



The Business of Green

**Society of Ecology & Entrepreneurs
(SEE): Creating the conditions for
environmental philanthropy to thrive.**

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A community of like-minded business leaders joined forces to fight deforestation and drive forward China's environmental movement.

In 2013, China's State Forestry Administration held a press conference at which the agency announced that desertification had emerged as China's most important ecological challenge. "It causes erosion to the available space for people's existence and development, provokes natural disasters like sandstorms, and endangers agricultural production by degrading the land," said then-Deputy Director Zhang Zhongli. Some 20 percent of land in China is classified as desert, with the stressed Inner Mongolia region among the worst afflicted. Years of intensive agriculture and open-pit mining have depleted water resources and swallowed up productive soil, creating large swaths of desert land.

The arid conditions in Inner Mongolia have been a major contributor to the air pollution crisis in the nation's capital, with its expanding desert giving rise to the sandstorms that blast into Beijing every spring. These mingle with industrial pollution to create incidents of "airpocalypse" in the capital, like the one that swept through Beijing in May 2017. Poor visibility resulted



Pollution monitoring project.

in dozens of cancelled flights, and residents of the smog-choked city were urged to stay indoors as levels of PM10, an inhalable particle linked to lung complaints, soared to unhealthy levels.

A TRIP TO THE DESERT

Back in 2004, environmental issues were not especially high on the agenda of Chinese business leaders. But Liu Xiaoguang, chairman of Beijing Capital Group and one of China's largest state-owned water utilities companies, wanted to do something about the deteriorating environment. Prior to his career as a business leader, Liu had worked as an economic official with the Beijing municipal government and was once in line for the prestigious position of Beijing's deputy mayor. Instead he turned his considerable talents to business, and he restructured a struggling state-owned enterprise into a major conglomerate worth some Rmb200 billion (US\$29 billion).

Liu's interest in China's ecological challenges was stoked by a trip he took to Inner Mongolia in 2003

when he visited the Alashan desert in the far west of the region, believed to be the key source of Beijing's sandstorms. A fellow entrepreneur, Song Jun, had invested Rmb50 million (US\$7.4 million) into the development of the Moon Lake Ecological Tourism Zone, attracting the attention of his peers who came up to visit the scenic spot. While in Alashan, Liu could see that the country's environmental problems were rooted in the desertification crisis facing Inner Mongolia. Deeply affected by his visit, Liu returned to Beijing and made dozens of phone calls to his peers in the business world, of which more than 60 agreed to contribute Rmb100,000 (US\$14,500) annually toward a ten-year project to combat desertification in Alashan. Together, these business leaders returned to Alashan and founded the Alashan Society of Entrepreneurs & Ecology (SEE) Association (later rebranded SEE Conservation) on World Earth Day in June 2004.

"It started with planting trees," said Zhang Li, the current secretary general of SEE Foundation. The original aim of the association was to mobilise



Sandstorm in Alashan area.

the resources of China's newly rich entrepreneurs to take on the problem of desertification in the Alashan Region. But this would be merely the opening act of an organization that grew into a national network of nearly 600 entrepreneur members, including high-profile figures from the real estate, construction, manufacturing, and financial services sectors. SEE's members would come to include some of China's most successful and prolific corporate faces, including Wang Shi, chairman of Vanke, the world's largest real estate developer; Feng Lun, chairman of real estate leader Vantone Holdings; Chen Dongsheng, chairman of Taikang Life Insurance; and Pan Shiyi, chairman of property company SOHO China. The work of the organization would expand to include support for national ecosystem conservation and nature education, green supply chains, pollution prevention, and development of China's grassroots environmental NGOs.

FROM THE GRASSROOTS

From 2004–08, SEE's coalition of business leaders was solely dedicated to combating desertification. But Liu and his peers could see that China's environmental NGOs were still nascent, with many in need of financial and operational support. In 2008, they set up the SEE Foundation (also known then as the Beijing Entrepreneur Environmental Protection Foundation) to formalize a network of entrepreneurs committed to funding and supporting the growth of Chinese nonprofits focused on ecological issues. Since that time, the association and the foundation have functioned side by side under the same organizational umbrella, with the latter serving as a vehicle for financing environmental projects from early 2009 onward.

