



IMPACT

**THE FAMILY OFFICE
JOURNAL**

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The background of the cover is an abstract, textured image with a color palette ranging from deep blues and teals to dark greens and blacks. The texture is reminiscent of a marbled paper or a close-up of a natural surface like stone or wood, with swirling, organic patterns.

Family Offices and
Climate Transition
**Insights and
Implementations**

Foreword

Welcome again to **WMI Impact: The Family Office Journal**.

In this issue, we are pleased to feature the role business families can play in accelerating climate transitions.

The imperative to balance profit with sustainable purpose has never been more urgent. As we navigate the existing and emerging challenges of climate change, an important process in addressing them is the need for robust and impactful climate transition plans. In this edition of WMI Impact, we delve into the vital intersection of climate transition plans, the pivotal role played by family offices, and the overarching importance of sustainable development, contextualised within the vibrant and forward-thinking backdrop of Asia.

Given the complex and diverse conversations around climate transition, we wanted to find the opportunity to express these different insights and experiences. We are glad to have invited several contributors to give us their valuable insights. In this edition, we start off with an overview of the role of transition plans in helping family offices translate ambition into action, by Dr Ben Caldecott, WMI Visiting Professor and Director of the Oxford Sustainable Finance Group. This is followed by two feature interviews of how wealth owners and families have stepped up in presenting their answers to what climate transitions may look like. In the first feature piece, we are pleased to have Hannah Jones, Chief Executive Officer of The Earthshot Prize, who recently launched the third iteration of their awards in Singapore in November 2023. Next, we are joined by Stanley Tan, Founder and Chief Executive Officer, and Kathlyn Tan, Sustainability Director, of Sedar Properties who will share with us their journeys in accelerating climate change solutions and how purposeful wealth fits into their family legacy and lasting impact. Lastly, we provide a short guide for those who wish to embark on their own climate transition plans.

At the heart of these pieces for this edition lies the influential role of family offices in accelerating net zero. Beyond their traditional functions, family offices wield significant influence in steering the course towards a more sustainable future. This edition sheds light on how family offices can serve as catalysts for positive change, exploring their potential to integrate sustainability seamlessly into their strategies, investments, and legacies. As we examine the unique challenges and opportunities in this space, we unveil insights into how businesses and family offices, guided by climate transition plans, can contribute meaningfully to the Sustainable Development Goals (SDGs) towards meeting our objectives of a net zero future for all.

May I wish you an enriching journey into embarking on your own journey of climate transition with this issue of WMI Impact: The Family Office Journal.



Ms Foo Mee Har
Chief Executive Officer
Wealth Management Institute



Climate Transition Plans:
Enabling Family Offices
to Translate Climate
Ambition into Action



Climate Transition Plans: Enabling Family Offices to Translate Climate Ambition into Action

Dr Ben Caldecott

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04

WMI Impact:
The Family
Office Journal
Issue 4

Climate Transition Plans: Enabling family offices to translate climate ambition into action.

Over the last few years there have been thousands of new climate commitments made by companies and financial institutions around the world. Half of world's largest companies are committed to net zero, with 66% of the annual revenue of the world's largest 2,000 companies now covered by a net zero target¹. While in the finance sector, members of net zero target setting alliances represent over \$80 trillion in financial assets under management, \$70 trillion in banking financial assets, and \$700 billion in gross written premiums².

Net zero refers to the state when greenhouse gases going into the atmosphere are balanced by removals out of the atmosphere, and this is important because that is the point at which we can stabilise global warming. So, it's hugely positive to see these actors announcing new net zero ambitions.

However, there is a real concern among many stakeholders that these commitments are meaningless if they are not accompanied by real actions that can be held accountable. That's why regulators, as well as many companies, financial institutions, and civil society organisations, are now calling for the rapid adoption and use of climate transition plans. These can help ensure that entities back up net zero and other sustainability commitments with firm plans that are nested within governance frameworks that can ensure progress towards achieving goals remains on track.

Family offices have a significant and urgent role to play to contribute towards the global commitment towards net zero with climate transition plans. This is especially so if they are considering or are already embarking on sustainability related initiatives as an integral part of their business, investment or giving philosophy. Transition planning involves setting out net zero ambitions, understanding how one's current activities help or hinder net zero, committing to specific actions, and actively disclosing one's progress.

¹ Net Zero Tracker (2023), see: <https://zerotracker.net/analysis/new-analysis-half-of-worlds-largest-companies-are-committed-to-net-zero>

² Oliver Wyman (2022), see: <https://www.oliverwyman.com/our-expertise/insights/2022/nov/pre-cop27-briefing-gfanz-publications.html#:~:text=GFANZ%20membership%20has%20grown%20by,billion%20in%20gross%20written%20premiums.>

Why Should Family Offices Care About Transition Plans?

Transition plans can be significant for any family offices keen to be at the forefront of sustainable development.

First, transition plans can be used by family-owned businesses to help them reduce and manage climate-related risks, as well as contribute to tackling climate change. This will help those businesses deliver better risk-adjusted returns, but also ensure they are having a positive impact on the environment and society. This will also make it easier for family-owned businesses to raise third party finance, given that banks and investors will increasingly assess the quality of transition plans as part of financing terms.

Second, family offices can and should use the transition plans of investee companies and assets to differentiate between those with credible transition plans and those without. There are emerging data and analytical products to aid this comparison, and family offices can also use transition plans to prioritise and support their stewardship of and engagement with investee companies. This could be done to enhance risk adjusted returns, as well as to maximise impact across an investment portfolio.

