The Catalyst

SPECIAL REPORT

THE YEAR IS 2022

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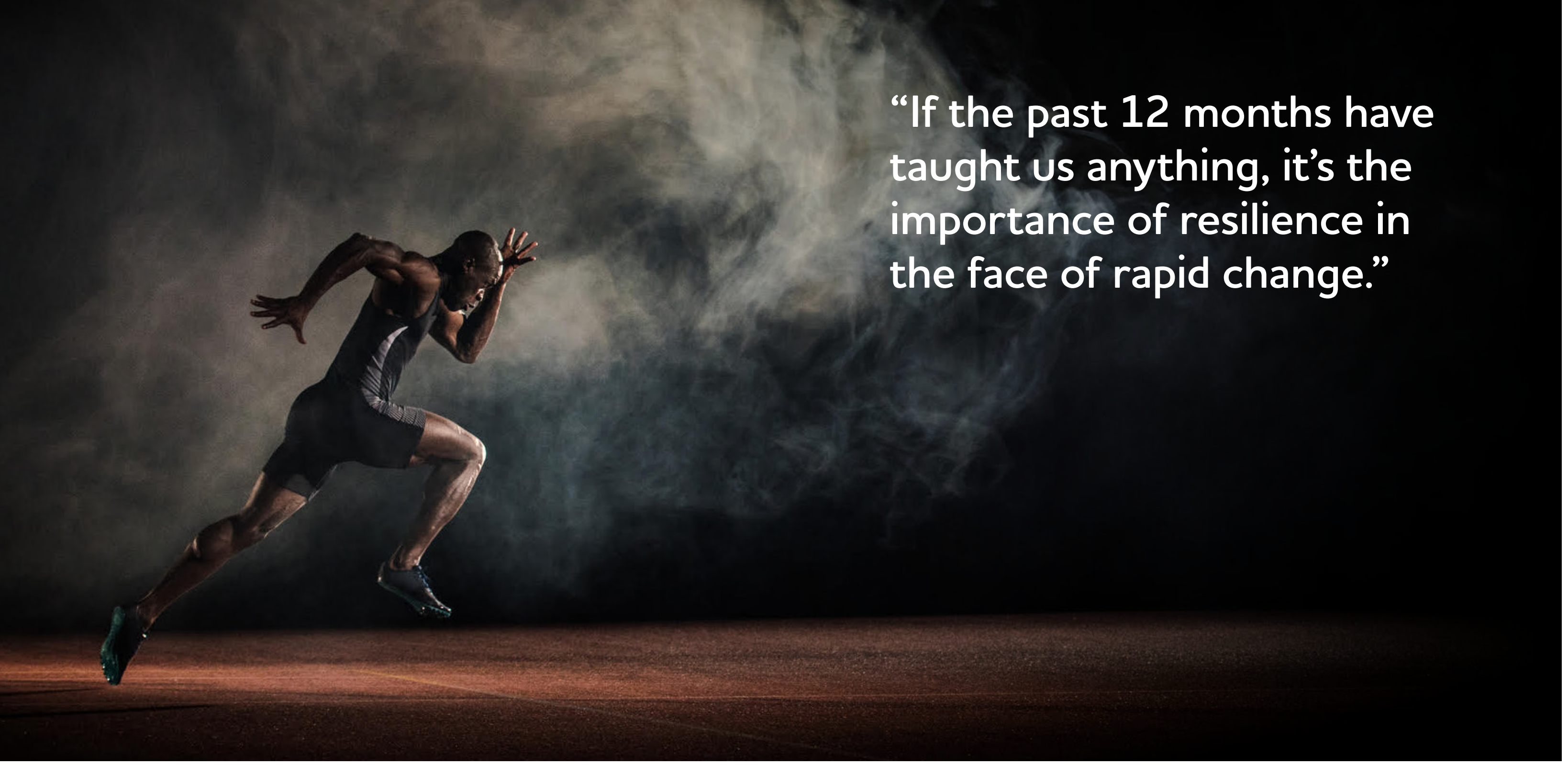

Letter from the Editor

A new year brings an opportunity to reflect on the past and prepare for the future. But when 'unprecedented' has become the new normal, what can we expect for the year ahead of us? Is it even worth guessing at what awaits us down the pike?

One thing we know is that in many ways, the world has been irreversibly changed. And yet, many of the challenges we're facing have remained the same – we simply have new opportunities and new contexts in which to take on these challenges.

