

MBC FORUM

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SPEECHES FROM

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*Chairman, Philippine Advisory Council,
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**CLIMATE
CHANGE AND
INCLUSIVE
DEVELOPMENT**

TESTIMONIALS FROM

**AIRBUS S.A.S.
AXA PHILIPPINES
LAFARGE PHILIPPINES**

SPECIAL MEMBERSHIP MEETING WITH HIS EXCELLENCY

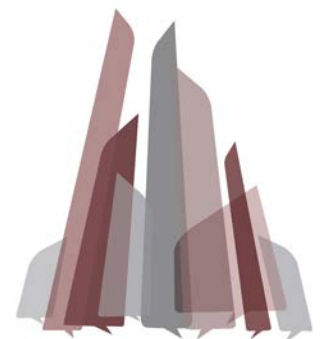
**FRANÇOIS
HOLLANDE**

PRESIDENT OF THE REPUBLIC OF FRANCE



**Climate change
and inclusive development**

Manila, 26 February 2015



MBC

MAKATI BUSINESS CLUB
THE FORUM FOR CONSTRUCTIVE IDEAS

IT IS TRUE THAT THIS IS THE FIRST VISIT OF A FRENCH head of state to the Philippines, and it was also a few months ago that I welcomed President Aquino to Paris. There is a common will between our two countries; common commitments and common engagements through our friendship that will be of great help to the world.

We find ourselves here to speak, not just about the economy, but about climate change as well, as these two objectives cannot be taken separately. Everything we do against climate change can also be used to spur growth, increase development, and create prosperity and employment.

It would be a great fault to think that we would be obliged to take on this battle against climate change to the detriment of our commercial interests, but it is actually the opposite. I am here in the Philippines, a country ravaged by catastrophes, typhoons, and earthquakes, but at the same time, a country which has risen up, recovered, and which has taken these tragedies and turned them into opportunities for growth.

EXPLORING AREAS OF COLLABORATION BETWEEN THE PHILIPPINES AND FRANCE

For the past several years [the Philippines] has had an impressive growth of 6%, which explains why companies from all over the world have decided to invest in the Philippines. French companies have been here for a while—some for the last 30 years, such as Total and Sunpower. Others have arrived recently, and some are present here in today's forum.

With President Aquino, we have decided to strengthen the eco-

nomie partnership between our two countries. The Philippines has considerable needs in the areas of sustainable development and infrastructure, and important investments to make in renewable energy and in the development of professional centers. It is in these fields that France may be of assistance. France has been on your side when it came to finding unique ways to alleviate the challenges that your country has been facing.

France wishes for more development for the Philippines. I am pleased to see that a certain number of agreements have been signed. There are also projects that we are pursuing together, such as the LRT extension project, and a hydropower project. France has the technology that we can share with you. We have the conversion of solid waste into electricity in Quezon City, the conversion of biomass into electricity, and the generation of electricity using rice straw. We have also developed an energy-saving system for climatization. Our collaborations in renewable energy can also be a window, an example, or a reference for the rest of the world.

In the area of health, I know that the Philippines is interested in working with France, particularly for the dengue vaccine. In tourism, where your country has considerable potential, [I find] there are too few European and French tourists that visit your country. The airline operators are available to you, and I know that with President Aquino, we will have an advantageous arrangement.

In the agribusiness sector, it has been said that there are too many

obstacles, both tariff and non-tariff barriers, for the development of our commercial exchanges. It is for this reason that France made a case before the European Union for the privileged status of the Philippines in commerce, most notably in agribusiness.

A NEW IMPETUS FOR BILATERAL COOPERATION

[Addressing] climate change is both a challenge and an opportunity. Your country has experienced much suffering due to climate change, where thousands were affected by Typhoon Haiyan in 2013. Provinces were devastated, homes were destroyed, people were displaced, and the needed [infrastructure] reconstruction [was valued] at \$15 billion to \$30 billion.

But without a doubt, the worst is what the future holds. [To be further] affected by typhoons, earth-

“[Addressing] climate change is both a challenge and an opportunity.”