Third, a family office can develop a transition plan itself, to ensure it delivers on its own climate and environmental ambitions in a way that is consistent and comparable over time, as well as accountable. This can then link to and support the investment function, as well as company management, and other areas including reducing a family's planetary footprint and enhancing the efficacy of its philanthropic giving.

Making Climate Transition Possible

Transition plans are defined by the International Sustainability Standards Board (ISSB) as part of "...an entity's overall strategy that lays out the entity's targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions."³

One such example of how climate transitions are being accelerated globally include the Transition Plan Taskforce (TPT), an industry-led group in the United Kingdom that published a gold standard transition plan framework in October 2023. This framework recommends that a good practice transition plan should be guided by the principles of Ambition, Action, and Accountability:

- **Ambition** includes setting and being committed to high impact targets through transformative aligning of the family's business(es), investments and giving portfolios with national climate targets and the Sustainable Development Goals (SDGs).

³ IFRS (2023) S2 Standard, see: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/>

- **Actions** should be specific, setting out how they deliver targets over the short, medium, and long-term, and how such targets translate into measurable impact and outcomes.
- **Accountability** entails incorporating oversight and consistently periodic reporting as part of the family's internal governance. It should also be clear who is responsible for what, and when such reporting processes are made accountable to the family and its stakeholders.

Central to good practice transition plans is that family offices also need to take a **strategic and rounded** approach to climate transition. That means that while a transition plan starts with the family's commitment to **decarbonisation**, preparers also need to think carefully about how they will proactively contribute to achieving net zero across society.

This approach is critical if we are to avoid **unintended consequences**. As all entities operate in an interdependent system, an exclusive focus on achieving net zero without a broad strategic overview of the family's activities run the risks of 'paper decarbonisation' and green washing.

In the case of family portfolios, there are two outcomes to avoid. The first are "**false positives**" that refers to divesting from companies with relatively high emissions that may however be critical in enabling the transition to net zero. The second are "**false negatives**", or investing in companies that report low emissions but may support carbon lock-in. Credible and accountable transition plans will help everyone avoid paper decarbonisation and these false positives and false negatives.

Transition plans serve many purposes. Disclosing a transition plan, in addition to improving the information available to investors and lenders, supports policymakers and regulators to understand the trajectory to net zero and what the ecosystem needs to do to accelerate the process. It also allows regulators to assess whether strategies are individually or collectively sufficient given exposures to climate-related risks. Transition plans can also help family offices hold stakeholders to account for their public climate commitments and act as a reference point for transition finance products and instruments.

Staying Ahead of the Curve: Transitioning as Strategic Advantage

Given the many different use cases that exist, it is perhaps unsurprising that there is already significant international momentum behind transition plans. The European Union via the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) is introducing transition plan disclosure requirements. In September 2023 the US Treasury Department set out principles for net zero aligned financing that emphasised the key role of transition plans.

In October 2023, the Monetary Authority of Singapore (MAS) and the Australian Accounting Standards Board (ASSB) both issued consultations related to transition plans. MAS proposed new guidelines on transition planning by banks, insurers, and asset managers. The proposed guidelines set out MAS' supervisory expectations "...for financial institutions to have a sound transition planning process to enable effective climate change mitigation and adaptation measures by their customers and investee companies in the global transition to a net zero economy and the expected physical effects of climate change."⁴ The ASSB published draft sustainability reporting standards that include transition plan disclosure requirements. Brazil and Japan, by committing to endorsing ISSB standards, are also making similar commitments to transition plan disclosure requirements.

What this means for family offices in Singapore is that implementing climate transition plans is not a matter of if, but when. If suitably ambitious, delivered with appropriate actions, and with proper accountability, transition plans can help family offices allocate capital to assets that are contributing to meeting SDGs, and away from those that are not.

Climate transition plans are a powerful potential tool for family offices and can strategically support business families to outperform in the long term, contribute to societal objectives, and achieve net zero in their investments and philanthropy. They are going to become increasingly prevalent and family offices should be early adopters, paving the way in making climate transition an integral part of any business family's legacy.

⁴ Monetary Authority of Singapore (023), see: <https://www.mas.gov.sg/news/media-releases/2023/mas-proposes-guidelines-for-financial-institutions-on-transition-planning>



Urgency & Optimism
for Action:

Feature Interview with
Hannah Jones,
Chief Executive Officer
of The Earthshot Prize



Urgency & Optimism for Action: A Feature Interview with

Hannah Jones
Chief Executive Officer of
The Earthshot Prize

Introduction

As part of our focus on climate transitions, we are delighted to be joined by Hannah Jones, Chief Executive Officer of the Earthshot Prize on a feature interview to understand how philanthropic capital can be a major force for sustainability and accelerating climate transitions.

The third Earthshot Prize was hosted in Singapore on the 7 November 2023, and the event saw five accomplished winners from a list of 15 finalists, marking the third cohort of The Earthshot Prize winners to join alongside previous cohort of winners to make their impact on the ground. To better understand how initiatives such as The Earthshot Prize can drive philanthropic capital to accelerate climate transitions, we asked Hannah Jones to share with us The Earthshot Prize's story and journey.

Hi Hannah, thank you for agreeing to do this feature interview. In your own words, tell us more about The Earthshot Prize and what it stands for within climate change conversations.

