

NAVIGATING A RESILIENT COMMONS THROUGH STEWARDSHIP



Stewardship Asia Centre (SAC)'s second iteration of Stewardship Commons, held in conjunction with Temasek's Ecosperity Week 2021, gathered more than 50 business leaders and professionals to discuss limiting the impact of business activities on our global commons. Themed "Navigating a Resilient Commons," this year's event, held on 29 September 2021, aimed to achieve two objectives:

- 1 To drive meaningful impact by exercising Steward Leadership using SAC's Stewardship Compass®;
- 2 To create awareness on safeguarding the global commons with the Global Commons Stewardship (GCS) Index, which was presented by the Center for Global Commons at the University of Tokyo.

This paper explains how both resources can support cross-sectoral efforts across Asia to mitigate and manage our global environmental impact.

SOLUTIONS FOR THE DECADE OF ACTION FOR SUSTAINABILITY

The global commons of our world are under threat, beset by issues such as pollution, biodiversity loss and climate change. There is a growing call for a "great reset" of capitalism to a model that addresses long-term sustainability and societal well-being. The need for all segments of society — government, businesses and consumers — to resolve these issues is escalating. This urgency culminated in the United Nations marking 2020 as the beginning of the Decade of Action for Sustainability.

Pockets of the world have responded to the call. Some of the commendable solutions offered so far include ESG financing, increased regulation and reporting, compensation linked to ESG outcomes and tighter governance. However, are these adequate?

Even more, while tools and scientific advancements are rapidly evolving to provide innovative solutions, there continues to be a lag in the use and adoption of these resources.

To address the challenges faced by our global commons, SAC argues that two key drivers are underserved: genuine leadership and awareness. We first need widespread impactful awareness change that will lead to sustainable business transformations beyond platitudes. That can only be done with a genuine desire and intent to build a collective better future. This is **steward leadership**.

This section expounds on this first driver as shared by **SAC's CEO, Rajeev Peshawaria**, and **Research and Advocacy Manager, Annisah Smith**, during Stewardship Commons.



STEWARD LEADERSHIP FOR THE GLOBAL COMMONS

Businesses today face both exciting growth opportunities and daunting challenges. While connectivity-enabled technological advances and the expanding size of global markets allow firms to innovate and grow, organisations are also forced to contend with socio-political strife, severe resource inequality and massive environmental degradation that is eroding our global commons. Indeed, Mr Peshawaria shared how “the leadership and innovation challenge of the 21st century is to create profitable growth by addressing the existential challenges,” adding that rules alone cannot solve these problems. He thus urged business leaders to step up their “genuine leadership intent.”

To remain viable, organisations need business models that drive profitable growth and address the challenges simultaneously. At SAC, we have developed the Stewardship Compass® as a result of extensive research to help companies navigate their business transformations for the 21st century.

We define stewardship as the mindset of creating value by integrating the needs of all stakeholders, society, future generations and the environment.

Sustainability, ESG considerations and responsible investing are forms of stewardship.



SAC CEO Mr Rajeev Peshawaria introducing the concept of Steward Leadership

This approach towards a stakeholder-inclusive model is brought to life by **steward leadership**. From employees to managers, everyone in the organisation must act as steward leaders to create win-win-win prosperity wherein employees, shareholders and society thrive together. Steward leadership involves activating the **Stewardship Compass®** by following the steps outlined here:



- 1 Integrate the four stewardship values (Interdependence, Long-term View, Ownership Mentality and Creative Resilience) with your personal and organisational values.
- 2 Based on these values, articulate your stewardship purpose to create a collective better future for a variety of stakeholders, society, future generations and the environment.
- 3 Ensure that everything you do during both calm and turbulent times is aligned to and governed by your Stewardship Compass®.

HOW TO APPLY YOUR COMPASS TO PROTECT THE COMMONS

As a values-based framework, the Stewardship Compass® enables organisations and individuals to catalyse a mindset shift in envisioning business strategies and execution plans that consider their environment and surroundings at every turn. During her presentation, Ms Smith shared that “to effectively safeguard our global commons, we need behavioural change to make a systems change for sustainability possible.” The key to navigating a resilient commons therefore lies in the four stewardship values that form your Compass.

Firstly, steward leaders recognise that the world is **interdependent**. They think much bigger than themselves or their shareholders. They understand that no individual or organisation can succeed on their own in today’s highly connected world. A steward leader develops business models that drive profitable growth through the pursuit of a stewardship agenda. They drive economic development, reduce poverty and improve natural resource management in the communities they operate.

Secondly, steward leaders realise that to achieve win-win-win growth, they must be willing to forgo short-term gains if their current business models are operating at the expense of their

own long-term sustainable growth. This shift towards a **long-term view** is no easy feat. It requires an **ownership mentality** that entails taking proactive responsibility to ensure that stewardship occurs and is sustained even when their tenure has passed. Therefore, steward leaders understand that the decisions they make for the environment today will impact not only their future operations but also the resources they depend on for future prosperity.

Finally, steward leaders have **creative resilience**. They ensure continual learning and possess the tenacity to become a systemic part of an organisation’s efforts to drive innovative solutions to resolve issues faced by humankind.

Through such values, steward leaders **adopt a purpose larger than themselves**. By going beyond personal and/or shareholder interests, such leaders are genuinely motivated by a win-win-win mindset. Without rethinking one’s leadership, the sustainable management of our natural resources and commons cannot be actualised. Steward leaders play a crucial role in positively transforming business systems and models to ensure sustainable livelihoods within their borders and beyond.



THE GLOBAL COMMONS STEWARDSHIP (GCS) INDEX

As mentioned at the start of this paper, awareness and education form the second driver to help address the challenges to protect the global commons.