Desertification control remains top-of-mind for SEE, whose members continue to invest in the immense task of protecting and recovering crucial ecological areas in Inner Mongolia. Alashan remains a core region of activity and is the site for the 100 Million Suosuo Trees project, which aims to recover 133,000 hectares of desert through the planting of 100 million desert plants. From their

earlier experiences, SEE's members saw that engagement with local rural communities maximized their chances of success, and they made a point of working with grassroots environmental groups to seek the cooperation of local farmers and herders in replantation efforts. This drew the attention of members and staff to some of the challenges faced by China's environmental nonprofits. "A lot of grassroots NGOs are not very professional," said Guo Xia, deputy secretary general of SEE, in a 2015 interview with China Development Brief. So SEE's work has shifted over time from simply providing funding to projects to helping these organizations build capacity. "We call it environmental philanthropy NGO industry development," said Zhang. Today, SEE's corporate members still make a commitment to invest financial resources, but even more important, many now dedicate their time and business skills to helping grassroots organizations grow and be effective on the frontline of China's ecological crisis. "Most of the entrepreneurs recognize the gaps and are ready to support our NGO building programs," said Zhang. "It did take some time to have them understand this."

ANGEL INVESTORS

Today, some of SEE's members are engaged as mentors and advisors to do their part to help cultivate innovative new organizations with the ideas and energy to take on China's environmental challenges. SEE has developed an angel investment program called Green Starters, which invests in finding and incubating grassroots start-ups. "Our entrepreneurs also get involved in the selection of new start-up NGO projects from the very beginning, attending regional selection panels," said Zhang. He added that members are very engaged in these efforts, and they are keen to pass on entrepreneurial advice that can help young, newly registered environmental NGOs be successful.

Another program, Growing up Together, selects and supports local environmental groups that have the potential to emerge as leaders in their region. Along with three years of unrestricted funds to

support daily operations, SEE provides a team of mentors to help these organizations succeed in the long term. “Business leaders also contribute their time to provide support and capacity-building,” said Zhang. “They’re directly involved in mentorship programs.” He estimated that around 10 percent of SEE’s members participate personally in capacity development activities.

GREENING INDUSTRIES

There are a growing number of ways for SEE’s entrepreneur members to have some impact by adding their industry expertise to the effort. The Blue Sky Defender (now renamed Blue Map) project brings together stakeholders from across industry, government, and civil society to each do their part to improve air and water quality in China. Environmental NGOs work to promote disclosure, pollution monitoring, and emissions control by enterprises; while businesses support the initiative by developing greener supply chains and adopting environmentally friendly procurement protocols. These efforts are supported by a mapping of environmental data and hotspots undertaken by the Institute of Public and Environmental Affairs (IPE), an independent research group founded by Ma Jun, former journalist and winner of the prestigious Ramon Magsaysay Award in 2009.

Being able to work collectively with peers has allowed donors to effect change in some of the heavy-polluting industries in which they operate. For example, SEE has been able to mobilize support from its members in the property sector for its Green Supply Chain initiative. By signing up, real estate firms commit to selecting suppliers of materials such as steel and concrete based on environmental standards, and they seek to monitor their own corporate environmental performance. As of December 2016, 71 real estate companies were participating in the program, representing collective sales of almost Rmb1.3 trillion (US\$189 billion) in 2015, or 5 percent of total estimated industry revenue. Altogether, their supply chains extended to another 2,000 firms. To facilitate

more accurate reporting by participant firms, SEE Foundation has worked with IPE to develop and maintain a public pollution database tracking company performance, which can be referenced by procurement departments when hiring suppliers and vendors and making supply chain decisions.