The Earthshot Prize is an annual global prize designed to search the world for solutions to repair and restore our planet.

Founded by Prince William in 2020, The Earthshot Prize awards five winners £1 million each to help them scale up their solutions and reach their desired impact, with all fifteen Finalists receiving tailored support from our Global Alliance of partners.

The Prize's aim is to discover, spotlight and scale the world's most innovative climate and environmental solutions, centering around five bold "Earthshots," each targeting a key aspect of our planet's well-being: 1) Protect & Restore Nature; 2) Clean Our Air; 3) Revive Our Oceans; 4) Build A Waste-free World, and 5) Fix Our Climate.

This initiative acts as a catalyst for discovering and amplifying innovative strategies to heal our planet within this decade. It champions changemakers from various sectors, be it universities, charities, startups, or cities, and supports them in scaling their climate solutions. Our role is to shine a spotlight on their climate solutions, to support and help scale them, and in doing so, unleash the urgent optimism in each of us.

Why is an initiative such as The Earthshot Prize necessary in making climate transitions possible?

The Earthshot Prize provides a powerful conduit to both funding and spotlighting for innovators, helping them to develop, refine and scale their solutions.

The Prize's Global Alliance and Founding Partners are also champions for green innovation and work to unlock more of the capital and resources necessary to amplify and accelerate the solutions developed by our Finalists.

Who/what would be a major inspiration for The Earthshot Prize?

The Earthshot Prize was inspired by President John F. Kennedy's "Moonshot" challenge in 1962 to land a man on the moon within a decade. It was a task that nobody thought possible, but with optimism and the spirit of human ingenuity it was completed in only 7 years. Similarly, The Prize was launched by Prince William in 2020 to repair our planet, a huge task but one that we can accomplish using optimized human ingenuity to scale the most innovative solutions to the world's greatest environmental challenges.

Each year, we are deeply inspired by the over 1000 nominations we receive, which we believe will increase dramatically each year, and we are inspired by the remarkable work our Finalists and Winners have accomplished. Within the last three years, the 2021 cohort alone protected or restored 7,000 hectares of land, and removed, upcycled, or prevented over 40,000 tonnes of waste. These achievements exemplify our unwavering commitment to environmental progress and sustainable change. Similarly, the 2022 Earthshot Prize cohort has played a pivotal role in actively working towards the restoration and rejuvenation of our planet, further reinforcing our belief in the potential for impactful solutions. We hope that the stories of our Finalists will inspire future innovators to dream of a greener future.

Tell us more about the board and council, these are members from distinguished and illustrious backgrounds all over the world – what was the reason for having all these global thought leaders and changemakers?

Our Board and Council are a coalition of distinguished global thought leaders and changemakers, each contributing their remarkable insights and dedication to the cause. The Earthshot Prize Council is chaired by The Earthshot Prize Board of Trustees Chair, Christiana Figueres DBE, architect of the Paris Agreement. The Council members include Prince William, Her Majesty Queen Rania Al Abdullah, Cate Blanchett, Sir David Attenborough, Jack Ma, Naoko Yamazaki, Dr. Ngozi Okonjo-Iweala, Stella McCartney, and Yao Ming.

Our selection of partners marries both environmental knowledge and expertise in scaling up solutions, regardless of whether they are for-profit, in the public sector, or not-for-profit. This strategic approach ensures that the solutions we support are not only scalable and sustainable but also truly innovative.

A big part of The Earthshot Prize is about investing in people with innovative and groundbreaking solutions – what are your criteria and what qualities do you look out for in people committed to your philosophy?

The Earthshot Prize places a strong emphasis on investing in individuals and teams with innovative and groundbreaking solutions that align with our overarching philosophy. Our criteria for identifying and supporting such visionary projects are built on four key filters:

- (1) Potential for global impact: Solutions must clearly articulate their impact to date and their potential to make a difference in the future based on one or more environmental metrics.
- (2) Diversity of solution types: we accept solutions from any country or sector in the world, be it non-profit or for-profit, government institutions, a partnership of more than one organization, and a team or small group individuals.
- (3) Stage of solution: Solutions must have the potential to be scaled or replicated quickly with financial, communications or organizational support.
- (4) Organizational foundations: Finalists must consist of a dedicated team and committed founder, inclusive leadership, solid governance and financial arrangements and a scalable solution model.

Who are some examples of awardees from previous cohorts (pre-2023) The Earthshot Prize that you think would be interesting to mention?

Our 2021 and 2022 cohort have demonstrated great ingenuity and impact over the short period. The two standout awardees are:

- 1. Takachar (India), 2021 Winner of The Earthshot Prize to Clean Our Air:** After winning the award, they reported a remarkable threefold increase in business inquiries. Utilizing their £1 million prize, they doubled their staff and expedited the product prototyping process, showcasing the substantial impact the prize can have on innovative solutions.
- 2. Notpla (UK), 2022 Winner of Build a Waste Free World:** Following their Earthshot Prize victory, Notpla expanded their team by 10 individuals and invested in new machinery to accelerate their research and development efforts. Their commercial interest surged by 40%, and they initiated a new partnership at the iconic Kia Oval cricket ground.

These examples highlight the transformative power of the Earthshot Prize in driving innovation and growth in organizations dedicated to environmental sustainability.

What are some major programs that The Earthshot Prize has done so far?