Professor Naoko Ishii explaining the potential of the GCS Index

Professor Naoko Ishii, Director for the Center for Global Commons and Executive Vice President at the University of Tokyo, showcased the GCS Index as a way for countries and businesses to understand their impact on the global commons. Developed by the Sustainable Development Solutions Network (SDSN), the Yale Center for Environmental Law & Policy and the Center for Global Commons at the University of Tokyo, the GCS Index is a novel tool that can help track domestic, transboundary and spillover environmental impact resulting from socio-economic activities.

Based on the Index, a pilot survey contained results for 50 countries, including the G-20, OECD and countries with populations over 100 million. This initial evaluation was released ahead of November's COP26, where world leaders gathered in the UK to find solutions to secure net-zero carbon emissions by 2050 and to ensure that the global temperature

increase of 1.5 degrees Celsius is within reach. However, Professor Ishii highlighted that businesses and governments should not focus solely on their domestic carbon footprint. They need to also take into account the transboundary or "spillover" impact of their activities.

In her address, she explained that developed countries' domestic scores are often lower than their spillover scores, highlighting the environmental impact within the food system as one example. While developed countries can manage their local effects, she stressed that they export their environmental impact to developing countries through food importation. The pilot GCS Index revealed significant implications for countries by measuring six global commons indicators: aerosols, biodiversity, climate change, land, oceans and water. One key finding exposed how international spillovers account for a large share of countries' impacts on the global commons, particularly in relation to greenhouse gas emissions, biodiversity threats and water scarcity embodied in imports. Through Professor Ishii's analysis, it has become clear that transformative system changes are needed. The world requires cross-country collaborations, and businesses that operate in various geographies need to take responsibility in combating the harm to these commons caused by the import and export of their products.

While there are many types of metrics in the industry that measure environmental impact, the GCS Index is unique in that it is the first to attempt to measure the effect caused by the world's supply chains. The GCS Index, therefore, has the potential to be a helpful tool to inform business and government leaders of the areas of improvement required to help preserve our global commons.



Panelists Dr Richard Jeo, Mr Bey Soo Khiang and Ms Fay Fay Choo sharing insights on how businesses can better steward the global commons

To bring home the point that steward leadership and awareness are critical for transformative change, **Ms Fay Fay Choo, the Asia Cocoa Director for Mars Inc.**, and **Mr Bey Soo Khiong, the Vice-Chairman of RGE Group and Chairman of APRIL Group**, joined Professor Ishii to shed light on how their companies navigate the seemingly paradoxical objective of achieving both purpose and performance. The panel, moderated by **Dr Richard Jeo, the Senior Vice President of the Asia-Pacific Field Division of Conservation International**, also discussed how governments and businesses could step up their responsibilities to build a resilient commons.

In this discussion, the panellists expanded on the role of the private sector in mitigating the environmental impact of both domestic and international activities. Dr Jeo raised the concern of the ambiguity of streamlined data towards finding a panacea in the fight for climate action. While global efforts focus on domestic environmental impact and overlook how external actors contribute across borders, the GCS Index showed that it is critical to take a holistic approach by taking spillover impacts into account. Mr Bey responded by stating that the GCS Index provides businesses with a guideline to incorporate sustainability into their operations and allow business leaders to think further about how their actions can cascade across borders. It is thus imperative for steward leaders to proactively search for innovative solutions to mitigate the geographical impacts from their supply chains.

The panellists further elaborated on how their organisational stewardship purpose has helped to influence mindsets and transform behaviours. Mr Bey stressed the importance of all employees in the organisation, no matter their designation, having an “ownership mentality.” For APRIL Group, a leading pulp and paper company underneath the RGE Group, this means a shared goal to achieve its 2030 commitments and targets, which are aligned with the UN Sustainable Development Goals. Companies have a responsibility to ensure they take action to undertake society’s greatest challenges while supporting economic development, according to Mr Bey.

Mr Bey further added that this conviction that the world is highly interdependent forms part of RGE Group’s strategy. RGE, also known as Royal Golden Eagle, manages a group of companies in the resource-based manufacturing industry.

To illustrate the interdependent nature of supply chains, Ms Choo explained the importance of taking care of stakeholders. Mars’ supply chain is made up of smallholder farmers. If the well-being of these smallholder farmers is not cared for, Mars will not have a chance to succeed, Ms Choo stressed. “Purpose without performance is not sustainable, and performance without purpose is meaningless,” she added. Mars’ strategy shows that businesses do not operate in isolation — their success is intertwined with the welfare of society and the state of the natural environment.

KEY TAKEAWAYS

The year’s Stewardship Commons concluded that rules and regulations as well as financial instruments and incentives, while necessary, are inadequate to drive widespread change. Awareness, education, leadership and governance changes are also important considerations to bring about collective action to protect and preserve our global commons.

Traditional notions of governance and leadership based on benefits for oneself or a limited group of stakeholders will bring about little success in today’s hyper-connected, interdependent and transparent world. As shown by the GCS Index, the spillover impact of our actions could lead to an unfair distribution of responsibility in the fight to protect our global commons. There is therefore an undeniable need to recast

institutional frameworks and push for high-level commitments towards policies and practices that embrace stewardship for sustainable collective development and growth.

To achieve the large-scale uptake required to combat today’s sustainability crises, steward leaders must be persistent in their intent to safeguard our global commons while simultaneously seeking solutions for their own long-term growth and profitability. When individuals and organisations are cognisant of their roles in addressing the world’s environmental challenges and put stewardship values into practice, they are one step closer to reaching their stewardship purpose of achieving a sustainable future for the next generation.