- The world is volatile, with climate disasters, shortages, and disruptions to markets impacting supply chains across the globe. We need to rethink logistics completely and build resilience into the way we work from top to bottom.
- The world needs capital, with a massive gap in the funding required to support the UN's Sustainable Development Goals and finance the climate commitments made at COP26. We need blended finance to bring more mainstream players into the impact investment market and an influx of private funds.
- The world is more remote than ever, with scattered teams and increased anxieties across the workforce. We need employers to shift their focus to ensure that they are getting to know their people, supporting them, putting mental health first, and meeting employees where they are.
- The world is going increasingly digital, and tele-healthcare is on track to pave the way for improved health IT, and electronic health records, data, and systems, revolutionising the way patients interact with their care providers and how providers interact with each other.

We don't have a crystal ball for the next twelve months, but if the past twelve months have taught us anything, it's the importance of resilience in the face of rapid change.

The articles in this report lay out our Palladium experts' hopes for 2022 and how we can continue to create positive impact despite unprecedented circumstances. If you find something in these pages that resonates with you, I welcome you to get in touch.

All the best,

Elizabeth Godo
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Becky Brocklehurst
Team Leader Restart Program, Palladium

Tracy Ferrier
Team Leader Skills for Prosperity, Palladium

ABOUT THE EXPERTS

Becky leads Palladium's DWP Restart contract in the UK which is delivered across Hampshire and the Isle of Wight. Becky comes from a background of nearly 20 years in the Welfare to Work sector and has worked on a variety of contracts, including many from start-up and with varying commissioners. Becky specialises in developing and managing high performing and engaged teams across large geographies to deliver against outcome led performance and compliance targets. She has worked for Ingeus, formally WorkDirections, and Maximus prior to starting with Palladium.

Tracy leads the Skills for Prosperity Hub for Palladium, overseeing the delivery of skills programs in nine countries, on behalf of FCDO. She has extensive experience of leading the design, delivery and evaluation of education and skills initiatives in the UK and in over 40 countries around the world. Tracy uses her expertise to advise governments and decision makers on education and skills policy and transformation.

According to the most recent statistics from the International Labour Organization, 220 million people are expected to remain unemployed globally by the end of 2021. And while the global unemployment rate may fall to 5.7 percent in 2022, it's still more than the pre-COVID-19 rate of 5.4 percent. The pandemic's effect on unemployment around the world has been well-documented, and for many countries, getting people back into work will be key in ensuring economies rebound in 2022.

Despite the high levels of unemployment, some advanced economies are facing labour shortages, with thousands of job openings and not enough workers to fill the gaps, placing increased pressure on global supply chains.

So, what's to blame and where's the solution? Palladium's Becky Brocklehurst from the UK-based Restart Scheme, and Tracy Ferrier from the UK aid-funded Skills for Prosperity share their thoughts on how employment services and workforce training will play a part in solving the unemployment crisis in 2022.

SKILLS MISMATCH

"Unlike unemployment crises of the past, there are loads of jobs available right now.

> "COVID-19 not only upended lives, jobs, and livelihoods but ushered in a new way of working and managing day-to-day activities."

The difference is that job seekers either don't have the skills needed for them or haven't been thinking about jobs in those sectors," says Brocklehurst. For many job seekers, this could mean reassessing the sector in which they're searching for a job or rethinking how their current skills could translate to a different and available role.

"All these jobs are out there, but there's a need to get job seekers ready and thinking about the jobs that are there rather than those that aren't." As Brocklehurst adds, that may be as simple as providing a week-long training for jobseekers on what a job in a particular sector would look like, giving them insights into a potential role and how their experiences to date could translate to the job.

For those in the employment services sector, it's about encouraging and coaching job seekers to think differently about their skills, what's transferrable, and what have they done before that could be applied to a different job.

DEVELOPING THE WHOLE PERSON

Hard skills on a resume are useful, but Ferrier believes that organisations offering training and employment services should also consider developing job seekers as a whole person. "Getting a qualification is one thing but developing a well-rounded person with work experience that's relevant for and adaptable to the needs of the labour market will be critical for job seekers."

There is more focus now on providing work experience and comprehensive careers advice and guidance. For young people, their teachers or families may not be aware of the range of occupations now available or those with the best career opportunities. "Supporting individuals to understand their interests and strengths and relevance to the labour market will help them to make the right career decisions," adds Ferrier.

"If you're thinking about a young person, they have a whole career ahead of them,

> "Developing a well-rounded person with work experience that's relevant for and adaptable to the needs of the labour market will be critical for job seekers."

and short-term employer needs aren't enough for their career and career's longevity." Ferrier explains that when it comes to training and developing the whole person, it falls on everyone in the ecosystem, from schools and training centres to the employers themselves.

"If someone is moving from their training into their job, the first three months are really critical for their future and future success," she notes. "Work programs should be delivering training to young people with a focus on employment transitions, from mentoring and coaching to practical things like helping them with what to wear and how to communicate clearly and confidently in work settings."