-FRANÇOIS HOLLANDE

President of the French Republic

quakes, or tsunamis will continue to hinder development—this is why we must work together. We have come to launch an appeal and to seal an alliance with the Philippines. We are here to push for what can be done after the Paris Climate Conference, if it will be successful; to further link developed and emerging countries, to assure energy transition, and [to advocate] for [environmental] protection and [disaster] prevention.

There is no doubt that if we leave the planet as it is, there will be an increase in its temperature well above 2°C, which will be extremely problematic. [It may even] reach 4°C to 5°C, and it can easily be imagined that this could produce new catastrophes. It would affect not only countries such as

ABOUT THE SPEAKER

FRANÇOIS HOLLANDE

His Excellency François Hollande was elected as the seventh President of the Fifth Republic of France on 6 May 2012. He is the second socialist President of the Fifth Republic after François Mitterand who served from 1981-1995. Prior to assuming the presidency, he was elected as a member of Parliament in 1988, 1997, and in 2002. He has been a member of the Socialist Party since 1979 and has served as the party's National Secretary for Economic Affairs and later on as its leader. ■

the Philippines, but countries all over the world. We are involved in this issue because France is a country that is present in all continents. France is also largely open to the sea, whether in the metropolis, or in overseas territories.

France has shown its solidarity when the Philippines was hit by disasters. We have shared our experiences, and I thank the French companies that have been part of the France-Philippines United Action for coordinating aid from the private sector.

I know what has been done for reparation, particularly for the construction of shelters. I also know that the different airlines, together, both French and Philippines, have made efforts to deliver much-needed supplies and food. I recognize as well what the big companies have done to offer help.

But France is not simply just a country of fraternity and solidarity. France wants to put its technologies, expertise, and competencies in the service of countries that are most vulnerable to climate change. The principle that we wish to put forward is that of adaptation. It will take time to change our economies, and to establish new forms of production, consumption, and use of energy. Each country should do its part in energy transition, as we are doing so in France. A law is about to be passed to adopt a program on energy renewal and savings. We wish to offer this expertise to the Philippines and to other such countries. The French Development Agency in the Philippines, in coordination with the business sector, was able to finance over €300 million worth of technical assistance—most notably in the area of adaptation.

TAKING THE LEAD AGAINST CLIMATE CHANGE

We have three objectives at the Paris Climate Conference. The first objective is to have each country state their contribution for the fight against climate change. The second objective is to put in place new sources of funds for countries most vulnerable to climate change

to go far and fast in their energy transition. The third objective is to implement binding rules for a universal agreement, which would prevent the planet from reaching a temperature of more than 2°C by the end of this century.

This will be the commitment in the climate agreement. For this to be successful, we should seal an alliance, and not the defensive kind. It should not be simply to prevent, but to conquer, to innovate, to invent. Real progress is to ensure that humanity has the necessary tools to assure its own development.

States and governments have a responsibility. We would need to have vigilance and commitment at the highest level during the negotiations. But nothing can be done if companies, large organizations, international institutions, or even financial institutions, will not mobilize on this issue. There is what we call an agenda of solutions where [all involved public and private stakeholders] can work together to change a certain number of practices and behaviors, and invent new ways of living for our respective countries. We should have the technology and scientific research, as well as investments, [to combat the effects of climate change], and not just [impose] laws or tax [penalties] against acts that would impede or discourage the opposite. We need to create a flux of considerable investments in the following years that should be used for this mobilization.

This is my message to the business sector: continue to innovate, to invent, and to invest. Understand that [preparing for] climate change is no longer just our obligation, but our leverage to generate green and sustainable growth. Make partnerships [or alliances]—such as those already existing between the Philippines and France—to understand the needs of one another, and the capabilities that our countries can offer. If [climate change] would be ignored, more conflicts will emerge, and people from across borders would be displaced. There would be violent competi-

tion over areas protected from the effects of climate change. In the fight against climate change, we also make peace [along the way], and offer a different perspective of the world.

