lastly, Asia is a huge market and has potential for socially responsible investment; we will see more focus on the sustainability performance of companies in the coming years.



From production to transport and distribution, manufactured goods create a significant impact on human health and in the environment. Image: Shutterstock

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

I don't want to comment on what will or will not happen in Paris, but I believe that corporates have a large role to play. It's time for business to be the driving force – whether governments ink an agreement or not. As corporates, we have a responsibility to our employees, consumers and investors to be a sustainable organisation.

Large companies are affected on multiple levels by climate change, from the extreme weather that can disrupt production and distribution, to the new market opportunities presented by the changing climate. TCS realizes the potential of our IT services and solutions to drive efficiencies through optimization and reduction of wastage, which directly or indirectly reduces environmental impact for our customers.

Large companies are affected on multiple levels by climate change, from the extreme weather that can disrupt production and distribution to the new market opportunities presented by the changing climate.

What will you and your organisation be working on this year?

We are looking at impact measurement, in health, environment or education. We are helping organisations look at the impact of their CSR programmes on their business. This will help them decide which areas to invest in, and how to measure the impact.

We are also looking at our own ecosystem of partners and customers – how to add value across the whole value chain by addressing profitability and innovation. 🌱



Image: ADB

Green growth in Asia 'unimaginable five years ago':

Anthony Jude

Increasing pressures of climate change in the region have convinced Asian leaders of the need for policies and investments that push low-carbon growth, says Anthony Jude, leader of the Asian Development Bank's energy practice.

BY VAIDEHI SHAH

With close to three decades of experience in the energy sector, Anthony Jude, senior advisor and leader of the Asian Development Bank's (ADB) energy practice, has seen Asia's policymakers grapple with the challenge of satiating the region's growing appetite for energy in an affordable and sustainable way.

Since 1990, energy demand in the region has doubled even as rapid industrialisation and the burning of fossil fuels have created stresses on the quality of life in Asia. Air pollution in cities such as Beijing can reach levels 20 times higher than is deemed safe by the World Health Organisation, while toxic effluents from coal mining threatens natural ecosystems and communities.

But in recent years, he notes, the pronounced effects of climate change in Asia such as storms and rising sea levels have

led governments in the region to make policy commitments and investments that would have been unimaginable five years ago.

Countries such as India, China, Maldives, Sri Lanka, Timor-Leste, and even gas-exporting Uzbekistan are growing their renewable energy capacities, for example. Governments pursuing green growth have also introduced policies that help improve air quality in cities, reduce deforestation, and improve water and sanitation, he says.

As the head of ADB's energy division, Jude leads the bank's efforts to help its 44 developing member countries walk the tightrope between balancing economic growth with environmental and social needs. He oversees initiatives which expand access to clean energy in the region, and provide training and education.

Jude, a Malaysian, has been at ADB since 1992, and held leadership positions in the bank's energy and transport mission, as well as its residential mission in Cambodia. He tells Eco-Business that rising awareness among policymakers and the public will make the region's transition to a green economy politically and economically feasible.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

The pledges by US and China to reduce their carbon emissions by a fixed date, are significant. But even if we set aside the targets, the very fact that this deal was made is astounding.

For the US, historical emissions had enabled its success, while China's transformation into an economic powerhouse today is coupled with a significant rise in emissions. China has previously insisted that richer countries bear greater responsibility for climate change and emissions cuts, while the US has refused to act unless China, its biggest economic rival, acknowledges and acts on its contribution to emissions too.



Solar and wind energy projects in China are expected to rise after it signed a global emissions reduction agreement with the United States. Image: Shutterstock

The pledges by US and China to reduce their carbon emissions by a fixed date are significant. But even if we set aside the targets, the very fact that this deal was made is astounding.

This disagreement between two of the world's largest polluters, which are also figureheads for the developed and developing world, has created a deadlock on negotiations.

But this deal shows that there is hope for transformative action at the global level. It will generate enormous opportunities in multiple sectors to apply renewable energy and energy efficiency solutions – hopefully not just for US and China, but also the countries that follow to set emission targets.

The Asian Infrastructure Investment Bank (AIIB), which was launched by China in October and will give loans to developing nations for infrastructure projects, is also something that ADB welcomes, especially if it will help close the financing gap for infrastructure in developing Asia.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

Business will take the cue from government initiatives in supporting green growth projects. For example, China and India will be building hundreds of smart cities, which will include green transportation, energy efficient building designs and appliances, smart meters, decentralized power generation and distribution, among others.

The disruptive effects of climate change have helped reinforce the importance of sustainable development for policymakers and the public, and countries in the region have made green policy commitments and investments that would have been unimaginable five years ago.