The Earthshot Prize, in partnership with a number of our partners, including Temasek Foundation, Conservation International and Singapore Fashion Council, was delighted to introduce an inspiring youth program as part of Earthshot Week. These engaging activities encompassed masterclasses hosted by partners, including Bloomberg L.P, YouTube, and Arup. We look forward to continuing to support this important audience as they continue to drive climate action.

We also launched Earthshot+, which is designed to expand the impact of The Earthshot Prize by convening key stakeholders and addressing the systemic challenges and breaking down barriers to accelerate the critical scale required to repair and restore our world within the next decade. Inspired by our portfolio of nominations, the Earthshot+ platform will spotlight priority areas and convene partners to support them, such as by developing coalitions to catalyse action.

This year's Earthshot Prize is held in Singapore – why this location?

We were delighted that our third annuals Awards Ceremony was held in Southeast Asia as part of our first ever Earthshot Week, just weeks before COP28. Propelled by the urgent need to address rising sea levels, fiercer storms, and rapid deforestation, Southeast Asia is leading the charge in the fight for a cleaner, healthier and more sustainable world, so it was important for us to come here and spotlight the incredible work happening within the region.

Singapore is at the heart of the region's climate action and has demonstrated how to leverage technology, capital, and human ingenuity to solve the toughest environmental challenges. As the gateway to Southeast Asia, Singapore was the perfect venue for The Earthshot Prize to announce the 2023 Winners and celebrate progress across the globe.

Equally significant is the collaborative spirit and commitment of our partners in Singapore – Temasek, Temasek Trust, GenZero, and Conservation International. We have seen both the government and local communities actively fostering innovation and investment in sustainable growth. This concerted effort to accelerate progress towards a greener future is a source of great delight for us, and we're thrilled to be in Singapore, both for the Awards but also for the long-term as we continue to support the eco-solution ecosystem in the region.

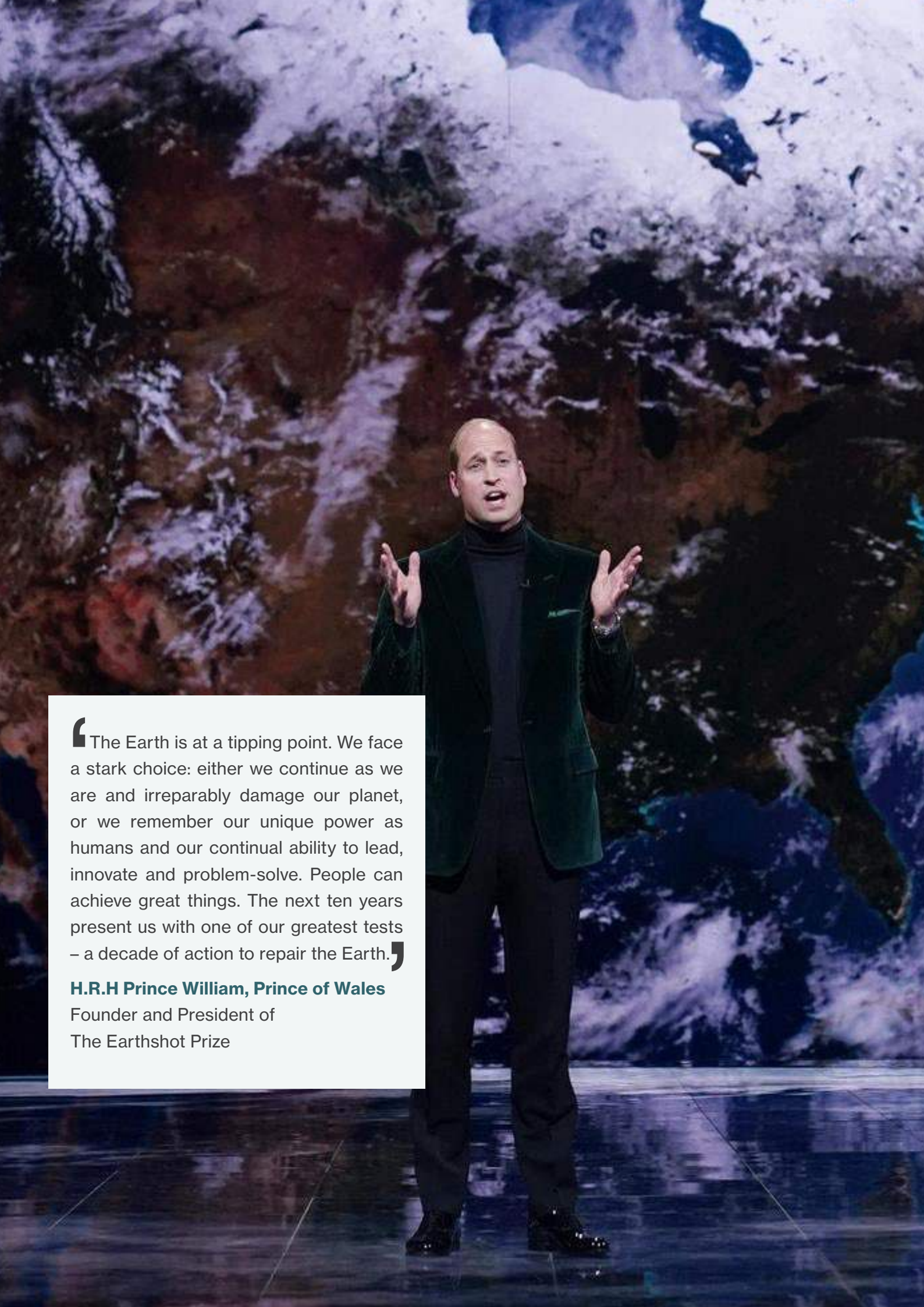
What are some upcoming plans in store for The Earthshot Prize?

