



**H.E. Dr. Kao Kim Hourn, Secretary-General of ASEAN**

**Opening Keynote at the  
18<sup>th</sup> Annual Research Conference by the  
Alliance for Research on Corporate Sustainability (ARCS)**

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*Professor Yuxia Zou, ARCS Conference Chair,*

*Professor Jun Yang, Nanyang Business School (NBS) NTU Dean,*

*Professor Caroline Flammer, ARCS President;*

*Distinguished scholars in corporate sustainability,*

*Esteemed Participants, Ladies and Gentlemen, Friends,*

A very good morning to all of you. It is a privilege to be here at the 18<sup>th</sup> Annual Research Conference of the *Alliance for Research on Corporate Sustainability*, or the ARCS, 2026. Most notably, its first time on Asian soil. Hosting it here at NTU is more than a logical choice; it signals that the conversation about corporate sustainability must include voices from this part of the world, particularly from ASEAN. To the researchers, practitioners, thought leaders, and policymakers in this room: the issues you are working on are the ones that matter right now.

The role of business in society in this region and of course, around the world has shifted fundamentally. When 181 CEOs of the Business Roundtable declared in 2019 that corporations exist to serve not just shareholders but employees, communities, and the long-term, they were acknowledging what many already knew: that growth and responsibility are not in tension, they are certainly inseparable.

Corporations are now central actors in the sustainability transition and in responding to climate change, not as passive bystanders or passive observers. The ongoing global energy crisis has made the urgency harder to ignore. But urgency alone is not a strategy. The deeper challenge is execution. It is about making low-carbon transition work across economies and continents with different starting points, capacities, and development pressures.

*Distinguished Participants, Ladies and Gentlemen,*

ASEAN is home to nearly 700 million people — it is young, diverse, and growing fast. The region holds extraordinary natural assets: marine biodiversity among the richest on earth, vast forest cover, productive agricultural land, plenty of water assets, and some of the world's most strategic shipping lanes.

That wealth carries real obligations and leadership. Climate change is not a future threat in this region — it is already measurable and accelerating fast. Disaster events across ASEAN increased by 76 percent between 2020 and 2025, from 407 to 1,704 incidents. Around 77 percent of the region's population lives in coastal zones, and for several member states, those coastlines generate over 60 percent of national GDP. Rising sea levels are not an abstraction — they represent a concrete economic and humanitarian risk. Deforestation compounds the pressure, eroding the livelihoods of communities that depend directly on healthy land, quality water and forest ecosystems.

I raise these figures not to catalogue the problems, but to make a specific point: the sustainability transition is not a cost to be managed. It is the most significant economic opportunity the region has in this generation. Getting it right means growth, jobs, long-term resilience and a real contribution to the community. Failing to act means compounding vulnerabilities that are already visible and real. That understanding has shaped ASEAN's policy direction. The Framework for Circular Economy, adopted in 2021 and implemented from 2023, charts a practical shift away from the extract-produce-use-discard model — keeping materials in productive use across agriculture, transport, and energy, and among other sectors as well.

The 2023 ASEAN Strategy for Carbon Neutrality maps eight pathways spanning value chains, circular economy, infrastructure and markets, carbon markets interoperability, common standards, green capital, green talent and best practices — toward a regional low-carbon economy. The projected returns are substantial: up to USD 5.3 trillion in GDP growth, USD 6.7 trillion in green investment, and 66 million new jobs by 2050. These numbers are indeed significant for the region.

The blue economy deserves particular attention. As you know in this region, with the exception of Lao PDR, every single ASEAN Member State is a maritime nation, especially Indonesia, from East to West, by flight is around 6 hours, and covers a lot of seawater. In several ASEAN Member States, ocean-linked industries already account for 20 to 30 percent of national GDP. The ASEAN Blue Economy Framework, adopted in 2023, and its Implementation Plan in 2025, lay out how the region can expand this sector through fisheries and aquaculture, marine renewable energy, blue carbon, and biotechnology without undermining the natural systems that sustain it.