When the government expresses support for sustainability-driven projects, the private sector will similarly pursue such activities. We therefore expect more private sector activity in areas related to energy efficiency and renewables in countries such as China, India, Singapore, and Malaysia, where clean growth is high on the government agenda.

What is your outlook on the progress of sustainable development specifically in Asia?

Asia is in a good place to achieve greater sustainability in the coming year. The disruptive effects of climate change have helped reinforce the importance of sustainable development for policymakers and the public, and countries in the region have made green policy commitments and investments that would have been unimaginable five years ago.

For example, most Asean countries would not have supported renewable energy five



Government support to green growth projects, particularly in the area of transportation and urban planning is essential for businesses to follow suit with similar investments. Image: Shutterstock

years ago, but today, most of them have policies in place to support their development. Thailand demonstrated early leadership by doing so in 2008, and last year, gas-producing nations like Uzbekistan have drawn up plans with ADB's assistance to develop 4,000 megawatts of grid connection solar projects.

Governments are also introducing policies to address energy efficiency in buildings, street lighting and in appliance labeling.

Thanks to commitments such as these, the environmental performance in some countries has improved, resulting in better urban air quality in some cities, improved access to education, and improved measures to address energy supply security, among others.

ADB has always positioned inclusive sustainable development as a win-win solution to a number of developing Asian challenges, and we plan to push harder to ensure that concepts like green growth enter the mainstream.

In order to do so, ADB has set a target of US\$2 billion per year to support green growth projects, and will maintain or increase this level of financing.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

The China-US emissions deal gives great momentum in the lead up to the climate conference in Paris. China's commitment also sends a strong message to all of Asia. However, even with the two major emitters and the European Union having set targets, we are still in danger of breaching the safe zone; global temperatures may still rise beyond two degrees Celsius, and this will imperil us all, especially developing Asia.

It remains to be seen whether other large countries, including India, Australia, Russia, and Brazil will be so willing to follow the lead of US and China. I am quite optimistic that the European countries would reach a consensus that would help address global warming. I expect India to also support the climate initiative by then.



Through public private partnerships, ADB has financed clean energy in the region such as grid connection solar projects. Image: Shutterstock

ADB has always positioned inclusive sustainable development as a win-win solution to a number of developing Asian challenges, and we plan to push harder to ensure that concepts like green growth enter the mainstream.

What will you and your organisation be working on this year?

ADB sees public private partnerships (PPP) as a key requirement to open the floodgates of private investment into Asia, and is continuing to make PPP central to its operations.

Our recently opened Office of Public Private Participation will lead our effort to help developing Asian countries access the expertise of private companies in implementing infrastructure projects efficiently. The office will help ADB's regional departments by acting as a knowledge partner on PPP and performing quality control and business development functions, among other roles.

Another ADB initiative that I am focused on is our Green Bonds, which provide investors an opportunity to back in sustainable solutions that promote the transition to low-carbon and climate resilient growth. ADB has issued more than US\$2 billion in water and clean energy bonds between 2010 and 2014. The green bond that will be issued in 2015 is tentatively set at US\$500 million. ☺



The business case for improving human lives:

David Kiu

Helping deliver on sustainable social development outcomes that drive human progress should be the topmost priority for businesses, says David Kiu, vice president of sustainable business and communications, Unilever.

BY VAIDEHI SHAH

In the pursuit of profit, companies often lose sight of environmental or social concerns; but to thrive in the 21st century, these concerns should not be an after-thought but a priority. Failure to address these issues would mean failure to live up to the expectations of consumers today, who are demanding that companies behave responsibly, says David Kiu, consumer goods giant Unilever's vice president of sustainable business and communications.

This is why Unilever, in recent years, has been showing leadership in raising sustainability standards throughout its business units and at geographies where it operates. The company, like many large multinationals, is in a powerful position to influence communities and the environment because its products and services touch the lives of millions and even billions of people.

The Anglo-Dutch company, which set a vision in 2010 to "double the size of the business whilst reducing our en-

Image: Global Initiatives

vironmental footprint and increasing positive social impact”, has even proved that behaving responsibly can boost profits.

In 2013, its net profit grew 9 per cent from a year ago, and at the same time it reaped numerous global awards for its sustainability efforts and topped several global corporate sustainability rankings such as the 2014 Sustainability Leaders Survey by consultancies GlobeScan and SustainAbility, and the ‘Global 100 Most Sustainable Corporations in the World’ list by Corporate Knights.

Unilever’s sustainability strategy, published in its ‘Sustainable Living Plan’ in 2010, identifies nine measurable environmental and social targets in the areas of improving health and well-being, reducing environmental impact, and enhancing livelihoods. The firm’s ability to make a difference to people’s lives on a large scale is what motivates Kiu, who joined Unilever in 2012 after years in various roles in the government and private sector.