The Earthshot Prize is not just a short-term endeavor; it's a long-term commitment with a wealth of exciting plans in its pipeline. With a visionary perspective, The Earthshot Prize ventures to different continents each year, expanding its global reach and engaging with diverse environmental challenges worldwide. This dynamic approach reflects a dedication to uncovering and scaling potential solutions that have the power to create a lasting impact on our planet.

However, this does not mean we will be leaving Singapore and South East Asia. This is just the beginning and we will continue to have a team here. They will work to build the nominator and partner network as we continue to scout for future solutions and Finalists from the region. They will also help to connect our Finalists to support in the region whether that is philanthropic or investment capital or other support. Many of our Finalists are either based in Asia or are relevant to the environmental issues faced here so it is vital we continue to help them to scale in the region.

If you have one message to our readers, what would you like to convey?

The one crucial message is a profound belief in the potential of urgent optimism paired with unwavering determination that through collaboration we can defy the seemingly insurmountable challenges we face today. The exceptional individuals and initiatives recognized by The Earthshot Prize, both past and present, embody this very spirit. Asia and Singapore play a vital role in this and if you think you can help us to find future solutions or support our finalists we would love to collaborate. Our Head of Asia Pacific, Sarah Cragg, would love to hear from you and she can be reached at Cragg@earthshotprize.org.

A full-body photograph of Prince William standing on a stage. He is wearing a dark green velvet blazer over a black turtleneck and black trousers. He has his hands raised in a gesture of emphasis. The background is a large, illuminated world map. The floor is dark and reflective.

“The Earth is at a tipping point. We face a stark choice: either we continue as we are and irreparably damage our planet, or we remember our unique power as humans and our continual ability to lead, innovate and problem-solve. People can achieve great things. The next ten years present us with one of our greatest tests – a decade of action to repair the Earth.”

H.R.H Prince William, Prince of Wales

Founder and President of
The Earthshot Prize



**Building Sustainable
Communities:**

**Feature Interview with
Sedar Properties**



Building Sustainable Communities: Sedar Properties

Kathlyn Tan:

Sustainability Director, Sedar Properties

Stanley Tan:

Chief Executive Officer, Sedar Properties

Introduction

As business families embark on their climate transition plans, their influence on businesses, investments and giving will have an immense impact on the ecosystems and industries they are vested in. In this article, we explore how Sedar Properties, under its Founder and Chief Executive Officer, Mr Stanley Tan, together with Kathlyn Tan, its Sustainability Director, commit towards moving the needle in the real estate development industry across the different countries. We get to hear from Stanley and Kathlyn as they share their motivations and journey towards advancing Sedar Properties as a big part of their vision for a more sustainable future. Their sharing serves as inspiration into how climate transitions are more than just plans and blueprints. Instead, the transition reflects a transformative journey that embraces both the family's commitment to sustainability, as well as its legacy on this planet.

What inspired this name change and rebranding? How is it tied to your own journeys in sustainability and philanthropy?

Kathlyn:

The company was privatised at the end of 2022, which gave us the perfect opportunity to do two things. Firstly, to commence our B Corp Certification journey – something we've wanted to do for years – and secondly, to undergo a rebranding exercise to discover who we want to be in this new chapter.

We landed on three key principles: To embody purpose, focus on people, and honour place. In a simplified way, this encapsulates our approach to environmental, social and corporate governance (ESG) themes, and we're grateful to have the support of other shareholders at Sedar Properties. Sustainability is a continuous journey and we're constantly learning and evolving, both in business and our approach to philanthropy.

What is the story behind the name, Sedar Properties? How does this new name reflect the company's journey thus far and your vision?

Stanley:

We have always been conscious that wealth is a privilege and that how we acquire it, needs to be thoughtful and purposeful. Like in philanthropy, the principle of “do no harm” is one of the rules we are intentional about. And just as important, we want our investments to have lasting positive impacts on their surrounding communities.

Kathlyn:

We really wanted a name that's meaningful to us and speaks to our beliefs and heritage. Representing a fusion of East and West, we chose 'Sedar', a Malay word that means 'intentional' or 'conscious', to embody how we aim to always do business. Cedar trees also have a long history in New Zealand where we're active in and where half our team is located, and we hope that together, these words inspire a long-term outlook that's focused on the future.

What does B Corp Certification represent for Sedar Properties and yourselves, and what is your advice for companies who are looking to do the same?

Stanley:

We are very pleased to be part of the B Corp community. While achieving the B Corp certification is a great step, we hope to improve and adopt best practices, as well as new innovative ideas that can help us be better.

Kathlyn:

I'm absolutely thrilled that we're B Corp Certified! Most of us who work with family don't get to choose what sector the 'family business' is in. Achieving B Corp has made me feel proud of my corporate hat and given not just myself, but our wider team, a boost that we're on the right track. I'd highly recommend to all businesses that seek to adopt an impact lens, and especially family businesses, to consider embarking on the B Corp Certification journey. It's a rigorous process which requires commitment, so it helps to have both top-down support, as well as team members actively

driving the certification process. And once you achieve the milestone, you'll join a welcoming and growing community of like-minded businesses from around the world who believe in being accountable to all stakeholders, not just shareholders.