This alliance is one that is between countries, companies, generations, and individuals that are not aware how they actually share common values. My country was tested by terrorist attacks last January, and amid the tragedy, received an exceptional show of solidarity from around the world. The Philippines was hit months ago by natural calamities, and you have also seen the [same showing of] solidarity from the international community. [Similarly,] for the Paris Climate Conference to be a success, we once again need to bring out the best in our countries and [from citizens] all over the world. ■

JAIME AUGUSTO ZOBEL DE AYALA

WE ALL KNOW OF THE SEVERITY AND DESTRUCTION that climate change has inflicted to millions of lives around the world, including the Philippines. We are extremely grateful to President Hollande for being at the forefront of critical global climate accords slated to



JAIME AUGUSTO ZOBEL DE AYALA

be signed at the Paris convention later this year. It is our hope that the negotiations will be a success and will go on to become another important milestone in international climate policy.

While all countries are vulnerable to climate change, developing countries with less capacity and resources will be hit the hardest. In the Philippines, while disaster aid is sorely needed, strengthening the capacity and resilience of local communities to respond during disasters is of equal importance.

Extreme weather conditions in the Philippines are starting to become a recurring pattern, and the world in recent years has witnessed its impact in increasing magnitude year after year. It is encouraging to see how, in response, multiple sectors of society have taken on greater responsibility and a more proactive stance towards climate change. This has led to several initiatives by the private sector, which has since assumed a larger role in its efforts on averting and responding to natural disasters.

PRIVATE SECTOR COLLABORATION

In 2009, leading private enterprises, government agencies, and multi-lateral organizations banded together to form the Philippine Disaster Recovery Foundation to aid in disaster preparedness, recovery, and rehabilitation. The foundation is borne out of a collective vision to leverage on each partner's expertise, resources, and network towards one goal: zero casualties.

Today, the foundation's focus is largely on rebuilding lives and livelihood of communities affected by Typhoon Haiyan. A year after the typhoon, it continues to mobilize integrated and innovative programs for health, livelihood, shelter, education and environment for these communities and achieve a long-term and sustainable impact. In addition, the foundation partnered with Canadian Emergency Risk Management for disaster management, such as developing detailed preparedness measures and conducting emergency training.

ADVOCACY FOR CLIMATE CHANGE REFORMS

The World Wildlife Fund, in partnership with the Bank of the Philippine Islands, has recently conducted an extensive assessment of the vulnerability levels of 16 of the largest cities in the Philippines to help these local economic hubs gear up for climate change impacts and map out their long term sustainability strategies.

One of the critical themes cited in the study is the immediate need for the developing world for climate change adaptation and risk reduction. While climate policy frameworks address the root cause and offer long term solutions, it could still take many years before our climate can return to its normal level. The study recommends that with the changing conditions, cities must take into account the rest of the ecosystem by leveraging technology in the planning and design of their infrastructure, food production, and housing to make them "climate smart". Today, some of the most progressive cities covered in the study are strongly taking the recommendations forward. We have also seen positive response from the private sector stakeholders of these cities who are actively doing their share in addressing the identified gaps.

PROMOTION OF SUSTAINABILITY AND LIVEABILITY

In response to rapid urbanization, the concept of sustainable development and liveable cities is one of the major thrusts of the APEC Business Advisory Council (ABAC). APEC, [being the] premier economic forum in the Asia-Pacific region, brings together leaders of the 21 member-economies every year to convene on common interests—with Manila hosting this year's session. ABAC is its business advisory group, comprised of various business and industry leaders, providing recommendations to the participating economies on business and economic matters.

At ABAC, we are currently pro-

moting the trend towards the development of sustainable, competitive, and liveable cities. We are [currently] experiencing rapid urbanization in major Asian cities. 11 of the 20 most polluted cities, and 15 of the 20 most vulnerable [cities] to rising sea levels, are in Asia. These cities are major sources of economic activity and as such, are also principal centers of consumption, resource use, and waste.

Cities can achieve resilience if they will elevate their competitiveness level in key indicators such as transportation and infrastructure, technology readiness, health and safety, environment, and the ease of doing business. This initiative can be a potentially viable long-term solution to mitigating the impact of climate change. However, more work clearly needs to be done, and cooperation and synergies between the public and private sectors will be integral in taking this initiative forward.