LESSONS AND CHALLENGES

Donor Engagement

With its impressive roster of high-profile members, SEE’s ability to successfully stoke the interest and energy of donors has been an important part of the organization’s success. “In the past, an entrepreneur would come and selectively talk about an issue,” said Guo. “But now the entrepreneurs come and sit down, and ask us what they need to look at, what kind of problems need to be solved.” For busy entrepreneurs such as Zhou Zhou, president of technology, hardware, and equipment provider TICO Digital Group, SEE presents a unique proposition for his company to give back. TICO does not have an official team in charge of philanthropy or public services, so SEE provides a pre-existing vehicle for him to meet his own business and personal objectives related to the environment. The Green Supply Chain is one example of an initiative that meets the growing demand for Chinese companies to invest in corporate social responsibility (CSR).

Kate Logan, IPE’s green choice outreach director, observed that SEE Foundation is able to exert unparalleled influence on corporate best practice. “What’s unique is that they have relationships with all these businesses, and they are in a position to leverage those public-private partnership [PPP] relationships as well,” she said. Perhaps surprisingly, some of SEE’s members have been willing to hold their own companies accountable to stringent environmental standards — even without pressure from government or consumers to necessarily do so. Separate from their procurement commitments under the Green Supply Chain initiative, 70 of SEE’s real estate members pledged to reduce carbon emissions by 40 percent as part of the China Real Estate Green Selection program, which was

launched at the United Nations Climate Change Conference 2016 in Marrakech (COP22). SEE has calculated that the real estate industry as a group makes up 8 percent of global carbon emissions, and for Zhang, this commitment to reducing environmental impact sent a strong message to the world that Chinese business leaders are willing to do their part in the fight against climate change.

Representative Corporate Governance

From its early days, SEE has been backed by some of China's best-known business leaders. With its members coming from very different backgrounds and with different experiences of philanthropy and the environment, SEE's biggest challenge from the very beginning was how to get this group of prominent individuals to work together. The initial leadership selection process in 2004 was a dramatic one in which the founding group of members rejected a nominated "rubber stamped" executive committee in favor of more competitive elections. Other names were added to the ballot, and Liu Xiaoguang was unanimously elected as SEE's first chairman. "They stood up one after another to speak against me, into the middle of the night," said Liu at an event to celebrate SEE's tenth anniversary as reported by China Dialogue, an environmental website. "But that taught me that only with democracy and discussion can everyone come together to move forward in the same direction."

SEE was China's first business group to adopt a one-person one-vote system of democratic governance in board election and decision-making, a process that has allowed for the diverse views of the members to be reflected and for new ideas to percolate through the organization. In June 2007, SEE held its second general election, in which Wang Shi of Vanke was elected chairman and the outspoken real estate tycoon Ren Zhiqiang chosen as head of the supervisory committee. NewsChina magazine notes that it was Ren, whose Weibo social media account with an estimated 37 million followers would be closed down in 2016 following posts critical of the government, who pushed for SEE to

expand its funding for environmental nonprofits. "They elect a board every two years, so new board members are involved with bringing new ideas into the board that change the way of working," said current Secretary General Zhang Li. Donors have the right to participate in the internal governance of SEE, to elect their leaders and to be elected.

International Context

As SEE's focus expanded beyond project funding to developing the capacity of the environmental nonprofits, it has taken pains to get its members on board with the strategic shift. "It was a longer sell to the corporate leaders," said Zhang. SEE began organizing trade delegations to give donors a sense of China's philanthropy industry in the international context. Its first was in 2008, when 20 members went to the United States to visit foundations and nonprofits, including the Rockefeller Brothers Fund, Conservation International, and The Nature Conservancy. They could see that there were around 2,000 environmental NGOs established in the United States, receiving millions of dollars of support — compared to the handful that existed in China, which inspired members to think more deeply about developing home-grown grassroots organizations.