He has been involved in several sustainable social development projects, including the world’s largest hand-washing programme for children’s schools, run by Unilever’s soap brand, Lifebuoy. Currently, he manages the company’s communications and sustainability teams in Asia Pacific, Africa, and the Middle East.

As we look back on the year, what do you think were the biggest headlines that had a significant impact on business and sustainability?

Last year was a watershed year for corporate responsibility. There was a growing trend of society questioning the roles and obligations of business to the wider community, as evidenced by movements such as the People’s Climate March in New York last September. Aspects of company practices such as the compensation of chief executive officers, corporate ethics, and environmental exploitation received a lot more attention last year than in the past, which triggered a crisis of conscience among companies.



Nepalese people line up to get drinking water in Nepal. Access to clean drinking water remains a big development issue in many parts of Asia. Image: Shutterstock

In the pursuit of profit, companies often lose sight of environmental or social concerns; but to thrive in the 21st century, these concerns should not be an after-thought but a priority.

This presented an opportunity for businesses to engage in a constructive dialogue about their interaction with society and the environment and make changes to their operations in order to create a more sustainable, shared future.

Hence, we saw more commitments from companies in areas such as supply chain transparency and extended producer responsibility, where a manufacturer demonstrates greater responsibility for the environmental performance of a product even after it is used by consumers by making items easier to reuse or recycle.

What do you think are the key themes that will dominate the corporate agenda as we go into 2015?

There has been a build-up of research and activity around climate change after the release of the Intergovernmental Panel on Climate Change (IPCC)'s fifth annual assessment report last year, and this momentum will build and keep climate change high on the corporate agenda as we approach the UN climate conference in Paris at the end of the year.

Companies will also need to pay close attention to the Sustainable Development Goals (SDGs), which will be finalised this year and form the basis of the global development framework beyond 2015. The goals, which will define priorities such as fair labour standards, a minimum living wage, and reducing wealth

If businesses want to thrive in the 21st century, they will have to pay attention to society's priorities for the future and ensure that their strategy is aligned to these values.



Image: Unilever

disparity, an important chance for the global community to redefine the focus of human progress. If businesses want to thrive in the 21st century, they will have to pay attention to society's priorities for the future and ensure that their strategy is aligned to these values.

Third, companies will increasingly look beyond social and environmental responsibility to building winning business models that embed sustainability into the core of the business. If this is achieved, businesses will be able to continue growing while promoting sustainability. Transforming the way businesses operate to grow sustainability will be the Holy Grail for companies in 2015.

What is your outlook on the progress of sustainable development specifically in Asia?

The outlook is quite good for the coming year. There are new governments taking power in Asia that are committed to improving the welfare of their citizens in a sustainable manner. In India, for example, Prime Minister Narendra Modi has prioritised expanding access to sanitation and improving cleanliness, while in Indonesia, new President Joko Widodo has begun to cut fossil fuel subsidies and pledged to protect the country's peatlands. Sustainable development is critical to the mandate of these governments and this sets the scene for the region to make huge progress on sustainability - not just in 2015, but for the next three to five years.

What are your hopes for the coming year as we approach the December deadline for a global agreement on climate change in Paris?

I am reluctant to make a definitive prediction, but there is a lot of passion, commitment, and determination to act on climate change, which is cause for optimism. This stems from developments such as the recent agreement between the United States and China to reduce greenhouse gas emissions, and the strong scientific basis for climate change presented in the IPCC's fifth assessment report. The more visible impacts of climate change also underscore the need for a strong global climate change.

The public wants action on climate change and companies are willing to support an agreement too. The success of the conference will ultimately hinge on whether elected leaders step



Palm oil from these fruit bunches are extensively used by consumer products manufacturers like Unilever as raw material for food and cosmetics. Image: Shutterstock

up and demonstrate political will to commit to ambitious and binding targets on emissions reductions. It remains to be seen whether governments will make political decisions not just for their own countries, but also negotiate a consensus between nations that do not see eye to eye during the conference.

What will you and your organisation be working on this year?

While the specific initiatives Unilever has in store for 2015 will be revealed in the course of the year, our work will be guided by the overarching priority of embedding sustainability deeper into our business model and corporate strategy. The industry today focuses more on sustainability as the right or ethical thing to do than as a strategic growth opportunity. Turning sustainability from an important responsibility to a driver of business growth is a solution we hope to crack in 2015.

We also hope to progress on our existing commitments, such as sourcing 100 per cent

The industry today focuses more on sustainability as the right or ethical thing to do than as a strategic growth opportunity. Turning sustainability from an important responsibility to a driver of business growth is a solution we hope to crack in 2015.

sustainable palm oil from certified, traceable sources, which will be an industry first.

