BUILDING PROSPERITY WITH ECONOMIC, SOCIAL AND NATURAL CAPITAL

Marina Bay Sands, Singapore
24 - 26 November 2014

OUTCOME STATEMENT AND RECOMMENDATIONS
Building Prosperity with Economic, Social and Natural Capital

Prosperity has often been defined purely in economic terms: growth in gross domestic product, success in business, or personal wealth. In these rapidly changing times, however, prosperity has taken on broader meanings. Today, prosperity includes greater equality of opportunity and incomes, stronger systems for health and education, preserving the environment and natural resources for future generations, and the freedom to pursue new ideas, innovations and entrepreneurship.

In recent decades, prosperity has undeniably been on the increase. In Asia alone, hundreds of millions of people have been lifted out of poverty. But, far too many are still left out.

While the global economy soars, more than half the world’s population still lives on less than $2 per day. Climate change has reached a critical level. Political and social instability sparked by inequality and need are on the rise. The United Nations, governments and leading corporations all agree that a radical change to our current economic model is needed in order to achieve true and equitable prosperity for society, and to protect and conserve the environment.

From 24-26 November, over 500 leaders from government, business, and civil society convened in Singapore for the 3rd Responsible Business Forum on Sustainable Development 2014, held in partnership with WWF Singapore, Nanyang Technological University and Eco-Business.

They gathered to share experiences and best practices, generate new ideas and approaches, and advocate for greater and more widely shared prosperity. Because unless prosperity is shared, it will not be sustainable.

They called for collective action, shaped and guided by a better understanding of the interrelatedness of our natural, economic and societal systems, and based on a vision that looks beyond today’s economic and political uncertainty.
Keynote Speakers

Government, business and civil society were all represented among the keynote speakers and presenters. In his keynote address, former President of Indonesia Susilo Bambang Yudhoyono said that business must lead when it comes to sustainability.

“Governments must demonstrate political will, but business will play the critical, I would even say central role,” said Yudhoyono, who oversaw the world’s second most bio-diverse nation for a decade and is now chairman of the Global Green Growth Institute. “What we do or do not do today will affect the lives of generations to come. We are in a race against time and we have a short window of opportunity. It is not a race by a few countries, but by all humanity. I believe it is a race we can win.”

Singapore’s Second Minister for the Environment Grace Fu said in her speech that the way forward is for government and business to embrace sustainability and recognize its opportunities to build prosperity. “We hope to make Singapore a test-bed for smart urban solutions. We see business potential in exporting such solutions to the region and beyond,” Fu said.

Additional speakers included Paul Druckman of the International Integrated Reporting Council, who stressed the need for more accurate reporting on sustainability, and Mark Kramer, a co-creator of the concept of shared value, who expounded on how the competitiveness of companies and the health of their surrounding communities are inextricably linked.

Voices from the next generation were represented in the second Responsible Business Forum Young Leaders Dialogue, in which 50 selected young people engaged in a roundtable discussion on how youth can play a role in driving the growth of responsible business.
Industry Sector Perspectives and Recommendations

High-level working groups from six sectors produced actionable recommendations for decision makers, focusing on how to harness our collective resources to build an inclusive, sustainable and prosperous future for all.

Due to the crosscutting nature of many of the issues, some similarities emerged in the recommendations drafted by the six groups. These have been summarized in a set of overarching recommendations from the conference:

- MNCs should involve both SMEs and supply chain partners at all levels in the development of best practices.
- Create more inclusive industry-wide knowledge-sharing platforms, using technology to facilitate the sharing of both on-the-ground and top-down best practice across all value chain levels.
- Efforts should be made to harmonize sustainability data standards, outputs and measurements to make them more comprehensible and increase transparency.
- Create the right political, fiscal and financial frameworks, with stronger incentives and penalties, to both drive transparency and encourage the adoption and growth of innovative solutions.
- Business leaders and Chief Sustainability Officers (CSOs) should identify areas where government action is required to solve issues that cannot be solved by market forces alone and should advocate for this action.
- In considering collaborative partnerships, organizations should think systemically and not only within an industrial sector.
- Establish sustainable national procurement policies for all public agencies.
- Establish platforms to educate the digital generation around their role in sustainability.
- Education ministries should integrate sustainable development into the school curriculum to encourage understanding of these issues among individuals from an early age.
- Government should correctly price environmental externalities, starting with a carbon tax.
1. Building and urban infrastructure