This goes both ways, and employers must also be willing to establish training in order to set their employees up for success and support young people new to the job to make the most of their talent.

MENTAL HEALTH SUPPORT

The past two years have been fraught with anxieties and strain for many. COVID-19 not only upended lives, jobs, and livelihoods but ushered in a new way of working and managing day-to-day activities. With those changes, like any change, comes anxiety and stress, which translates directly to the job market.

According to Brocklehurst, views on commuting and even getting people to come in person for interviews has been a new challenge and will continue to be in the coming months, but those organisations that provide job seekers and employees with mental health support will find more success with new employees. "Anxiety management, support, and counselling, as well as the need for a flexible approach will be critical," she says.

It all ties together, from employers providing mental health support to cope with a changing market, to the training to translate past roles to new and available ones. Though the pandemic's effects on the job market and unemployment crisis in 2022 are bound to continue, those job seekers willing to learn, adjust, and be flexible are more likely to land on their feet.

On the other side of the coin, organisations or employment service providers who seek out translatable skills on resumes and offer practical training will not only gain better-prepared employees but are more likely to retain them through this crisis and beyond.

We Need a Simplified Global Trading System for Carbon

BY
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Managing Director, Palladium

ABOUT THE AUTHOR
Jose María has more than 20 years of experience helping government and private sector organisations transform the societies where they operate, most recently in Europe, Africa, and India. As head of Palladium's Impact Investment and Business Growth, Jose María is passionate about unlocking the power of capital to deliver long lasting solutions to socioeconomic challenges.

★ FEATURED IN: Thomson Reuters

While delegates and lawmakers from around the world converged on Glasgow for COP26, I chose instead to head to Ecuador, where I spent a week working on sustainable solutions to the deforestation problem in the tropics.

In Ecuador, where 75% of land area is natural forests and the biggest exports are agriculture related, the country is ripe for the carbon markets. They just need the right support.

The irony is that while we attempted to solve the climate crisis in Glasgow, it can't be done without the buy-in and the work of smallholder farmers whose land is key to achieving the net zero outcomes we're all chasing. Without a reason or proper financial support, these farmers will never buy into what COP26 is selling. It's not because they don't want to capitalise on the nature they have at their fingertips, or that they don't understand how the

"Without a reason or proper financial support, these farmers will never buy into what COP26 is selling."

markets work. It's simply because those markets aren't accessible.

We need a simplified global trading system for carbon.

The same way that farmers sell bananas on the international market where the profit margins are highest, we need a system that allows farmers to monetise and maximise the value in restoring and preserving nature, and support more sustainable agriculture practices.

In Ecuador, I met farmers who check the markets daily for the prices of cocoa or palm oil before selling to buyers; who want to evolve their agriculture practices and ensure that they are sustainable; and who would benefit exponentially from transitioning to nature-based solutions if given the opportunity to put a price on restoring their land.

Much like checking the New York Stock Exchange for the price of palm oil, there needs to be a transparent way to check on the price of not cutting down their timber or planting new forests.

Currently, the system is complicated, with a focus on national emissions, making it complex to trade carbon globally. If we're to hit net zero targets by 2050, the world needs decisive action to create a transparent mechanism to account for carbon footprints and force polluters to reduce their emissions and offset the residuals.

This shift could create a huge market for sustainable businesses and countries that

"It's imperative that we establish global carbon trading markets that allow capital to flow to the most efficient producers of nature-based outcomes."

have a positive footprint, making polluters less competitive and putting them at risk of bankruptcy. But it must start with our farmers who need a clear incentive and means to monetise carbon.

Farmers and communities need clear and simple rules to produce and trade. They need to understand who their potential buyers are and what that process looks like. Today, neither are clear. Politicians and implementers are so focused on avoiding "greenwashing" and maximising carbon sequestration that they're forgetting about the process to get there.

As a result, we've created overly complex rules around carbon credits both for the companies that need to buy them, as well as for the people that need to produce them. This complexity only deters people from entering into a market in the first place.

Simplifying creates both the demand and the incentive for companies to buy and farmers to continue their work sustainably. Even if we agree globally on carbon credit products today, there are no clear trading rules. This doesn't just make the creation of a global market difficult; it makes it impossible.

To avoid chaos, it's imperative that we establish global carbon trading markets that allow capital to flow to the most efficient producers of nature-based outcomes.

The final component? Finance. Once the market exists and farmers and communities can access it, we need to ensure that they have the finance to plant trees and transition to more sustainable supply chains.

We need to give our banana farmers in Ecuador the means and financial incentive to go carbon neutral or negative, making their harvesting processes and their land more sustainable, and ensuring that buyers and end consumers pay for the environmental services they produce as much as for the value of the agricultural commodities.