EXPECTATIONS FOR COP 21

A robust climate policy framework, such as the agenda at the Paris convention, does pave the way for a fundamental and long-term response to climate change. However, the results will not be immediate, and can take many years to come into fruition. The benefits of a policy framework can well be optimized if combined with a holistic and sustainable approach in the way of doing things. While we have made significant strides in this area over time, more work clearly needs to be done in adaptation and risk management to accelerate the level of resilience and capability of communities to avert and respond to natural calamities. ■

NICOLAS HULOT

HISTORY HAS ALWAYS TURNED A BLIND EYE to nature, but keep in mind that nature will not stay silent if humanity does not change. The economy, like nature, abhors a vacuum. The good news is that



NICOLAS HULOT

there exists an economic model which can allow us to face the climate challenge—an issue that tests our solidarity.

THE CLIMATE CHANGE CHALLENGE

This economic model is obviously not one that exhausts nature. It is not one based on competition, nor does it consume our resources. This is an economic model that conserves nature; that shares its resources; that preserves and repairs it. The laws of man cannot, in any way, be separated from the laws of nature. The laws of nature are not laws of morality, but are merely physical laws that we must respect.

2015 is a defining moment for the entire human race. All continents and generations face the climate challenge today. The world tomorrow will

be radically different from the world today. It will be by will or by force, and the future is not hopeless, if we let time dictate this change. I believe that this visit [of President Hollande to the Philippines] is a testament that we have not resigned ourselves to this fate.

We are at the dawn of a new chapter of the history of man. It is a troubling chapter, but exciting at the same time, because we are not poor or lacking. History has shown that when stress is unstoppable, the improbable is possible. Since the mission [as Special Envoy for the Protection of the Planet] was entrusted to me a little over two years ago, I was able to see the extent of human ingenuity. Science has said that climate change is a fact. Climate disruption is a reality the world over. But this human ingenuity is in our country, often through small and medium enterprises. This is also the same human ingenuity I saw in the Philippines when I last visited [in January 2015].

LOOKING BEYOND COP 21

The challenge of the [2015 Paris Climate Conference] is to fix objectives and to put in place instruments that would allow this exception to quickly become the norm. But for this, there is an imperative. We have to go beyond our disputes, prejudices, and differences. The climate challenge is a common challenge. We are at a tipping point. There are challenges that require hardships or

sacrifices, but the climate challenge requires only determination, ingenuity and vision. This is the message that the [French and Philippine] Presidents wish to deliver—a message of hope, ambition and action.

The private sector has many reasons to be involved in the issue of climate change. The first reason could be the constraints, such as standards and regulations to be imposed—but should we still be concerned with standards? In this experiment, constraints and standards are [no longer] the enemies of creativity or of the economy.

The second reason [would be] the [business] opportunities from economic and energy models, wherein the efficiency of energy has become the top factor of economic competitiveness among companies. There will be an infinite range of opportunities in the area of renewable energy. Experience shows that within a few years, the cost of renewable energies has fallen, while energy efficiency soared.

However, beyond the purely commercial and material aspect, I only have one message that I would like to deliver: our own responsibilities as humans. What distinguishes humans from the other species on this planet is its capacity to act for a scale of time that exceeds its own existence. I [have high] hopes for this voyage; this common commitment between our two distant countries brought together by the same challenge and the same coalition. ■

ABOUT THE SPEAKER

NICOLAS HULOT

Nicolas Hulot is a writer, reporter, television program-maker, and advocate for the environment. In 1990, he established the Nicolas Hulot Foundation for Nature and Mankind, a leading environmental NGO aimed at encouraging shifts in consumption patterns to better preserve the environment. In 2012, he was appointed as the Special Envoy of the President of the French Republic for the Protection of the Planet, with the mission to promote and implement new policies on energy and climate change, to be part of the preparations for the UN Climate Change Conference in Paris later this year, and to raise the profile of environmental protection issues to the world leaders and the general public. ■

TESTIMONIALS FROM SUPPORTERS

AIRBUS S.A.S.