But even as we improve our own manufacturing commitments by reducing water use, packaging, and waste, we want to make a transformative impact on the whole industry and wider society. An example of transformative sustainability development is the phasing out of ozone-depleting chlorofluorocarbons (CFCs) from manufacturing under the Montreal Protocol - Unilever has an ambition to leverage on the scale and size of our company to achieve similar major changes. 🌱



All eyes will be on Paris at the end of 2015, when the 21st UN conference on climate change is expected to reach a global agreement on mitigating climate change. Image: pisaphotography / Shutterstock.com

The year of sustainable development

Columbia University professor of sustainable development Jeffrey Sachs outlines three high-level negotiations in 2015 that can reshape the global sustainable development agenda.



BY JEFFREY SACHS

The year 2015 will be our generation's greatest opportunity to move the world toward sustainable development. Three high-level negotiations between July and December can reshape the global development agenda, and give an important push to vital changes in the workings of the global economy. With United Nations Secretary-General Ban Ki-moon's call to action in his report "The Path to Dignity," the Year of Sustainable Development has begun.

In July 2015, world leaders will meet in Addis Ababa, Ethiopia, to chart reforms of the global financial system. In September 2015,

they will meet again to approve Sustainable Development Goals (SDGs) to guide national and global policies to 2030. And in December 2015, leaders will assemble in Paris to adopt a global agreement to head off the growing dangers of human-induced climate change.

The fundamental goal of these summits is to put the world on a course toward sustainable development, or inclusive and sustainable growth. This means growth that raises average living standards; benefits society across the income distribution, rather than just the rich; and protects, rather than wrecks, the natural environment.

The world economy is reasonably good at achieving economic growth, but it fails to ensure that prosperity is equitably shared and environmentally sustainable. The reason is simple: The world's largest companies relentlessly – and rather successfully – pursue their own profits, all too often at the expense of economic fairness and the environment.

Profit maximization does not guarantee a reasonable distribution of income or a safe planet. On the contrary, the global economy is leaving vast numbers of people behind, including in the richest countries, while planet Earth itself is under unprecedented threat, owing to human-caused climate change, pollution, water depletion, and the extinction of countless species.

The SDGs are premised on the need for rapid far-reaching change. As John F. Kennedy put it a half-century ago: “By defining our goal more clearly, by making it seem more manageable and less remote, we can help all people to see it, to draw hope from it, and to move irresistibly toward it.” This is, in essence, Ban’s message to the UN member states: Let us define the SDGs clearly, and thereby inspire citizens, businesses, governments, scientists, and civil society around the world to move toward them.

The main objectives of the SDGs have already been agreed. A committee of the UN General Assembly identified 17 target areas, including the eradication of extreme poverty, ensuring education and health for all, and fighting human-induced climate change. The General Assembly as a whole has spoken in favor of these priorities. The key remaining step is to turn them into a workable set of goals. When the SDGs were first proposed in 2012, the UN’s member said that they “should be action-oriented,” “easy to communicate,” and “limited in number,” with many governments favoring a total of perhaps 10 to 12 goals encompassing the 17 priority areas.

Achieving the SDGs will require deep reform of the global financial system, the key purpose of July’s Conference on Financing for Development. Resources need to be channeled away from armed conflict, tax loopholes for the rich, and wasteful outlays on new oil, gas, and coal development toward priorities such as health,



An officer sprays chemicals to kill disease carrying mosquitos in Thailand. Improving global health, including fighting diseases such as AIDS, Tuberculosis and Malaria are one of the 17 proposed Sustainable Development Goals. Image: Shutterstock.com

education, and low-carbon energy, as well as stronger efforts to combat corruption and capital flight.

The July summit will seek to elicit from the world’s governments a commitment to allocate more funds to social needs. It will also identify better ways to ensure that development aid reaches the poor, taking lessons from successful programs such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria. One such innovation should be a new Global Fund for Education, to ensure that children everywhere can afford to attend school at least through the secondary level. We also need better ways to channel private money toward sustainable infrastructure, such as wind and solar power.

These goals are within reach. Indeed, they are the only way for us to stop wasting trillions of dollars on financial bubbles, useless wars, and environmentally destructive forms of energy.

Success in July and September will give momentum to the decisive climate-change



Wreckage in the aftermath of Typhoon Haiyan. Failure to limit global temperature rise could lead to more destructive climate events like hurricanes, floods, and droughts, predict scientists. Image: Shutterstock.com

Back in 2009 and 2010, the world's governments agreed to keep the rise in global temperature to below two degrees Celsius relative to the pre-industrial era. Yet warming is currently on course to reach 4 to 6 degrees by the end of the century – high enough to devastate global food production and dramatically increase the frequency of extreme weather events.

negotiations in Paris next December. Debate over human-induced global warming has been seemingly endless. In the 22 years since the world signed the UN Framework Convention on Climate Change at the Rio Earth Summit, there has been far too little progress toward real action. As a result, 2014 is now likely to be the warmest year in recorded history, a year that has also brought devastating droughts, floods, high-impact storms, and heat waves.