Such experiences have been formative in how SEE now chooses to work with high-impact environmental NGOs. It has been a major backer of the research group IPE, supporting the development and dissemination of sound environmental research and data. "It's not your traditional donor-beneficiary relationship," said IPE's Logan. "The projects [funded by SEE] have been developed collaboratively. It's a bit of a different model from the traditional funder." Another notable beneficiary is Friends of Nature, an NGO that would initiate China's first environmental public interest lawsuit in 2015. A court in Fujian province ruled in favor of the NGO and other environmental groups against a quarry company for pollution offenses near the city of Nanping; it was the first case heard under the country's new environmental law implemented in January of that year. According



Volunteers planting trees as part of the 100 million trees project.

to the news website China Dialogue, the court ordered the company to pay fines of Rmb1.46 million (\$230,000) in compensation for “loss of environmental benefits” and legal costs.

Collaboration with Government

“We do not only have grassroots organizations representing civil society, but we also have many societal elites who have the capacity and right to speak,” said Guo. The pre-existing connections of SEE’s influential members with government has allowed the organization to gain access to decision-makers and eventually be in a position to influence the direction of national environmental policy. Some of SEE’s donors sit within China’s highest decision-making bodies, such as the National People’s Congress (NPC) and Chinese People’s Political Consultative Conference (CPPCC); through their various touchpoints and public advocacy, SEE has established its “brand” to the central government and become a valuable adviser. “We later used all sorts of means, including proposals submitted during the two sessions of the NPC as well as the CPPCC,” recalled Guo. “The unexpected result was that in 2013, the Ministry of Environmental Protection established this new rule, which was the same as the one we had outlined.” This was a recommendation that local authorities and businesses should disclose pertinent environmental information.

A Pragmatic Approach

For donor Zhou Zhou, SEE’s emphasis on working with the government in the spirit of cooperation is one that resonates with him as a business leader. “One key requirement for SEE to fund small NGOs is that they are not in conflict with the government, and that they are in compliance with the law, regulations, and policy,” he said. In countries around the world, environmental policy has seen civil society at odds with the government and business interests. But SEE’s solution-oriented approach has allowed it to pursue its agenda and gain the trust of decision makers. “The more professional you are as an organization to solve the same problems, the less likely the government is going to consider you as a sensitive organization,” said Guo. Understanding sensitivities, SEE and its partners draw upon government data in their analyses and efforts to highlight environmental problems. This pragmatism has paid off for SEE as the government seeks new ideas and partnerships to address China’s most pressing environmental and ecological challenges.

Multi-stakeholder Approach

“In China, the government is at the heart of policies,” said Guo. SEE’s approach is an acknowledgement of this but a recognition of the importance of other stakeholders in the shaping and implementation of policies. Their efforts to

engage the public and bring grassroots associations along with them have paid dividends for its advocacy efforts around environmental information disclosure. “We managed to mobilize the public. We engaged in policy research or promoted the sector. We had interactions with people within the system, always with an eye on our objective,” said Guo. “Later, some of the NGOs we support would engage in interactions with local government and apply for information disclosure.”

Weaker Links at the Sub-national Level

Since its founding, SEE has made efforts to extend its presence at the provincial level — it has created ten regional centers to engage with local grassroots associations and donors. On SEE’s provincial presence, Zhou observed that the organization has established valuable connections with local governments, and through its members it is able to tap the support of local business leaders. Zhang recounted a case where one of SEE’s members discovered that a local company was polluting the water supply and was able to encourage a large company

to leverage its purchasing power to convince the errant supplier to deal with the problem.

Though this local presence has allowed SEE to engage quite successfully with donors at the provincial level, not all centers maintain relationships or interact with local governments, for whom economic dynamics and sensitivities can vary greatly from the national level. “Whereas local authorities may appreciate support in prevention of poaching, they may be less willing to engage on issues of river pollution, for example,” said Zhang. With most of its resources located in the capital, SEE relies primarily on local grassroots NGOs to manage these relationships.