Chair: Jessica Cheam, Founder & Editor, Eco-Business

- Government should set clear standards and ambitious aspirational targets to reduce the impact of buildings and infrastructure, for example: strive to be a carbon neutral city.

- Mandate environmental certification of all buildings.

- Establish a tax on the disposal of building materials to encourage recycling.

- Consider linking the property tax of buildings to their energy performance to incentivize building owners to retrofit.

- Business and government should support industry innovation and efficiency improvements, such as cross-laminated timber technology and pre-fabricated pre-finished volumetric construction (PPVC), as well as the use of LED as street lighting.

- Companies should use simulation software to test the impact of scenarios, such as extreme weather events, to improve the resilience of cities.

- Ensure infrastructure supports the use of renewable energy and electric vehicles.

- Look at leasing technological equipment that supports lower energy use, rather than requiring purchase, to encourage the adoption of innovative solutions.

- Business, government and civil society should work together to conserve the cultural and environmental capital of cities by consulting widely on projects that will impact heritage spaces, livability and biodiversity.
2. Consumer goods

Chair: Jon Johnson, Chairman and Academic Director,
The Sustainability Consortium

- NGOs, companies, schools, governments and others should develop more effective awareness and education campaigns that connect with consumers in a language they understand and that connect with their values to promote smart consumption.

- Business leaders and CSOs should collectively identify and work with the most influential actors in the supply chain (e.g. retailers and trade associations) to produce the most impactful changes.

- For sustainability initiatives in consumer goods companies to succeed, they must be systemic i.e. supported by top managers, promoted to all members of the organization as well as consumers, and incentivized to ensure that the required systems and processes are actionable and operational at every level.

- Company leaders should embrace the move towards ultra-transparency and proactively consider how technology can support this in their supply chains and sustainability initiatives.
3. Financial services
Chair: Steven Okun, Director of Public Affairs, Asia Pacific, KKR

- Require listed companies to integrate core sustainability metrics into their regular financial reporting so that investors can make use of the information.
- Central banks should increase the proportion of green bonds in their bond purchase program.
- Investors should integrate sustainability data into their investment thesis to pursue best of sector firms.
- Encourage investors to report the environmental and social impacts of their investments.
- Specifically, require investors to report on the carbon footprint of their investments, to provide a foundation for improved understanding of carbon-related risks.
- Enhance civil society and stakeholder engagement within a capital markets framework to enable more impactful engagement of investors. This includes educating campaigners at environmental groups so that they can better engage the public and investors on ensuring due attention is paid to the question of whether investment strategies are properly taking into account sustainability risks and opportunities.
- Implement an elegantly designed financial transactions tax and / or incentive regime including voter rights, to support longer-term investor outlooks.
4. **Food beverage and agriculture**  
    Chair: Tod Gimbel, Managing Director, Landmark Asia

- Food is most valuable as food, so less waste should be encouraged before recycling it.
- Food loss and waste protocol must be a multi-stakeholder effort, led by government.
- Campaigns should equate food loss to food security.
- The government should review laws on food safety to maintain public health whilst minimizing food waste from retailers, catering establishments and hotels.
- Retailers should develop methods of helping consumers to waste less food, e.g. resealable packets.
- Both the public and private sectors should develop a universal method of measuring the quantity and commercial value of food waste and disclosure should be mandatory.
- The procurement of sustainable commodities should be encouraged through the use of universally agreed certification standards, if not made mandatory.
- Companies should support smallholder farmers through new finance and training models to encourage the uptake of more efficient practices and help them to be self-sufficient.
- Build more inclusive cross-boarder partnerships, involving the public, commercial and financial sectors rather than focusing efforts on single crops or issues.
- Review the use of smart seeds in ASEAN to reduce water use and increase productivity.
5. Renewable energy

Chair: Edwin Khew, Chairman, Sustainable Energy Association of Singapore

- Improve data sharing on commercial and industrial peak loads, possibly through mandatory policy.