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Back in 2009 and 2010, the world's governments agreed to keep the rise in global temperature to below two degrees Celsius relative to the pre-industrial era. Yet warming is currently on course to reach 4 to 6 degrees by the end of the century – high enough to devastate global food production and dramatically increase the frequency of extreme weather events.

To stay below the two-degree limit, the world's governments must embrace a core concept: “deep decarbonization” of the world's energy system. That means a decisive shift from carbon-emitting energy sources like coal, oil, and gas, toward wind, solar, nuclear, and hydroelectric power, as well as the adoption of carbon capture and storage technologies when fossil fuels continue to be used. Dirty high-carbon energy must give way to clean low- and zero-carbon energy, and all energy must be used much more efficiently.

A successful climate agreement next December should reaffirm the two-degree cap on warming; include national “decarbonization” commitments up to 2030 and deep-decarbonization “pathways” (or plans) up to 2050; launch a massive global effort by both governments and businesses to improve the operating performance of low-carbon energy technologies; and provide large-scale and reliable financial help to poorer countries as they face climate challenges. The United States, China, the European Union's members, and other countries are already signaling their intention to move in the right direction.

The SDGs can create a path toward economic development that is technologically advanced, socially fair, and environmentally sustainable. Agreements at next year's three summits will not guarantee the success of sustainable development, but they can certainly orient the global economy in the right direction. The chance will not come along again in our generation. 🌱

Jeffrey D. Sachs is Professor of Sustainable Development, Professor of Health Policy and Management, and Director of the Earth Institute at Columbia University. He is also Special Adviser to the United Nations Secretary-General on the Millennium Development Goals. Copyright: Project Syndicate, 2014. www.project-syndicate.org



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A palm oil plantation in Malaysia. China and India make up 36 per cent of the global trade in palm oil, and demand for palm oil is expected to triple between 2000 and 2050. Image: Raisman / Shutterstock.com

Let's not be blinkered about palm oil

The potential positive role that palm oil can have as a driver of economic and social development is a missing piece in the current debate on palm oil and deforestation, says international development consultant Andrew Britton.



BY ANDREW BRITTON

Campaigners who have focused on the role of the palm oil industry in driving deforestation could be forgiven for feeling rather pleased with themselves. In recent months there has been a dramatic surge in the willingness of major corporate buyers and producers of palm oil to step forward with public commitments to eliminate deforestation from their supply chains in what Unilever CEO Paul Polman has described as a “welcome race to the top”.

After over a decade of campaigning by environmental NGOs, concerted efforts by key industry players and increasing interest from government policymakers, it would seem that a genuine turning point may have been reached. Major palm producers and traders including Wilmar, Golden-Agri Resources and Cargill, have pledged their support for the New York Declaration on Forests and made commitments to implement policies on ‘no deforestation’ and ‘no peat’ throughout their entire palm oil supply

chains. Major consumers of palm oil, including Kellogg's, Mondelez and General Mills, who had hitherto lacked the type of public commitments made by trailblazers such as Unilever, have committed to source all of their palm oil from fully traceable, responsible sources.

So, is this the end of the debate? Have the environmental campaigners finally overcome their *bête noire*? Not yet. Undoubtedly significant progress has been made, but major challenges remain.

IMPLICATIONS OF MARKET DYNAMICS

The major buyers and consumers of palm oil who have committed to sustainable sourcing practices directly manage very little palm oil production themselves. For example the agribusiness giant Wilmar is responsible for processing around 35 per cent of global palm oil and is one of the largest owners of oil palm plantations, the majority of which are in Indonesia. However, plantations directly managed by Wilmar only account for around 3 per cent of Indonesia's palm oil plantations. In common with most of the other major corporates that dominate the palm oil industry, the majority of the palm oil processed by Wilmar is sourced from independent suppliers.

The structure of the supply chain matters because how those at the 'front line' – palm oil plantation owners – respond to deforestation concerns will be heavily influenced by what the markets demand. And palm oil is a truly global commodity. The two largest markets for palm oil are India and China, representing 20 per cent and 16 per cent of global trade respectively. With demand for palm oil expected to triple between 2000 and 2050, fuelled by growth in the world's emerging economies, the importance of these markets to the palm oil industry is only likely to continue to grow.