Yes, COP26 was and will continue to be important, but the reality is that tackling climate change won't be possible unless we support farmers and communities to change their behaviours and ensure that the global market is ready for them once they do.

The Year Companies Get to Know Their People Again

BY
Rosanna Duncan
Chief Diversity Officer, Palladium

ABOUT THE AUTHOR
As Chief Diversity Officer and Sustainable Business lead, Rosanna draws upon a 20+ year record of multi-sector achievement that includes embedding D&I contractor requirements into Europe's largest infrastructure project, High Speed Rail (HS2). Underpinning her experience are a PhD and membership of the Chartered Institute of Personnel and Development (CIPD), as well as a significant body of research and internationally published work on a range of D&I-related topics.

If 2021 was spent adjusting to hybrid work environments, then 2022 will be the year companies get to know their people again. In a year plagued with challenges due to the prolonged COVID-19 pandemic, mental health is in the spotlight, especially for employers who are focused on how best to reach and communicate with their workforce.

While for some, working from home hasn't been tenable, whether due to living situations or personal preferences, many others have found that they prefer it. Either way, it's going to be even tougher to get people back into the office in 2022. This is going to be a big deal for employers, and I'm envisioning a scenario where organisations will need to figure out how to get teams back into the office at all.

It will be a balancing act, and employers will be faced with managing the collective anxiety of the workforce, while at the same time ensuring their safety in the office. It's going to be a tightrope walk of how to keep the workforce happy and how to keep the productivity levels up, and balancing anxiety levels with the fact that for some organisations, if people don't start coming back, there won't be a business at all.

> “Employers will be faced with managing the collective anxiety of the workforce, while at the same time ensuring their safety in the office.”

Flexibility will be key, but so will taking the time for employers to get to know their people again. As we've moved towards working from home employers may now be less connected to their people and have less of an understanding of what their people's needs are – how they like to learn and work. Understanding employee's needs and reasonably meeting these needs will be critical for success.

ADJUSTING TO THE NEW NORMAL

This includes understanding the impact this 'new normal' has had on people's mental health.

Because people are so remote right now, mainly working in isolation and not in person, employers will need to examine whether they're picking up on or missing signs that they would normally detect if they were working together in an office, and if not, how they can put the support systems in place so that they do.

The act of getting to know the workforce must include an awareness of their people's physical and psychological needs. This will be especially important if people are not ready to return the office.

Getting to know their people will mean that organisations will be able to make any necessary adjustments and provide appropriate support. A recent study revealed that only 39 percent of employees with disabilities have actually disclosed them to their manager, but for many with 'invisible' disabilities that include depression or other mental health conditions, unless employees share this information it's not possible for managers or teams to know.

Fostering an open culture where employees feel safe and supported to share invisible disabilities will be critical moving forward, especially as remote working continues and it's harder for managers to pick up on warning signs.

> “Fostering an open culture where employees feel safe and supported to share invisible disabilities will be critical moving forward.”

Even before COVID-19, companies had a responsibility to support the mental health of their employees, but with an increased focus on a sustainable and safe return to work plan, employers must also ensure there are support systems in place for taking care of employee mental health.

Organisations have a key role to play in building stronger economies and more inclusive societies, and that must begin internally with their own people. The companies that embrace flexibility, foster an inclusive and open culture, and support employees and teams with a fit-for-purpose work environment and work-life balance will be the winners in 2022.

We're moving into an exciting period where now more than ever, employers must listen to their employees and vice versa, and it's going to hopefully create a far more productive work environment.

When the Chip Shortage is More than a Blip: Global Supply Chains in 2022

BY
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Vice President Economic Growth, Palladium

ABOUT THE AUTHOR
Erin Endean is Vice President, Economic Growth, for Palladium's Americas Regional Business Unit. A former U.S. trade negotiator and consultant to multinational businesses, she has spent the last 20 years working to help farmers and workers in developing countries improve their earnings and wellbeing by becoming more connected to global markets.

> "In some companies, this has moved the "supply chain" function from the Procurement arm to the Risk Management one, or even to Corporate Strategic Leadership."

Over the past 20 months, two words have come into virtually every newscast and our daily conversations, and no, they're not "coronavirus" or "pandemic". We're talking about Supply Chains – often accompanied by stock shortages, factory closures, depleted inventory, port backlogs, labour strife, empty containers, and price hikes.

Supply chains have one objective: to ensure that what is needed gets where it is needed, when it is needed, efficiently and cost effectively. Yet, in a Gartner Inc. survey of 1,300 supply chain professionals undertaken in the second quarter of 2020, 97 percent of supply chains had experienced a disruptive event in the two years leading up to COVID-19's declaration as a pandemic.