Being a real estate developer and investor with a presence in various countries, how do you think real estate developers can be a force for sustainable and social good?

Stanley:

People need places to live, work and play in, so the need for development isn't going to go away. As with food consumption, we need to find better and more sustainable ways to build homes. However, for the most part, people might not be willing to pay a premium to adopt innovative and explore alternatives at the onset.

We need to invest more in finding better materials and construction methods, and we need governments to adopt the right legislation and regulations to make the built environment sector more responsible. Like the use of asbestos, some bad practices can cause harm for decades, and we shouldn't be leaving problems behind for future generations to solve.

Kathlyn:

I think about this all the time. Contributing to the development and regeneration of communities comes at a cost to the environment, and the most sustainable building is the one you don't build or the one that is already built. I'm passionate about nature and when development needs to be done, I hope we can do it in a way that embodies purpose, honours place, and with people-centred practices.

I think real estate developers have a responsibility to ensure that projects are sound, and that we're holding each other and our partners accountable. As businesses, we also have a voice which we can use to support industry initiatives that are calling for a more sustainable built environment so that the whole sector can advance together.

Tell us about the project(s) Sedar Properties is involved in. What are the examples on the ground that reflect the company's vision of not just building and managing properties, but cultivating places and people too?

Kathlyn:

In our developments, our project teams masterplan communities and design homes with the aspiration of harmonising people and their environments. We use features such as public open spaces, native green spaces, and recreational amenities to soften the built environment and provide places for exploration and community interaction. Our aim is to respect the natural charm of the locations we work in, while creating spaces that uplift the communities that we serve.

Stanley:

Our team works hard with what we have in incorporating the company's philosophy. However, our current projects haven't allowed us to fully showcase best ways to build communities as they are often in developed areas. We continue to search for a project where we can prototype how development can contribute positively to building a community where environmental consciousness blends with living needs.



Remarkable Residences, Queenstown, New Zealand – One of several development projects under Sedar Properties

There are frequent criticisms that industries such as real estate and construction often lag behind compared to other “forward-looking” industries when it comes to embracing sustainability and social good. What do you think are the main challenges that are preventing more in these industries from making the transition?

Stanley:

It is true that innovations that are adoptable in real estate are still lagging while the needs are ever growing with regulations that address mainly safety for inhabitants and not enough considerations for environmental consequences. Governments and developers have a big role in moving the needle towards incorporating environmental consequences as part of living quality and safety.

Kathlyn:

In addition to what my father said, innovation is taking place, but adoption can still be a challenge. Some of this could be due to cost constraints, limited availability, uncertainty around durability and performance, regulatory approvals or even market acceptance. So sometimes it isn't for lack of trying, but due to the nature of the sector, there's a lot of risk management that is taking place, which rewards certainty and reliability.

Both of your dedications to sustainability and social impact have been an inspiration to us all. Could you share how your philosophy for doing good is translated into Sedar Properties' business philosophy and practices?

Stanley:

While many give a portion of their wealth to doing good, we sometimes forget that wealth used for investments to grow the family's wealth has the potential to do even greater good if that is embedded in the investments' philosophy and guiding principles. We hope to integrate all of what we have so that we showcase what purposeful wealth means to us, both in how we give as well as how we preserve.

Kathlyn:

Our goal is to adopt a total portfolio approach to impact. We do the best we can with the limitations of Sedar Properties, however, where there are areas that we feel are important but may not align with its business mandate, we use other vehicles to do so.

For example, at Sedar Properties, we actively works to complete our greenhouse gas inventory and offset our unavoidable emissions, however, investing in innovative solutions and start-ups that have the potential to decarbonise or improve the built environment doesn't sit within the company's mandate. In this instance, we use our family office Rumah Group that has a different risk appetite and ability to explore opportunities in this area. We're privileged to have the flexibility and different vehicles to meet our objectives.

A term that is gaining popularity is “intergenerational climate transition”, or the idea that climate transitions will ultimately have to rely on intergenerational resolve and cooperation to produce intergenerational results for green transitions.

As both of you are part of a growing number of business families who are now embracing intergenerational climate transitions in their own ways, I would love to hear more about your journey as well as what keeps you going.

Stanley:

To address the climate issue, we need an all-of-community approach, including governments, businesses, and communities to come together. Intergenerational green transition, as you put it, should not be just a trend but the normal practice.

Kathlyn:

Working with family members can be a double-edged sword. With all the challenges that come with blurred boundaries, emotional dynamics and a limited pool of talent, there are benefits such as trust, shared family values and a long-term perspective. I think it's safe to say that the climate transition isn't easy for most businesses, but I think families who work together and who are able to openly communicate and ask themselves questions like “who they're here for” and “what they value most” have a good chance of being able to accelerate the transition.

It might take time to get team members on the same page (and maybe even some external support), and it might feel lonely sometimes, but it's so critical that we all put in the work to safeguard our shared future.

What exciting developments can we look forward to on the horizon with Sedar Properties that you could share with us?

Stanley:

We are currently searching for a project where we can showcase best practices for adoption. As the young people say - “watch this space”.