To date, industry action on palm oil has been primarily driven by consumer-facing companies in Europe and North America responding to targeted and sustained NGO campaigns. However, the structure of the palm oil supply chains and the demands of consumers in emerging economies are markedly different. Emerging markets are highly price sensitive and focused on growth rather than sustainability standards. A recent study also found that Indian companies tend



Tropical rainforest in Borneo being destroyed to make way for oil palm plantation. Commitments by global companies to stop purchasing palm oil grown on illegally deforested land is seen as a key way to protect forests. Image: Shutterstock.com

The structure of the supply chain matters because how those at the 'front line' – palm oil plantation owners – respond to deforestation concerns will be heavily influenced by what the markets demand.

to be more removed from their suppliers than their western counterparts and therefore have less leverage over the source of their palm oil.

The likely impact of the public sourcing commitments made by western consumer brands will be the consolidation of their palm oil supply chains. Companies who have made commitments to only source RSPO-certified or 'zero deforestation' palm oil will apply stringent criteria to the vetting of potential suppliers, and may seek to secure longer term access to trusted suppliers to ensure that they avoid brand-damaging criticism for failing to meet stated targets.



A woman sells grain at a roadside stall in Monrovia, Liberia. With an annual GDP of US\$454 per capita, Liberia is one of the poorest countries in the world. Earnings from palm oil exports could help the national economy, but risks such as deforestation must be managed. Image: Shutterstock.com

The countries that are emerging as future palm oil producers, such as Liberia, are amongst the poorest countries in the world and can be forgiven for wanting their own stall in the global palm oil marketplace.

Palm oil producers who cannot demonstrate compliance with these deforestation or certification standards will find themselves unable to access the supply chains of western consumer brands. On the face of it, this might seem a good thing. However, the producers most able to demonstrate compliance and afford certification costs will tend to be commercial operators with mature, established plantations. Typically, these are not the same plantations that are expanding into forest or peat areas. The risk is that western buyers' current sourcing commitments could remove incentives for producers deemed 'less sustainable' to change their practices. The probability of this risk is further increased by the growing influence of palm oil markets that don't have the same demands as the western corporate market.

PALM OIL AS A DRIVER OF SOCIO-ECONOMIC DEVELOPMENT

Largely missing from the current debate on palm oil and deforestation is any consideration of the potential positive role that palm oil can have as a driver of economic and social development.

The majority of palm oil producing countries are middle-to-low income economies. Clearly palm oil is not the only option for socio-economic development in any country, but in many countries it has the potential to be a significant contributor. In Indonesia palm oil accounted for 11 per cent of total export earnings in 2012, second only to oil and gas, and generated \$5.7bn in export taxes for the government. In a country that currently ranks 108 on the UN's Human Development Index, the revenues that the palm oil industry generates are badly needed. The countries that are emerging as future palm oil producers, such as Liberia, are amongst the poorest countries in the world and can be forgiven for wanting their own stall in the global palm oil marketplace.

As with any natural resource-based development activity, this is not without its risks and challenges, not least deforestation. However, it is important to recognise that one of, if not the biggest, root cause of deforestation is poverty. Deforestation is not just about big businesses sending in the chainsaws and bulldozers to raze acres of rainforest to the ground. Arguably much more significant is the gradual degradation and 'nibbling away' at the forest edges as poor, rural farming communities seek to eke out a living from the land.

From a development perspective there is a strong argument for supporting responsible, carefully planned palm oil production. For farmers, palm oil production can be financially rewarding. A study in Sumatra, Indonesia, found that smallholder farmers producing palm oil earned around 12 times the average farm income in the region. It is unsurprising, therefore, that of the approximately eight million hectares of palm oil plantations in Indonesia, just over three million hectares are smallholder plantations.



Workers on a palm oil plantation in Thailand. If managed effectively, palm oil is a “blockbuster crop” with much potential to lift people out of poverty. Image: Shutterstock.com

In African countries, where palm oil production is less widespread, development NGOs have lauded palm oil as a ‘blockbuster crop’ because of its ability to lift farmers out of poverty with proper management and market linkages.

MOVING FORWARDS

The public commitments that many companies have made to responsibly source palm oil deserve to be commended, as do the campaigners who have fought tirelessly to get things to this stage. The debate now needs to become more sophisticated and inclusive.

Stakeholders will need to work together to make sustainable palm oil production the norm, rather than the preserve of a relatively small proportion of the global market. This will require clear-headed acknowledgement of market realities and perhaps sacrificing some lofty ideals in order to achieve a greater overall

impact – not letting the perfect be the enemy of the good.

The potential for palm oil to lift people out of poverty deserves more attention. More focus is needed on opening opportunities for smallholder farmers. A number of companies in the industry already have smallholder programmes – the challenge is to achieve scale. Campaigners have a responsibility to understand industry dynamics and recognise trade-offs, for example relating to certification targets. International development agencies could work more effectively with companies and civil society than they do at present.