Climate has also played a significant role. There were natural disasters: typhoons in Shanghai—home to China's largest port—and this year, hurricanes as well as offshore pipeline leaks in the U.S. Gulf Coast—the site of petrochemical plants that churn out plastics for every conceivable widget and its packaging. This year also saw memorable shipping bottlenecks: the stranded mega-ship that blocked shipping through the Suez Canal, one of the world's busiest sea lanes, and the flotilla of hundreds of container-laden ships waiting to unload cargoes at the Port of Los Angeles.

Less obvious, perhaps, were the unanticipated shifts in demand that occurred once the pandemic was in full force. Consumer and corporate purchases of laptops soared, as might have been expected, early in the work-from-home era; so too for desks and chairs and sweatpants. The bigger surprise may have been that consumers who couldn't spend as planned on services, like travel and eating out, instead increased their spending on stuff – and that stuff had to be manufactured, packaged, and shipped at unprecedented volumes. E-commerce soared as in-store sales plummeted.

Shipping volumes in 2021 followed suit: Loaded imports at the Port of Los Angeles totaled the equivalent of 6.9 million containers between January and August 2021, an increase of 23 percent compared with the same period in 2019, according to research firm Beacon Economics. It seems that "just-in-time", low-inventory practices to drive down costs were unable to flex to fill surging demand – production, shipping, and ground transport all broke under the strain.

So, what does this mean for our global supply chains in 2022?

RESILIENCE IS THE NEW WATCHWORD IN SUPPLY CHAIN MANAGEMENT

Cost factors have historically driven most sourcing decisions: supply chain managers have searched for where they could be guaranteed a supply of quality computer chips or shoelaces or hubcaps at the lowest cost. Now, however, supply chain leaders are focusing on "resilience" – the need to mitigate the risk of disruption to production caused by a lack of inputs.

In some companies, this has moved the "supply chain" function from the Procurement arm to the Risk Management one, or even to Corporate Strategic Leadership. Supply chain management (SCM) today requires a more nuanced view of corporate risk and strategy than when purchasing agents and contracts negotiators managed supply chains in the past. Supply chain is now all about avoiding the unquantifiable-but-exorbitant costs of supply chain disruption. There is no metric for that to take the place of the easy cost-per-unit indicator of effective SCM in the past.

According to the same survey, only one in five supply chain leaders believe they have a highly resilient network today—good visibility into what they are sourcing from where, and the agility to shift sourcing, manufacturing, and distribution activities as needed. However, a whopping 87 percent of those surveyed plan investments in supply chain resilience over the next two years.

RESILIENT SUPPLY CHAINS ARE INCREASINGLY COMPLEX AND COSTLY

What does a resilient supply chain look like? It varies by sector, but likely involves maintaining higher inventories of parts inputs or developing additional production facilities or contracted suppliers to fill in should their main suppliers or facilities experience a disruption. Many companies have grown increasingly concerned about their dependence on Chinese suppliers, given US-China trade tensions, and soaring trans-Pacific shipping costs. Multi-sourcing and "near-shoring" (sourcing in Mexico and Central America) appear to be on the rise.

Buyers with resilient supply chains must invest in local capacity. They find themselves doing much more than writing purchase contracts with new suppliers; in many cases, they may need to finance suppliers' expanded production, train on quality control and inventory management, help their suppliers automate, and ensure that supplier labor practices meet the buyers' standards.

Suppliers may need training to complete environmental audits as part of the buyer's "net zero" or similar commitments. And capacity building is likely needed on corporate codes of conduct, the U.S. Foreign and Corrupt Practices Act, corporate commitments to diversity, equity, and inclusion, and other topics.

TRANSFORMING SUPPLY MARKETS, NOT JUST CONTRACTING SUPPLIERS ACROSS EMERGING MARKETS

As production bases and input suppliers disperse, the resilient supply chain will inevitably also require a proliferation of local shipping, storage, and distribution services in the new source countries.

> "In many emerging markets, such logistics services are state-owned or highly regulated, and ports are congested or too shallow to berth today's mega-ships."

In many emerging markets, such logistics services are state-owned or highly regulated, and ports are congested or too shallow to berth today's mega-ships. Solutions don't come easily and must often be worked out with government agencies or Ministries that are not accustomed to being market responsive. In many emerging markets, buyers are building supply markets, not just suppliers. Some emerging markets have yet to privatise many logistics services, but the introduction of new global buyers and investors and their requirements for speed and reliability in transport and customs clearance may plant this seed.

Finally, for many global manufacturers, their greatest environmental impacts come from their supply chains. Diversifying supply chains could dramatically increase a buyer's carbon footprint – or decrease it. There is opportunity in this sea of change.