To find out more Sedar Properties, visit <https://www.sedarproperties.com>

The background of the image is a composite of two scenes. The upper portion shows three wind turbines against a sky transitioning from a soft orange and pink at the horizon to a clear blue at the top. The lower portion shows a close-up, perspective view of a solar panel array, with the individual cells and grid lines clearly visible. A semi-transparent dark green rectangular box is overlaid on the bottom half of the image, containing the title text.

Crafting a Robust Climate Transition Plan:

A Guide to Considerations for Family Offices

Crafting a Robust Climate Transition Plan: A Guide to Considerations for Family Offices

In an age where environmental challenges are unprecedented, the imperative to transition toward a sustainable future has become the focal point for individuals and institutions alike. At the COP28 this year, a focal point has been on how countries can find the right political will, resources, and trade-offs to accelerate transitioning to a net-zero economy. And this starts with climate transition plans.

A big part of the accelerations therefore falls on providing a roadmap for different stakeholders to devise robust and relevant transition plans in tandem with larger market and social systems. As this issue's introductory article by Professor Ben Caldecott, Director of the Oxford Sustainable Finance Group, has outlined, the financial regulators are advancing on incorporating climate transition plans within their reporting guidelines. This means that developing a climate transition plan is no longer a "good to have", but it can be an essential tool to provide a comprehensive and committed action plan for transition.

Global standards and frameworks for climate transition plans vary across countries, industries, and sectors. For family offices that deal across the capital spectrum, it may be difficult to find a one-size-fits-all approach in specific industries that may provide clarity and strategic alignment. Instead, family offices may consider designing and working out their own climate transition plan and develop alignment across their own activities at the initial stage, before translating relevant parts of the plan to find synergistic targets and actions to meet industries' best practices. Below are some ways family offices may wish to consider as they design their own climate transition plans.

The end objective for all climate transition plan is to show how companies or organisations will achieve net zero, defined by the United Nations as the state where all greenhouse gases emissions produced are equal or counterbalanced to the amount of emissions removed⁴. Along with the objective of net zero, three essential attributes consistently characterize credible transition plans.

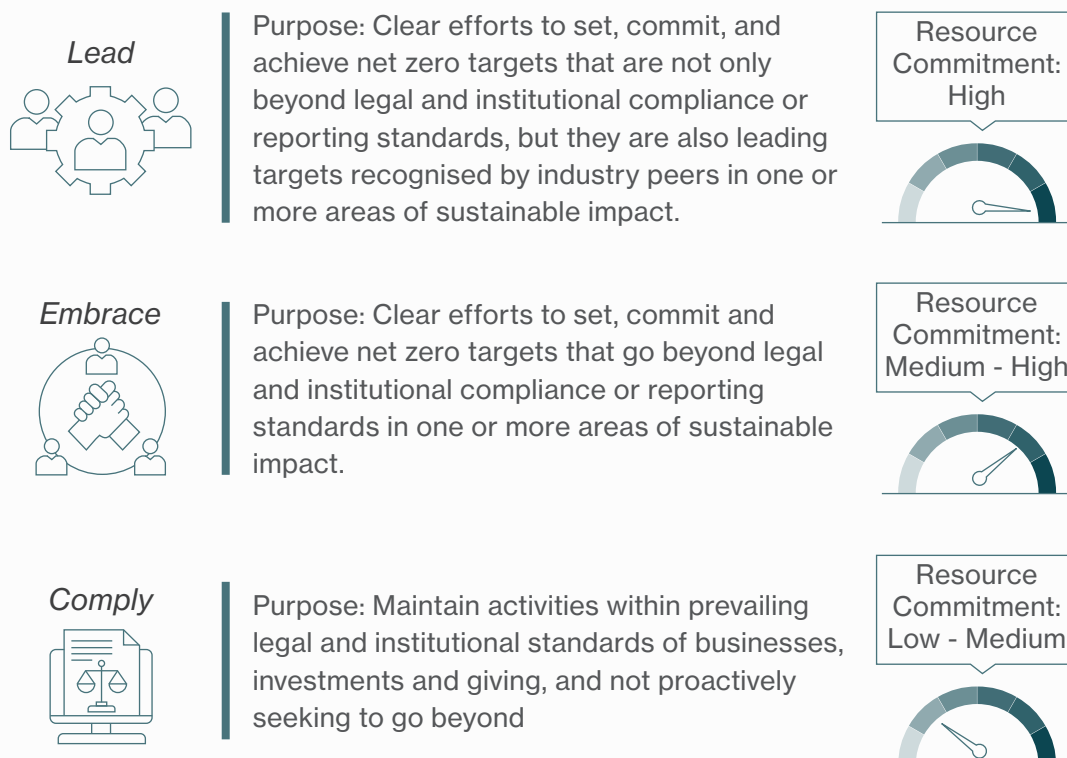
⁴ <https://www.un.org/en/climatechange/net-zero-coalition>

Key Components of a Robust Climate Transition Plan

Design and Development

At the design and development stage, a robust climate transition plan first and foremost requires three essential perimeters towards meeting net zero: (1) purpose, (2) resource commitment, and (3) time duration. The purpose defines the underlying motivations by which your family office wishes to embark in the transition plan. It lays out the basic drivers for the “what” and “why” of a business family’s transition, providing the principles that will inform the “how” during the execution and monitoring phase. Resource commitment refers to the amount of resources family principals need to allocate to make the transition possible. Time duration refers to the amount of time needed to complete the transition.