It will not be easy, but the potential benefits to both people and the planet of a sustainable global palm oil industry surely deserve the effort. 🌱

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A palm oil plantation in Thailand. Palm oil companies, along with pulp and paper firms, are often accused of draining and burning peatland to clear land for their plantations, which in turn causes the haze. Image: Robert Naratham / Shutterstock.com

New ZSL toolkit boosts transparency for palm oil

A new platform launched by wildlife conservation charity ZSL seeks to raise the level of trust and transparency in the sector by assessing palm oil companies on their environmental policies.



BY VAIDEHI SHAH
AND JESSICA CHEAM

The global palm oil industry is set for a shake-up with the launch of a ground-breaking new tool by the Zoological Society of London (ZSL) that will significantly raise the level of transparency in the sector.

The international conservation group recently announced a free online resource called the Sustainable Palm Oil Transparency Toolkit, or SPOTT, which is designed to allow investors and stakeholders in the industry to assess and

monitor oil palm growers on the sustainability of their operations.

In an industry first, SPOTT combines satellite mapping technology with in-depth performance assessments on 25 of the largest publicly listed companies that grow oil palm all in one platform.

The global palm oil industry in recent years has come under heavy scrutiny after oil palm plantations were linked to illegal land clearing, habitat destruction, conflicts with indig-

enous communities, and forest fires which caused the worst haze crisis in Southeast Asia last June.

Some environmental groups have launched public campaigns against major palm oil firms to pressure them into addressing the sustainability of their operations. Greenpeace noted that from 2009 to 2011 alone, around 300,000 hectares of the 1,240,000 hectares of forest lost in Indonesia was due to palm oil concessions.

ZSL, which has been working with oil palm growers since 2001, said that following the launch of SPOTT, it will continue to work with organisations such as the Roundtable on Sustainable Palm Oil (RSPO) to engage companies and rebuild trust in the industry.

ZSL cautioned, however, that there needs to be a clear demonstration by RSPO members that commitments to sustainability are translated into practice, and that those who buy palm oil or are financially linked to palm oil must do more to encourage and support this. SPOTT is intended to help facilitate this, said the NGO.

The RSPO, formed in 2004, is an industry-led association set up to address the sustainability of the industry. It requires members to make their concession boundaries publicly available in digital format on its website.

Speaking to Eco-Business in a recent interview, ZSL transparency project coordinator James Horne highlighted the lack of information in the sector regarding company commitments.

“SPOTT marks a step-change in industry transparency and the monitoring of environmental risk. ZSL will upgrade SPOTT to verify that commitments translate to action on the ground,” he said.

SPOTT uses 48 indicators across seven categories – framed as direct questions about best practice and its disclosure – to assess the companies. These include, for example, whether companies meet RSPO reporting requirements, have full traceability along their supply chains, or have zero burning policies.

Going beyond a static scorecard, SPOTT is an interactive system that updates users on changes to company policies reflected in their assessment scores. The 25 companies each



Fresh fruit of the oil palm, which are processed into oil. Image: Shutterstock.com

ZSL wants to bring clarity on the globally agreed expectations for environmental best practice, and SPOTT should provide guidance to growers on what and how to disclose. It comes back to transparency and identifying what is important to share in order to build trust in sustainable palm oil.

Elizabeth Clarke, ZSL business and biodiversity programme manager

receive a percentage score for every category and a combined score for overall performance. This helps them identify key areas for improvement, and benchmark their progress within the industry.

SPOTT users can also monitor the activities of the companies in relation to key environmental variables by using a Google mapping tool with data layers for company concession site boundaries, protected areas, Indonesian primary forest cover, tree cover loss and NASA active fire alerts. Data on the latter is gathered from the World Resources Institute’s forest-monitoring site, Global Forest Watch.

Launched as part of ZSL’s industry information website, the Sustainable Palm Oil Platform,

SPOTT also features a live feed of industry-related headlines, and the Platform has links to over 200 pages of information providing guidance on best practice to all stakeholders in the palm oil supply chain.

Giving his support to ZSL's effort, RSPO secretary general Darrel Webber said that RSPO appreciates the work of ZSL in providing tools such as SPOTT, "which can help RSPO members move further and faster in their journey towards sustainable development".

SPOTT' was launched just as the global palm oil industry convened in Malaysia's Kuala Lumpur for the 12th RSPO Roundtable Meeting on Sustainable Palm Oil in November.

BUILDING TRUST THROUGH TRANSPARENCY

Horne explained that a key motivation behind the project was an increasing awareness among global investors and asset managers about the environmental risks associated with investing in oil palm growers with unsustainable or illegal practices.

Financial sector players felt that crucial information to help them assess risks in investing in such commodity-focused firms was not available in a "standardised, accessible, and meaningful format".

"The indicators in the toolkit serve as questions that can guide the finance sector's dealings with oil palm growers," he said.

Agreeing, Ben Ridley, Asia-Pacific regional head of sustainability affairs at Credit Suisse, noted that SPOTT "can be a valuable resource for financial institutions and investors in making informed decisions that support a sustainable palm oil industry".

