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AUB Launches Policy Paper on the Integration of Sustainability and ESG Practices into Corporate Governance

The [Rami F. Makhzoumi Corporate Governance Initiative](#) at the [Suliman S. Olayan School of Business \(OSB\)](#), the American University of Beirut (AUB), launched a policy paper focused on integrating sustainability into corporate governance. The event brought together public officials, business leaders, and experts, marking the beginning of an important dialogue on how environmental, social, and governance (ESG) principles are reshaping corporate and governmental structures to create long-term value and address pressing environmental and social challenges.

The meeting emphasized the urgent need for businesses and governments to adopt a more holistic approach to governance by embedding ESG principles at the core of their operations. Discussions centered on how these strategies can mitigate environmental risks, address social issues, and enhance transparency and accountability in governance structures.

A New Era in Corporate Governance

Dr. Yusuf Sidani, dean of the Suliman S. Olayan School of Business, spoke at the event, emphasizing the role of higher education in preparing future leaders to address pressing environmental and social challenges. He stated, "The policy paper outlines the strategic efforts underway in Lebanon to incorporate ESG principles into both corporate and public policies. It addresses public-sector governance and its relationship with corporate governance in the private sector, focusing on improving effectiveness, fostering transparency, and ensuring accountability across both sectors."

Sidani also highlighted the importance of Business Schools for Climate Leadership (BS4CL), a network of institutions committed to advancing climate action and sustainability in business education. "This initiative aligns with the broader goals of the policy paper to drive sustainable practices across Lebanon and the region."

The conversation that followed centered on how to align governance structures in public and private sectors to address pressing environmental and social challenges. The notion of

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sustainability was framed not merely as an add-on, but as a core principle capable of shaping organizational strategies.

Building on this, Nada Naufal, director of the Rami F. Makhzoumi Corporate Governance Initiative and co-author of the policy paper, reminded the audience of why this moment mattered. "Today's launch is more than just the introduction of this work; it is a call to action. We all share the responsibility to shape our governance systems, both corporate and governmental, to serve the needs of our society and our planet for generations to come. A long-term vision drives sustainable growth and can benefit both our communities and the financial bottom line. One does not have to be at the expense of the other." She added that the aim is to create long-term value that strengthens businesses while also serving the greater good of society. "At its core, it is simply about doing good business."

Working Together Across Public and Private Sectors to Reform Corporate Governance for a Sustainable Future

The policy paper touches on Lebanon's efforts to embed sustainability and ESG principles into public and corporate frameworks. Dr. Simon Kachar, co-author of the paper, lecturer in political science, and founding director of the Good Governance and Citizenship Observatory at AUB, emphasized the importance of long-term vision and accountability in governance. He stated, "Good governance has become essential in discussions on accountability, management structures, and stakeholder interests across sectors. To drive reform, improve performance, reduce scandals, and restore public trust, one way to strengthen governance is by aligning managerial incentives with long-term organizational goals, rather than prioritizing short-term financial metrics."

Expanding on this, Me. Mohamed Alem, co-author of the policy paper and founder and senior partner at Alem & Associates, offering a practical perspective. He pointed out, "What's at stake today is not just an environmental or governance issue; it is a fundamental economic challenge that, if understood correctly, can become an economic opportunity". He highlighted that governance is not merely an ideological or regulatory concern—it is fundamentally linked to real-world economic outcomes. He further noted, "Governance is directly tied to capital. Investors want to see clear, transparent governance before committing funds. It is no longer just a local issue—it is now part of the global legal framework that affects us all."

The Path Forward: A Turning Point in Global and Regional Governance

May Makhzoumi, whose generous support has been instrumental to the initiative's impact, echoed the need for collaborative action. "We are at a critical time where everybody needs to work together," she remarked. "Decision-makers, lawmakers, and the government need to take action. I hope the necessary steps will be taken and that these issues will be treated with the seriousness they deserve."