These three perimeters are interdependent of each other, as the time taken to complete the transition is correlated to the amount of resources and nature of purpose that each family is willing to commit to. While families may have different reasons for selecting a specific duration to their climate transition plans, a recommended target year would be 2030, in alignment with many organisations and countries’ own climate transition plans. This also applies to Singapore with its SG Green Plan 2030. Apart from duration, families also need to consider aligning their purposes and resources commitment. Below are three transition trait profiles, the underlying purposes, and commitments required to achieve them, that families can adopt for their transition plans:



Execution and Monitoring

The execution part is where the rubber meets the road in carrying out the transition plan. This phase involves translating and aligning the family's purpose and committed resources into actional targets and outcomes within the duration. A robust plan would need to ensure that sufficient resources are allocated for monitoring the progress of targets and outcomes as part of the family office's core operations.

Disclosures and Accounting

The final part of any robust climate transition plan requires a disclosure and accounting framework that closes the loop in ensuring that transition plan's targets are either achieved or calibrated adjustments are required to respond to emerging challenges. This step is also crucial as it provides information on how the family office's climate transition plan is aligned with prevailing reporting standards and guidelines, and the impact of doing so.

Framing Your Climate Transition Plan: The 3A Approach

Apart from identifying the three different aspects of a climate transition plan, it is also crucial to incorporate best practices to guide families on the key principles to facilitate an effective, responsive and robust transition. In this guide, we employ the principles of Ambition, Action and Accountability proposed by the Transition Plan Taskforce (TPT), an industry-led group in the United Kingdom as a leading best-practice framework for climate transition plans.



Ambition

Purpose and Position: Clearly articulate and define family office's purpose and motivations towards net zero.

Consolidate and Benchmark: Draw from the family office's strengths, consolidate existing practices, benchmark against peers or industry standards, and identify areas for improvement based on purpose.

Allocation: Identify and allocate sufficient financial, human and networked capital to understand what the family is willing to bear as the transition costs.

*Action*

Measure and Target Setting: Establish measurable goals and set targets that not only meet industry benchmarks but reflect the family office's unique vision, aspirations, and resources for transition.

Execution: Implement sustainable practices and initiatives with purpose and precision, ensuring they align seamlessly with the defined goals.

*Accountability*

Monitor: Regularly monitor the progress of sustainability initiatives, creating a dynamic feedback loop that enhances resilience.

Report: Provide transparent and comprehensive reports on sustainability efforts, showcasing not just achievements but the journey and lessons learned.

Calibrate: Continuously calibrate strategies based on monitoring and reporting insights, ensuring adaptability in the face of evolving challenges.

Do You Need a Climate Transition Plan for Your Family Office?

Each family office will have their specific motivations, goals, and desired impact for having, or even reasons for not having a climate transition plan. As an internal consideration, some families may not feel the immediate need for a climate transition plan, while others may choose to pace their transition starting with certain parts of their business or giving activities that may have greater opportunities or lower costs. Externally speaking, as more financial institutions, companies, non-profits, and regulators are pivoting to viewing climate transition plans as a norm in reporting guidelines globally, family offices may also consider how these industry-level shifts may affect their operations or opportunities in them.

These considerations tell us that while families may learn and emulate each other, each business family's climate transition plan is uniquely designed and driven to help make the net zero ambition possible. As family offices consider whether a climate transition plan is timely and relevant, here are three sets of questions that would help guide your decisions on what, how and why you need a climate transition plan. These sets of questions are not meant to be exhaustive, but they provide important clues towards enabling a successful and robust climate transition plan:

Framing the Transition (What)

- What are the SDGs which are aligned or closely associated with your family's current activities?
- What are the SDGs which are aligned or closely associated with your family's vision?
- What does net zero mean to you and your family, based on the political, social, economic, cultural, and legal contexts of your family's businesses, investments and giving?

Rationalising the Transition (Why)

- Why is embarking on a climate transition plan essential to your family's philosophy and/or activities?
- Why is doing so now important to you and your family?
- What is your purpose and impact to net zero during and after the course of transition?

Planning the Transition (How)

- Are you ready and able to commit to a carbon footprint assessment of your family's activities and portfolio?
- Are you able to set aside sufficient resources to commit to the family's climate transition plan?
- Who can you appoint or nominate among your family members to oversee and the progress and outcomes of the family's transition plan?

Concluding Remarks

The role of family offices in championing climate transition plans emerges as a pivotal force in shaping a better and more sustainable future, in alignment with the Sustainable Development Goals (SDGs). A report by Goldman Sachs on family offices' investments insights earlier in July 2023⁵ estimates that about 39% of family offices are already embarked on some form of sustainable strategies, with more to join in the horizon. By embracing robust transition plans, family offices not only fortify their own legacies but also contribute significantly to global efforts aimed at environmental stewardship.

As catalysts for positive change, family offices have the unique opportunity to inspire collective action, foster innovation, and pave the way for a harmonious integration of sustainability principles into our collective vision for a prosperous and sustainable world. As initiatives such as The Earthshot Prize suggest, in their commitment to climate transition, family offices stand as influential advocates for a future that prioritizes the well-being of our planet and the generations to come, embodying the essence of responsible and forward-thinking stewardship.

⁵ Goldman Sachs, 2023. Accessed from: https://www.gsam.com/content/dam/pwm/direct-links/us/en/PDF/onegs_familyoffice_eyesonthehorizon.pdf

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