At the heart of these policy frameworks lies a shared vision for the region. *ASEAN 2045: Our Shared Future* and the *ASEAN Economic Community (AEC) Strategic Plan 2026–2030* serve as a unifying compass, bringing together our diverse strengths, aspirations and opportunities in pursuit of a more sustainable future. The Strategic Plan advances regional cooperation while mainstreaming sustainability across critical sectors—from finance, transport, energy, minerals, agriculture, and tourism to emerging priorities such as the blue and circular economies.

*Distinguished participants, Ladies and Gentlemen,*

Let me move from frameworks to results. One practical challenge in a region as diverse as ASEAN is establishing a shared language for sustainable finance. Our answer is the ASEAN Taxonomy for Sustainable Finance, now in its fourth iteration. Rather than imposing a uniform standard, the Taxonomy is designed to work alongside national frameworks and accommodate different transition pathways — because a one-size fits all approach would not hold across very different economies.

It has since been used as a reference point in the development of taxonomies and frameworks in Hong Kong China, New Zealand, India, Uzbekistan, and Latin America and the Caribbean, as well as the Glasgow Financial Alliance for Net Zero.

Importantly, the Taxonomy is producing real transactions. In 2024, Bangkok Expressway and Metro PLC, Thailand's Provincial Electric Authority, and Wasco Berhad all secured sustainability-linked loans and bonds drawing on its principles.

On trade, last year's signing of the Second Protocol to Amend the ASEAN Trade in Goods Agreement, or ATIGA, incorporated provisions on remanufactured goods — a meaningful step toward circularity that is expected to take effect by this year. These goods will be treated on par with new products for tariff elimination and simplified customs purposes, removing a longstanding disincentive to circular supply chains. This is a new development for ASEAN. Further circularity provisions are being explored for the next round of upgrades of the ATIGA.

On finance, the numbers are clear: ASEAN needs an estimated USD 422.2 billion in climate financing by 2030. Private capital, blended finance, sustainability-linked instruments, blue bonds, and functioning carbon markets are all part of the answer but accessing them requires that businesses can demonstrate bankability and environmental credibility. To address this, ASEAN is establishing the Centre of Excellence for MSMEs in Green Transition, a regional platform designed to help smaller businesses understand and communicate their environmental footprint, and in doing so, attract the investment they need to grow their businesses sustainably.

In the energy sector, the ASEAN Power Grid Financing Initiative, supported by the Asian Development Bank and the World Bank, is working to strengthen the investment profile of regional multilateral power trading projects. Alongside this, ASEAN is deepening research, policy development and knowledge-sharing on emerging technologies, including Battery Energy Storage Systems, to support cleaner energy integration across the region. I also want to add that now there are a number of projects in ASEAN Member States particularly in turning waste to energy solutions. There were a lot of projects in the past which led to landfills which pollute and contaminate underground water. But now we are moving away from that to turn waste to energy solutions, and this is very much under sustainability.

None of this succeeds without rigorous, independent analysis. Policies are only meaningful if they lead to better outcomes for businesses, communities, women-led enterprises, and especially the people whose jobs and livelihoods are on the line.

That is where this community plays an indispensable role. Not simply to validate what has been done, but to examine honestly what is working well, where implementation falls short, and where the distance between ambition and reality remains widest. Last month, we convened private sector and knowledge partners under the ASEAN Focal Group on Circular Economy's (FG-CE) Independent Advisory Panel to explore how to better mobilise resources and expertise for circularity. We would welcome more academic voices in that conversation. The research produced in rooms like this one directly informs what the region can realistically and responsibly pursue.

*Distinguished participants, Ladies and Gentlemen,*

Sustainability is often framed as a global challenge requiring global solutions. That is true. But it is equally a regional challenge as well — one that asks whether institutions like ASEAN can build an enduring system of cooperation around a common agenda and keep making progress even when the path is uneven.

The work you do here contributes to that effort in ways that are more consequential than they may sometimes appear. I hope the discussions open new lines of inquiry, forge new partnerships, and generate practical ideas that find their way into policy and practice across the region. I look forward to hearing what emerges from this meeting, and I wish you a productive and rewarding conference.

Thank you and a good morning to all of you.

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