DIGITALISATION WILL HELP INTEGRATE DISPERSED SUPPLY CHAINS

Managing a complex network of suppliers and logistics services, with fluid, adaptive supply chains requires new data tools and methodologies. More than 80 percent of organisations surveyed plan to develop their digital ecosystems over the next couple of years. And, new ways of measuring supply chain resilience are under development, along with many new SCM software and database/dashboard applications.

Digitalisation is both inevitable and powerful. Buyer-supplier transactions no longer happen in person, they happen in the cloud. Customers increasingly demand traceability of what they purchase and consume, and buyers follow their lead. Buyers will often need to introduce technology solutions to their suppliers, ensure interoperability of digital systems, facilitate e-payments, or introduce blockchain. As technology continuously evolves, this is much more than a one-time, start-up investment by buyers and suppliers.

Supply chain managers ultimately will insist on knowing where their products are at all times: see them as they move between modes of transport, between companies, and countries. And they will have to be prepared to support this upskilling and capacity development among their suppliers as well as the constant upgrading and interoperability challenges each supplier will have – especially since suppliers will be likely selling to multiple buyers, each with their own digital SCM tools and apps.

RE-ENGINEERING SUPPLY CHAINS COULD HAVE A POSITIVE IMPACT ON DEVELOPING COUNTRIES

Just as buyers are rethinking their supplier networks and SCM methods to make them more resilient, developing country governments and their producers are positioning to attract the long-term supply contracts and foreign direct investment that could come be theirs—creating jobs and incomes for their communities.

Eager to integrate into global supply chains (which are often called *value chains* to those who are concerned with the creation of development value in poorer countries), investment promotion agencies are rolling out the red carpet for global buyers looking to diversify their sourcing and willing to invest in skills development, digitalisation, or supply chain financing.

And buyers are willing to take a look – but they'll be looking at the fundamentals of an attractive investment climate: a skilled workforce, accessible ports, expedited clearance of goods coming in and going out, low corruption, and access to energy—as has always been the case,

They'll make choices about relocating footloose industries (garments, footwear, food, and beverages) pretty easily, but it will be much harder to calculate the odds of a payout as they place bets on where to put their (semiconductor) chips.

The Future of the Mining Industry and Why Community Resilience is Critical

BY
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Natural Resource Facilities, Palladium

ABOUT THE AUTHOR
Erin Leyson is a Senior Associate in Palladium's Natural Resources Facilities Practice where she collaborates with executives from the mining and agricultural industries to formulate sustainable economic growth and social impact strategies. Her previous work experience includes roles in the nonprofit and private sectors, focused on economic and political development in Latin America. She holds a BA in Public Policy from Duke University and an MPA from Columbia University.

"The mining industry is not in opposition to the energy transition—it is essential to it."

A newly released report from the International Council on Mining and Metals (ICMM) and Palladium identifies external factors outside of the mining industry's control that will shape how companies develop and engage with communities in the near future.

Ranging from climate change, the critical minerals rush, and geo and socio-political instability, these external drivers will make it more difficult for mining companies to secure social license, or a community's acceptance and approval, to operate and heighten the already immense challenge of making meaningful contributions to community resilience in the geographies where they operate.

As the report finds and recommends, mining companies must integrate ESG (environmental, social, and governance) strategies into their wider business plans if they want to meet the critical needs of their communities, consumers, and investors.

Doing so will not only meet the growing demands for organisations to make good on ESG promises amidst increased scrutiny but will ensure that the communities located near mining operations will continue to thrive in a greening, and increasingly technology-enabled economy.

MORE COMMUNITY RESILIENCE MAKES FOR A BETTER MINING FUTURE

The report, which is the second in a series of three, adds that mining companies must define and refine their community resilience strategies to deliver on their promises more publicly and transparently.

But what does that look like?

According to ICMM and Palladium, it means that mining companies must recognise that resilient communities are essential to the business success of the mine, not just the other way around. "Wherever a mine is located, there needs to be a shared strategy of how the community will be better off, both during the life of the mine as well as after," says Eduardo Tugendhat, Palladium Director of Thought Leadership.

"Mining companies must recognise that resilient communities are essential to the business success of the mine, not just the other way around."

"Companies that focus on including and preparing communities for sustainable prosperity, rather than just reacting to conflict, will have a clear competitive advantage," he adds.

At a global level, the report asserts that the global push around safety, community, and social impact has led to increased scrutiny on ESG matters, which for many mining companies could jeopardise access to and cost of capital, their ability to attract and retain employees, and their relationship with downstream customers. At the local level, external shocks such as COVID and climate change threaten to increase the potential for conflict with communities, especially those that feel that social and environmental costs of mines are greater than the benefits.

Beyond investors, downstream manufacturers and organisations are thinking more and more about sustainability within their supply chains and ecosystems. "Take electric vehicle companies for example. They don't want environmental and social issues in their supply chains to hurt their image" explains Tugendhat. "This creates opportunities to work collaboratively with these companies on inclusive growth strategies that provide business value for them and social and environmental outcomes for mining communities."