Beyond meeting the needs of investors, Horne added that SPOTT aims to build trust between industry players and environmental groups through its emphasis on transparency.

Citing the haze crisis in Southeast Asia in 2013, he noted how there was much confusion regarding who was responsible for causing and managing the forest fires. In this area, for example, SPOTT can help provide clarity by showing where oil palm concessions are located in relation to active fires, and indicate whether the company at that

location is committed to zero burning and fire management.

Transparency over concession maps has been a recurring point of contention between governments, environmental groups, and companies.

An attempt by the Association of Southeast Asian Nations (Asean) to develop a region-wide computer system to monitor hotspots in Indonesia and identify the companies responsible was stymied by the reluctance of some member governments to release company concession maps due to legal concerns.

Chua Chin Wei, deputy director of sustainability at the think tank Singapore Institute for International Affairs, noted that while there are several standards to certify sustainable agriculture, these certifications are not easily traceable.

"To achieve this, companies must disclose their concession maps to the public, and devote resources to tracing each purchased product back to the actual plantation," he said.

Horne said that out of the 25 companies featured in SPOTT, 40 per cent responded to ZSL's outreach prior to the launch. Companies were invited to submit concession maps and increase the information they made available in the public domain.

They were also encouraged to go further to make public maps for their smallholders and the locations of mill sites to aid traceability and accountability.

"We hope that more oil palm growers will consider their scores on the toolkit and discuss this with us," said Horne.

One company that saw its inclusion in SPOTT as an opportunity to showcase its best practices and identify areas of improvement is IOI Loders Croklaan.

Ben Vreeburg, director of sustainability of the Malaysia-headquartered edible fat firm, said that SPOTT "affords all companies clarity on what is expected of them and gives them a chance to report progress on a level playing field".

However, he voiced a concern that some information that ZSL expected to be made public should only be released to certain stakeholders.

ZSL agreed that there is a need among industry stakeholders to agree and standardise what should be disclosed and to whom. Eliz-



Only **18%**
of palm oil is
currently certified
to a voluntary
sustainable
standard

Over **\$82bn**
is invested in the
palm oil sector

The **Zoological Society of London (ZSL)** is working with the **Roundtable on Sustainable Palm Oil (RSPO)** and other organisations to build trust in a sustainable palm oil industry and to support oil palm growers in helping to safeguard the environment.

The **Sustainable Palm Oil Transparency Toolkit (SPOTT)** is a free, interactive resource, designed to assess oil palm growers on the information that they make publicly available about the sustainability of their operations.

Embedded in the Sustainable Palm Oil Platform, **ZSL SPOTT** combines satellite mapping technology with in-depth performance assessments on 25 of the largest publicly listed companies that grow oil palm.

Rather than a static scorecard, our **Transparency Toolkit** regularly updates with changes to company policies scored against a 48 indicator framework.

ZSL SPOTT provides guidance for the Environmental and Social Governance (ESG) process undertaken by investors, manufacturers and others, to facilitate responsible investment, reduce deforestation and save endangered species.

www.sustainablepalmoil.org/SPOTT

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The Zoological Society of London (ZSL) is a charity devoted to the worldwide conservation of animals and their habitats. Registered charity in England & Wales: no 208728

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**Sustainable Palm Oil
Transparency
Toolkit (SPOTT)**

Transparency for a
more sustainable
palm oil industry



www.sustainablepalmoil.org

A summary of ZSL's newly-launched toolkit

abeth Clarke, ZSL business and biodiversity programme manager, said: “ZSL wants to bring clarity on the globally agreed expectations for environmental best practice, and SPOTT should provide guidance to growers on what and how to disclose. It comes back to transparency and identifying what is important to share in order to build trust in sustainable palm oil.”

A SUSTAINABLE FUTURE FOR PALM OIL

Looking forward, ZSL's James Horne noted that SPOTT could facilitate a step towards a more proactive culture of sustainability reporting within the palm oil industry. To help achieve this, there are plans in the pipeline to increase the scope of the data presented.

This will involve including new information on each company's smallholder concessions and modifying the 48 indicators to evaluate

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the quality of information submitted rather than simply the presence of information for each category.

ZSL is looking to add more oil palm growers – listed or private – to future versions of the toolkit. “ZSL intends to raise the bar and standardize the way in which companies around the globe publicly report on their environmental impacts, leading to improved transparency and company environmental performance,” he said.

Clarke added: “SPOTT sets out a new model for monitoring the adherence of industry to best practice that we want to build upon and potentially apply to other industries beyond palm oil. We believe it's the future if we really want to achieve a sustainable business model that respects and protects our planet.”

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¹ WWF's The Living Planet Report 2014