Fabrice Espinosa, Sales Director

AIRBUS HAS ENJOYED A LONG and mutually beneficial rela-

tionship with the Philippines that started in 1978, when we received our first order from Philippine Airlines. Since that time we have developed special partnerships with the airlines here, and we are today the leading supplier of large civil aircrafts to the country.

On that fateful day in November 2013, when we saw the devastation wrought upon this beautiful country, we immediately moved to offer whatever assistance we could. Our actions were coordinated by the Airbus Foundation, our charitable organization that undertakes, among other things, humanitarian support in times of crisis.

In the case of Typhoon Yolanda, we were able to arrange a total of five humanitarian actions, involving special relief flights, transporting a total of 92 metric tonnes of aid, and carrying medical and rescue personnel to the affected region.

First to arrive was our own A340 flight test aircraft that flew from Lyon, France to Cebu. The aircraft carried 28 logistics and emergency rescue specialists, plus nearly 30 tonnes of water purification equipment and food. The second to arrive in Manila was a delivery flight from Hamburg, Germany of a new A321 for Philippine Airlines. This was used to send a medical team from Germany, as well as medical equipment and food for onward transmission to Tacloban.

We then organized two missions involving the delivery of wide-body A330s to Philippine Airlines from Toulouse. I was part of the first of these missions which departed on November 28 loaded with 19 tonnes of relief goods; while the second left on December 6, with medical personnel and supplies on board.

Finally, we organized a fifth mission with Cebu Pacific, when a new A320 for the airline left Hamburg for Manila on December 21, with doctors and nurses

on board, as well as medicine, bandages and food. In addition to these actions by Airbus, our sister companies within the Airbus Group also made significant contributions, with Airbus Helicopters providing helicopters to relief organizations to transport people and goods, and our Defense and Space Division providing satellite imagery of the disaster zone and communication support via its Earth Observation Satellites and telecommunications equipment.

Last but not least, our employees across the Group dug deep into their own pockets and donated over €100,000 through a fundraising campaign. When faced with a humanitarian tragedy of the scale of Typhoon Yolanda, time is of the essence in bringing initial relief. Although based far away in Europe, we are pleased that we were able to contribute in some small way, and we thank our many partners in Europe and the Philippines for making this possible. But we have not finished yet—we are making plans with Cebu Pacific for another relief flight to transport more clothing and medical supplies to Manila on an upcoming A330 delivery to the airline. ■

AXA PHILIPPINES

Rien Hermans, President and CEO

IN AXA PHILIPPINES, CLIMATE CHANGE is something very high on our agenda. If you look at when the best time is to act on climate change, it was 20 years ago. The second-best time, however, is today.

AXA split its climate change response over a number of steps: the first, which I see is the most important part, is to research how to minimize the impact of climate change, and how to handle the increase of global warming from today onwards. To put all the information we have gathered to practical use, we headed to villages in the Philip-

pinas to teach people what to do and how to protect themselves in times of disaster, and most importantly, how they can help reduce the effects of climate change.

The moment climate change impacts us, like Typhoon Yolanda, people have to know how to solve problems that come with it. We have taken action within AXA Philippines, and have reiterated the call throughout the AXA Group all over the world. We saw a lot of solidarity and because of this, AXA Philippines, a relatively small company, was able to raise P25 million to help those affected by Typhoon Yolanda. ■

LAFARGE PHILIPPINES

Don Lee, Country CEO

THE SCALE AND SCOPE OF DAMAGE from one of the strongest super typhoons on record challenged our fundamental beliefs about the potential impacts of climate change, and exposed our limited preparedness and planning towards such disasters in the future.

