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Roundtable at AUB: The Impact of COP 28 on Businesses in Lebanon and the MENA Region

The Rami F. Makhzoumi Corporate Governance Initiative of the Suliman S. Olayan School of Business (OSB) at the American University of Beirut (AUB), in collaboration with Alem & Associates, convened a roundtable discussion around the 2023 United Nations Climate Change Conference (COP 28) and its impact on businesses in Lebanon and the MENA region. This marked the beginning of a series of discussions that align with the broader theme of “The Intersection of Corporate Governance and ESG (Environmental, Social, and Governance): Establishing Long Term Resilience.”

The session began with a three-minute video from COP 28, followed by a welcome message by Dr. Yusuf Sidani, dean of OSB, emphasizing the school’s mission to transform business education and foster a culture shift among students and faculty. He stated, “Traditionally, business education has focused heavily on profitability and economic efficiency. While these remain important, we believe it is equally crucial to instill in our students the understanding that successful businesses can also thrive while being socially and environmentally responsible.”

Business leaders representing different industries, including IPT, BCI, Holdal, Beesline, Jubaili Bros., Sacotel, The Quinta Group, and Clost St. Thomas, participated and shared their structured approaches to integrating sustainability practices and addressing environmental, social, and governance (ESG) considerations within their company strategies. Their experiences and insights highlighted both the practical challenges and innovative solutions they have encountered in this journey as they shared the decarbonization initiatives they are undertaking. Companies that were present have either established sustainability units or

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committees made up of individuals from various departments to coordinate and integrate sustainability efforts across their organization. These units or committees report directly to the board, ensuring alignment with strategic decision-making. Additionally, many of the companies have developed and adopted governance policies centered around ESG or corporate social responsibility (CSR) principles.

To provide context, Director of the Rami F. Makhzoumi Corporate Governance Initiative Nada Naufal said, “Every country has its own journey, its own priorities, its own reality. When we understand the geopolitical nature of our country, we are in a better position to focus on the future growth of our businesses and economy. As such, aligning ourselves with ESG-related regulations, many of which are initiated and led by the EU, is crucial. Compliance with these regulations will not only facilitate growth but also enhance access to finance and ensure long-term viability for Lebanese companies operating within the country and in the MENA region.”

Founder and Senior Partner at Alem & Associates Mohamed Alem then addressed policy makers, Dr. Najat Saliba and Dr. Nasser Yassin participating in the discussion, by acknowledging the dual approach the discussion is taking with both executive and legislative frameworks to address this matter and by bringing this issue to the forefront of government and stakeholder attention. “To achieve this, we need to ensure our strategies align with both the executive’s policy directives and the legislative body’s regulatory capabilities. This alignment will help us create a comprehensive and effective strategy and policy for addressing the challenges at hand.”

Alem discussed the upcoming challenges for Lebanese companies, noting that Europe will extend reporting requirements to small and medium enterprises by 2028. He emphasized, “Whether Lebanese, Saudi, or Emirati, we’re all interconnected within supply chains, directly or indirectly, and these regulations will significantly impact businesses. We must consider solutions focused on metrics, data, and information that we can leverage and ask if we’re motivated to proactively address these challenges.”

Dr. Najat Saliba, member of the Lebanese Parliament and director of the Environment Academy, recognized the path forward requires a concerted effort from all stakeholders, highlighting that legislators and the government must take the lead in enforcing laws and promoting awareness. She added that simultaneously, the private sector must be encouraged to move beyond compliance and actively contribute to local environmental strategies. “It’s no secret that we are facing environmental degradation that is very dangerous and unpleasant. To protect our water, air, and manage solid waste, we have the comprehensive Law 444 from

2002, providing a solid environmental strategy. While some laws need updating, our current laws are robust and effective in promoting good environmental practices. Climate change presents a significant opportunity to change behaviors and promote sustainability, with universities, businesses, legislators, and entrepreneurs playing crucial.”

Dr. Nasser Yassin, Lebanese minister of environment, highlighted that despite increased awareness on climate change, the private sector has yet to integrate environmental issues into their core practices. He echoed Alem’s point that complying with regulations benefits businesses long-term and emphasized the need for true ESG integration, not just CSR initiatives, to avoid greenwashing. “We need to embed environmental compliance into our business models, making it part of our DNA if we want businesses to benefit long-term. We need to think how to move it into our business model, and into the costing, into every part of what we do. It’s crucial to keep these reality checks in mind.” Recognizing finance as key to Lebanon’s growth, Yassin stressed the importance of alternative financing like green and climate-related funds including private investors and called for institutional reforms to avoid stagnation and realize the country’s full potential. “While family-run businesses sustain the Lebanese economy, without adequate financing, there can be no growth.”

Dr. Maisaa Youssef, cluster leader for the 2030 Agenda at the Economic and Social Commission for Western Asia, emphasized the critical role of governance and accountability within the policy-making framework. Given the university context for this discussion, she advocated for universities to allocate greater resources to humanities and social sciences, emphasizing the need for educational programs capable of monitoring the environmental impact and correlate it with health and poverty and other resulting damages stemming from insufficient governance and accountability measures.

International financial institutions such as the World Bank Group and EBRD participating in the discussion highlighted the significant impact of governance policies be it related to the environment or social, on companies in Lebanon, particularly concerning supply chains and access to markets and financing “because once the access to finance is going to come back to this country, it’s going to be very different; we are looking at a very different landscape of financing than we used to have in the past,” as stated by Salim Rouhana from the World Bank Group. It was also stated that as the landscape of financing shifts during this transformational phase, companies will need to adapt to new realities. Additionally, businesses operating across different regions from Dubai and the Kingdom of Saudi Arabia, to Iraq, face unique challenges in navigating diverse policy landscapes and branding themselves, accordingly, they will require

tailored strategies for each context and Lebanese business owners are going to want to seek insights on how to effectively maneuver within these varied landscapes.

The roundtable conversation saw active engagement from business leaders on topics including science, life cycles, energy conservation, and greenhouse gas emissions. They focused on leveraging this knowledge for continued implementation, and to address challenges and explore opportunities presented by each participant.

Director of the Rami F. Makhzoumi Corporate Governance Initiative Nada Naufal ended the roundtable discussion on the note that “We have a journey ahead of us however good governance and ethical practices will be an essential pathway for companies to achieve sustainability across social, environmental, and financial dimensions ensuring that companies are not only focused on short-term gains but are also committed to long term viability. Understanding the reasons behind their strategies - the whys - is crucial as they explore the methods - the hows - in their transition and the initiative is uniquely positioned to foster and help shape a generation of leaders' adept at addressing these topical issues in an integrated way.”

About the Rami F. Makhzoumi Corporate Governance Initiative at OSB, AUB

Established in 2011 at the American University of Beirut (AUB)'s Suliman S. Olayan School of Business (OSB), the initiative's vision and mission is to advance responsible leadership across the MENA region for governance excellence and corporate sustainability through education, support and engagement with professionals and members of the broader community. With the increasing awareness around global diversity, environment, and social responsibility, the initiative evolved its framework and purpose to encompass the principles of sustainability, entailing environment, social, and governance principles in an integrated way.

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Note to Editors

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