From solar panels to electric vehicle batteries, many critical minerals are necessary for sustainable infrastructure. "What people often forget is that the mining industry is not in opposition to the energy transition—it is essential to it. It's especially essential to the green economy and everything we want to accomplish in terms of climate change action, whether people want to talk about it or not," Tugendhat notes.

SHIFTING PERSPECTIVES ON MINING COMMUNITIES

Further, the report reveals that these external drivers placing pressure on mining communities and companies are likely to have outsized impacts on and further marginalise women. Nearly every external force that the report identifies as a threat to community resilience and the mining industry's ability to promote it, presents an even greater risk for women.

"Take climate change for example," he adds. While rising temperatures increase drought risk and threaten food security, decreased rainfall disproportionately affects women who represent the majority of the agricultural labour force in mining communities. In a climate changed world, women must walk farther and toil longer to collect water.

Add a mine to this that draws from the same strained water sources, and women face an intensely difficult situation. However, it doesn't have to be this way. Mining companies who incorporate inclusive growth strategies can look at how investments in water quality and distribution, in partnership with local and government entities, can lead to win-win solutions that endure beyond the life of the mine.

Mining companies are already beginning to change their approach to communities. "In conducting this study, we spoke with the Social Performance teams at ICMM member companies who understand the external change drivers and are beginning to be more proactive and ambitious in their engagements with communities," Tugendhat explains. "The final instalment of this series of papers will focus on practical guidelines for how mining companies can structure and implement successful inclusive growth strategies."

"For the mining industry to move into the future successfully and sustainably, it must put their communities at the heart of their business strategy," concludes Tugendhat.

From ensuring skills training that provides sustainable livelihoods to investing in shared infrastructure that bolsters the regional economy, mining companies must integrate inclusive growth strategies into their business plans to create an industry-wide legacy of long-term mining community resilience.

Download the report from ICMM and Palladium.

U.S. Healthcare in 2022 is All About the Patient

★ FEATURING

Shanthy Edward

Vice President of Strategic Growth for US Health, Palladium

ABOUT THE EXPERT

Shanthy Edward is a Doctor of Psychology and a strategic growth leader who works within the intersection of business development and healthcare to amplify mission impacts in U.S. Health. Dr. Edward received both her Psy.D. and M.A. in Clinical Psychology from the Illinois School of Professional Psychology and her B.A. in English and Sociology at the University of Western Ontario.

Healthcare was at the forefront of everyone's mind in 2021. What could the COVID-19 pandemic mean for healthcare in 2022? We put the question to Dr. Shanthy Edward, Palladium Vice President of Strategic Growth for US Health.

She shared her insights into what to expect from healthcare in the next year and the impact on patients, healthcare organizations, and providers alike.

VALUE-BASED AND PATIENT-CENTERED CARE

Historically in the US, according to Edward, healthcare organizations and hospitals were paid by the number of patients they saw, tests they administered, or interventions they staged, incentivizing them to provide more treatments. "Now it's not about how many tests you order, it's about the quality of health outcomes for the patient, rather than the quantity of interventions," adds Edward. "Value-based care isn't new, but it has been accelerated by COVID-19." The pandemic revealed how traditional fee-for-service models are vulnerable and the push toward value-based care has been revived with more demand.

> "Our healthcare needs to follow the lead of society and if society is more technology driven, our healthcare should be, too."

Value-based approaches inherently become more patient-centered because they prioritize patient outcomes. With patient voices at the center, Edward notes, "There's an increased need for transparency, and not only the need for it but the mechanisms that provide it, such as personal health record networks that allow patients to access their own records in real time, to understand the type of healthcare they're receiving, and to become active participants in their own healthcare choices."

She notes that this is part of a larger digital shift in giving patients the ability to access care providers through different mediums, such as through telehealth, online booking of appointments, and opening more doors and flexible options for both patients and providers. Empowered and informed patients will necessitate fundamental paradigm shifts for healthcare in the US.

INTEROPERABLE HEALTH SYSTEMS & ADVANCED ANALYTICS

Across sectors, COVID-19 highlighted how technologies can enable interactions and create seamless operations despite scattered teams, and healthcare was no different. "The world is increasingly digital," Edward notes. "Our healthcare needs to follow the lead of society and if society is more technology-driven, our healthcare should be, too."

But according to Edward, there's an opportunity for the sector to make the most of the digital transformation with improved health IT. "The interoperability of electronic health records and the systems that manage data is critical in healthcare."