The Lafarge Philippines climate change journey is in 3 key areas:

Learning and development: a back to basics approach, challenging our current assumptions, to better understand and appreciate the key causes of climate change, and how Lafarge can contribute to develop practical and impactful corrective actions that will result in both incremental and transformational improvements in the long run;

Importance of executive

leadership: a transparent realization that all of the executives in our organization need to learn, change, share, and lead our families, employees, customers, suppliers, and everyone within our respective networks

of influence to fully appreciate the potential impacts of climate change. As leaders, we know that we can and must lead actions for all of us today and for our children in the future to address the key factors contributing to climate change;

Power of partnership: an appreciation and recognition about how much more things can be accomplished by working in partnership with other organizations with a sincere heart, sense of urgency, and passion to make a difference. The three rebuilding projects of the France-Philippines United Action (FPUA), comprised of 270 permanent disaster-resilient homes, are the tangible results of the effective partnership between the:

- French business community
- Government leaders of the province of Cebu and the City of Daanbantayan
- Non-government organizations
- Architect Florentino for the design donation
- Customers and suppliers who donated their trucks, people, and other resources
- Volunteers from companies and local communities.

As a multinational corporation with over 15 years of operations in the Philippines, Lafarge had learned from our experiences with previous typhoons and earthquakes to develop our own disaster risk management program, primarily focusing on disaster preparedness and response. Our program had been effective during Typhoon Ondoy, Sendong, and the Bohol earthquake, but was inadequate in the aftermath of Yolanda.

Similar to many other leading corporations in the Philippines,

Lafarge Philippines quickly mobilized to lead and support the immediate response and recovery efforts for the first three months.

On the first weekend after Haiyan, our executives traveled to North Cebu to meet with the mayors of Daanbantayan, Medellin, and Bogo to provide immediate relief supplies of food, water, and tents, as well as communicate our long term support to them. In Manila, we cancelled our Christmas parties and donated all funds to the Philippine Red Cross. Our head office employees organized to support the packing of relief supplies of the DSWD at Villamor Airforce base every evening for four weeks.

Within the first week after Super Typhoon Haiyan, Ambassador Garachon organized a meeting of the French business community in the Philippines to communicate the scale and scope of the damage. He created a platform for French companies to share best practices for immediate relief, while also encouraging us to work together to make a meaningful and lasting impact to recovery and rebuilding. Comprised of more than 15 French business organizations with operations in the Philippines, this marked the formation of the FPUA.

From the beginning, the founding members of the FPUA leadership team decided to focus on identifying and developing rebuilding projects with a commitment to Build Back Better. With initial pledges for rebuilding exceeding €1 million, the challenge was to find land, a cooperative local government, and trustworthy NGOs who would all be aligned to this commitment.

A unique contribution by Lafarge Philippines and the power plants of Global Business Power in Cebu was the co-development of a special formula cement for rehabilitation projects call Kapit Balay. This cement maximizes the addition of Fly Ash from power plants to provide a



more affordable, environmentally-responsible, and denser concrete structures for the roofs and walls of the one- to two-storey homes.

The status of our three rebuilding projects for 270 homes with a total cost of €1.6 million is an important example of what can be achieved by a committed leadership team, shared vision, and commitment to build back better to address disaster resilient affordable housing.

Excerpts edited by
VICTORIA Y. SIBAL
Programs Officer



MBC

MAKATI BUSINESS CLUB
THE FORUM FOR CONSTRUCTIVE IDEAS

In the Business of Nation-Building

Founded in October 1981, the Makati Business Club is a private non-stock, non-profit business association composed of over 700 CEOs and senior executives representing the largest and most dynamic corporations in the Philippines.

Organized as a forum for constructive ideas and action, we address economic, political, and social policy issues affecting the Philippines' development. For over three decades, we have fostered the Philippine business community's engagement in national development efforts through initiatives in advocacy, investment promotion, information services and publishing, and corporate citizenship.

As the Philippines faces the challenges of a globalized economy, we are promoting the private sector's participation in the global dialogue on economic cooperation and regional integration. We serve as the secretariat of bilateral business councils formed with private-sector counterparts from the United States, United Kingdom, France, Singapore, and Malaysia.

Looking to the future, we are committed to helping realize the vision of a globally competitive Philippines characterized by sustainable and inclusive growth, solid and stable institutions, and good political and corporate governance.



Makati Business Club

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