- Optimize efficiency in energy generation, transmission, distribution and utilization, particularly in developing countries and the built environment, through:
  - Financial incentives
  - Local trading of energy efficiency certificates
  - Proactive investments in grid maintenance to minimize losses

- Consider distributed generation and smarter need-based energy management.

- Properly plan ahead to avoid disruption due to extreme weather events and natural disasters.

- Look at innovation in supply and demand management, such as allowing locations and sites with excess power supply to supply or trade with areas that have high demand in the same period.

- Explore the use of different fuels, fuel mixes, renewable energy sources and hybrid solutions as part of utilities' energy portfolio e.g. NTU’s REIDS project.

- Life cycle analysis should inform realistic pricing based on the limited supply of certain fuels and the energy it took to obtain them.

- Correct the perception that fossil fuels are limitless through communications to energy users that we have a limited supply. This should be driven by both public and private sectors to emphasize the urgency of the situation.

- Individual behaviours play a major role in energy use. Look at the use of gamification to encourage consumers to use less energy by linking it to their daily habits.
6. Shipping

Chair: Stephanie Draper, Chair, Board of Trustees, Sustainable Shipping Initiative

Carbon Emissions Reduction
- Individual states and ports to incentivize carbon emissions reduction efforts through lower port duties and tax rebates.
- Port Authorities to publicly identify the levels of greenhouse gases they allow ships to emit.
- Create market mechanisms to price carbon - e.g. IMO & UNFCCC.
- Increase access to finance through shared savings models - e.g. SSI, SAYS & CWR.
- Green bonds should raise capital for low carbon infrastructure.
- Phase out inefficient ships (e.g. with penalties and cargo premiums).

Adding Real Value to People and Communities
- Create partnerships with customers to lower their footprint e.g. Maersk’s carbon certificate for customers.
- Investors and customers (e.g. retailers) should have more of a voice in demanding sustainable shipping.
- Business should partner with educators on providing meaningful career paths for seafarers.
- Better understanding of the impact of shipping on specific communities e.g. ship recycling.
Summary and Next Steps

The Forum agreed that to ensure and expand prosperity, the current global economic model needs to be redesigned to cope with a growing population putting pressure on our planet’s resources and climate. The challenge of redesigning our economic model is not as overwhelming as it appears. Solutions already exist. Alternative models have been put into practice on smaller scales and have been proven to be successful. The key is to create momentum for scaling up. This can be achieved through three overarching strategies:

1. **Focus on making sustainability the “new normal” in business.**
   To drive the marketplace past a tipping point where sustainability will become the new normal in business, focus needs to be placed on getting a critical mass of responsible companies to demand high standards of production and consumption.

2. **Procurement as a powerful tool.**
   Procurement is a powerful tool that can be used to grow the number of companies engaged in sustainable practices and drive the market past that tipping point.
   
   Companies need to know from where and how their materials are sourced. They need to work with suppliers to ensure their behaviour is also sustainable. Relevant groups need to work with retailers to demand they carry and prioritize responsibly produced, externally certified, products. Consumers have shown they respect and prefer brands associated with sustainability.

3. **Collaboration can make sustainability possible.**
   Working together, we can drive change. Through public-private partnerships or business associations, responsible businesses can multiply their power and help create an economic model that values, respects, conserves and increases natural and social capital.

**Responsible Business Forum 2015**

Our next RBF event will take place on the 15th and 16th of April, 2015 in Hanoi, Vietnam. This Forum will focus upon Collaboration for Equitable Growth, in the food, beverage and agriculture sectors.

For further details on this and other RBF events, please visit our website at [www.responsiblebusiness.com](http://www.responsiblebusiness.com).
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