Dr. Nasser Yassin, former minister of environment, also weighed in on Lebanon's progress, highlighting the leadership shown by some private companies in disclosing their emissions. He pointed out, "We have a base when it comes to transparency, but as rightly put in the policy, we need to do more. Financing remains one of the most significant challenges in the drive toward decarbonization."

Yassin stated that while Lebanon has made strides, there's still much to be done. He explained, "To move towards achieving decarbonization, good and credible ways of reporting are necessary," and this process, he noted, needs to be embraced more fully by companies. The policy paper offers foundation and guidance for companies and organizations that are still at the beginning of their journey or for those who may have started but have yet to fully mature in their approach.

Dr. Gladys Honein, a scholar-activist and community health initiative lead with SAIL for Change at AUB, highlighted the growing public health risks tied to climate change, such as the rise of infections and diseases like leishmaniasis, which are exacerbated by climate change. She emphasized that the environment is a critical determinant of public health and recommended stronger health policies to manage waste in hospitals and primary healthcare settings, noting, as one example, that dentistry is a significant polluter. While some progress has been made with waste segregation and recycling, these efforts are insufficient and need to be strengthened to protect public health and the environment.

Dr. Mohamad Abou Haidar, director general of the Ministry of Economy and Trade, emphasized the urgent need to strengthen governance, warning that this opportunity may be the last. He echoed the concerns of the international community regarding how trust can be restored in the public sector. Abou Haidar emphasized that credibility is essential, serving as a stamp of quality assurance that attracts foreign direct investment (FDIs). He further highlighted that strong, transparent governance systems are essential not only for economic growth but also for improving healthcare outcomes through policies that address public well-being, especially given the growing health risks associated by climate change. Abou Haidar also spoke about the steps the ministry has taken in this direction, such as creating incentives for green startups and SMEs, developing ESG-friendly trade agreements, and encouraging circular economy practices. He added that the ministry's digitalization of services has been instrumental in improving transparency, reducing bureaucracy, and supporting sustainability.

Chantal Akl, director general of the Ministry of Industry, reinforced the need for a comprehensive approach, pointing out that awareness and knowledge in the industrial sector are currently limited to less than 25 percent, mostly concentrated in Mount Lebanon, with insufficient national-level awareness. This concern aligns with the broader conversation about the need for systemic change.

Dr. Maya Nehme, director of the Lebanese Reforestation Initiative (LRI) and member of the Lebanese Private Sector Network, where she leads its environmental division, emphasized that climate change is a major, undeniable risk that can no longer be overlooked. She stressed that it is unacceptable for companies to have risk assessments that do not account for climate-related risks. While the private sector is making strides in addressing these challenges, more action is needed, acknowledging that the work ahead is challenging and will take time.

The discussions highlighted that this moment in history goes beyond an environmental debate. As Alem put it, "This is no longer a debate about how much we care for the environment; it is an existential issue impacting industries, services, and tourism. The transition to where we want everybody to be is not that far. We must actively engage in this work."

As business leaders, public officials, and experts gathered, the focus was clear: integrating environmental, social, and governance practices is no longer optional. It has become an international imperative. The paper recommends that countries and businesses alike must now navigate global legal frameworks that demand sustainable practices, positioning them to lead

the way in decisions that ensure long-term success, environmental resilience, and societal impact.

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

Established in 2011 at the American University of Beirut's (AUB) Suliman S. Olayan School of Business (OSB), the initiative's vision and mission are 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

About AUB

Founded in 1866, the American University of Beirut bases its educational philosophy, standards, and practices on the American liberal arts model of higher education. A teaching-centered research university, AUB has more than 750 full-time faculty members and a student body of over 8000 students. AUB currently offers more than 140 programs leading to bachelor's, master's, MD, and PhD degrees. It provides medical education and training to students from throughout the region at its Medical Center that includes a full-service 365-bed hospital.

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