Building Public Awareness

Another area that Zhang thinks requires more attention is SEE’s engagement with the wider public. In China, only 6–7 percent of individual donations go toward environmental issues, as opposed to education, health, and rural causes that people relate to more easily. The challenge of getting people interested in environmental causes and fostering the



Raising public awareness of groundwater conditions and conservation.

participation of the general public is a daily challenge for SEE. For TICO's Zhou, the importance of communication and helping the public truly understand the projects is critical in convincing them to donate. "People are concerned with the environment, but we need a strong communication team to have them understand the situation," Zhang added. He cites the lack of public information and a dearth of data on the state of the environment as one of the difficulties associated with soliciting interest from the general public.

Getting Online

With one-third of its revenues deriving from membership fees and two-thirds now coming from general donations, the task of raising SEE's brand profile and engaging with the wider public is a top priority, both in terms of creating a sustainable revenue stream and awakening the public's environmental consciousness. For Zhang and his team, investments in data generation and the development of online platforms are an important part of the strategy to raise public awareness. Along with the Alibaba Foundation, SEE continues to support IPE in the Blue Map project, where environmental blackspots are mapped and environmental data is made publicly available. Most recently, IPE has developed a smartphone application to help publicize environmental indicators and allow the general public to upload photos or input data. While engaging public participation online and through social media, the new app allows for crowdsourcing of environmental data and makes this information accessible to grassroots NGOs to support their work in the field.

NEW STRUCTURE, NEW AMBITIONS

Since SEE's inception, the association and foundation had run as two brands under one roof. SEE underwent a major restructuring in early 2016, during which the members' association has been formally spun off. This allows the foundation to focus on public fundraising, but continue to share operational resources with the association. SEE's

collective goals remain ambitious: Each year, it plans to help at least 1,000 enterprises improve their environmental performance, persuade two industrial sectors to adopt green supply chains, and involve at least 10,000 more volunteers in environmental protection activities.

Things have changed significantly since a group of business leaders convened in Alashan in 2004, driven by a belief that they could contribute to tackling desertification. Awareness of environmental issues is increasing in China, as people's daily lives and health are affected. The annual bouts of air pollution that descend on Beijing and other parts of China are now impossible to ignore. Over the years, the government has demonstrated a growing determination to take on China's environmental challenges and to work with partners such as SEE to address these societal issues.

"Is it possible for our business circles to make some contributions to control the desert of China, especially Beijing?" asked SEE's first chairman Liu Xiaoguang in a speech he delivered at the second members' meeting in 2005. "By doing so, we display new ideals, new human ideals. Desertification control is not only an issue of the Chinese nation, but also an issue of the whole humankind and a difficult yet meaningful undertaking." Liu was an early proponent of what SEE's Guo observes to be a growing movement in Chinese philanthropy. "I think that there is a big trend in civil society or public participation," she said. "More and more societal elites want to do something or get more involved in this kind of work."

Tragically, Liu fell seriously ill and passed away in January 2017. He leaves behind a legacy that lives on in the organization that he helped to build — the news website China Dialogue reported that more than 100 corporate members have requested lifetime membership since Liu's passing to continue the difficult but meaningful work he undertook through SEE. 

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QUANTITATIVE INDICATORS

Financial

Planned budget or income versus actual expenditure for the fiscal year*	Income: Rmb95.296 million (US\$14.174 million) Actual expenditure: Rmb61.636 million (US\$9.167 million)
Income composition by source: individuals, corporations, events, trusts, other (please specify)	Social: Rmb61.555 million (US\$9.155 million) Government and other: Rmb497,100 (US\$73,936) SEE Conservation: Rmb33.244 million (US\$4.945 million)

Personnel

Staff retention rate	22%
Turnover rate	8%
What is the board composition?	13
How many meetings does the board hold per year?	4
How many staff members are there?	45
How many staff members have attended some non-profit or management training course?	35

Quantitative Indicators Continued

Organizational

Do you publish an annual report?	Yes
How many sites/locations do you currently operate in?	45
Do you measure results?	Yes
What types of outreach?	Training
Do you regularly meet with government representatives?	Yes
If yes, on a scale of 1-3, how close is the relationship with government? 1 = not close; 2 = somewhat close; 3 = very close	2

* Exchange rate: Rmb1 = US\$0.15