"Now more than ever, the ability for disparate systems to interact with each other and get a bigger picture from all of that data means that action can be taken more quickly and decisively on a patient's care." Edward explains that

> "Social determinants of health have a major impact on people's health, well-being, and overall quality of life."

currently, while most of healthcare data is already electronic, much of it is siloed and separate, making it difficult to harness information to make life and cost saving decisions efficiently.

But the requirement for interoperable systems is not the only health technology trend we will see. Technology, she adds, is going to play a critical role in every aspect of health in both the near and far off future.

She predicts that Artificial Intelligence and Machine Learning solutions will be increasingly in demand to maximize the links between data that's collected, for the benefit of patientcare. "Computers and algorithms have the power to process data faster and more precisely than people can. As a result, we can discover patterns and intervene to improve public health in a big way if we make way for technology innovation."

INTEGRATING EQUITY AND SOCIAL DETERMINANTS OF HEALTH

Another critical aspect of a patient-centered approach, notes Edward, is the shift towards integrating social determinants of health into patient care and public health data broadly. "When we think about ensuring equity in healthcare, it's critical to look at all of the social determinants of health (SDOH) or all of the factors and systems that both affect a person's health and ability to survive and thrive in society."

From the effects of racism, degree of economic stability and education access to neighborhood environments and community, social determinants of health have a major impact on people's health, well-being, and overall quality of life.

Traditionally, health data has been very narrow, with focuses largely on morbidity and mortality, but there's so much more to human health than that she notes. "When you think about how we've defined public health data, it doesn't really give us a comprehensive picture of people or the ability to address the root of some health problems, which often is based on income inequalities."

"There's a trend in public health towards bringing in more diverse lived experiences and voices into both research and clinical practice," Edward adds. This qualitative data is critical in ensuring that equity is embedded into all approaches of healthcare research and data, from the collection and question design to the communication of actionable results.

"In clinical practices, we are seeing this shift as well," explains Edward. "New clinical screening tools that more comprehensively address SDOH as well as the concept of social prescribing—where health professionals make referrals to appropriate community resources—are emerging as interventions that address health-harming social conditions and can lead to improvements in health overall."

"We must consider how current models of healthcare contribute to or detract from equitable outcomes and be willing to widen our perspective across society to include all of the things that affect a person's health. This is one of many actions that need to occur to ensure equity stays at the forefront of patient care moving forward," she adds.

For healthcare in 2022, it's all about the patient and Edward is hopeful that an increase in value-based care, digital transformations, and a focus on SDOH in the sector will allow for more patient-centered and equitable patient care. As a result, public health research will increasingly take into account a person as a whole with lived experiences that affect their health, rather than simply a stat on a chart.

For Companies Delivering on Sustainability Commitments, Start Here

★ FEATURING
Eduardo Tugendhat
Director of Thought Leadership, Palladium

ABOUT THE EXPERT
Throughout his 36-year career, Eduardo has designed and executed market-led approaches to accelerate inclusive economic growth and generate employment opportunities. He is a recognized expert in the areas of inclusive supply chain solutions and has particular expertise in crafting and managing public-private alliances. He has worked in a total of 64 countries generating private sector investments and transforming value chains across industries ranging from agriculture to financial services. Eduardo was co-founder and CEO of CARANA Corporation, now part of Palladium.

> “Suppliers often represent a significant part of the carbon liability in an organisation’s ecosystem.”

In a year that was promised to be better than the last, organisations, individuals, and governments alike are facing the fallout following a difficult and tumultuous year. Despite it, one thing remains the same, organisations must shift towards sustainability in all facets of their business, be it due to increased societal pressure or keeping up with a shifting, greener market.

Looking towards 2022, Palladium’s Director of Thought Leadership Eduardo Tugendhat shares his insights into what he expects to see across corporate sustainability in the new year.

GREENING CORPORATE ECOSYSTEMS

While organisations continue to set carbon and greenhouse gas targets for 2030, according to Tugendhat, many of them are struggling with scope three emissions, those emissions from assets not owned or controlled by the organisation.

“For many companies, it’s the supply chains that become a problem,” he explains. “Suppliers often represent a significant part of the carbon liability and where companies really struggle is how to work with the rest of the supply chain in getting that reduced and changed.”

Doing so will require a significant transformation. “What we’ve seen lately is that corporations are asking suppliers to find solutions for improving the way they work,” Tugendhat says. “That transformation is definitely possible, but it will be disruptive and it’s going to take some big changes.”

But there’s no one-size-fits-all solution for implementing those changes.

Tugendhat shares the example of food, natural fibre, and wood companies which are facing both a challenge and an opportunity in encouraging those working closest to the land and the water to adopt better practices. “This can be a big part of the solution,” he adds.

> “If companies don’t get their act together on transforming the way they do business, they may struggle to hire.”

“Agriculture and forests can either be major carbon sinks or major carbon and methane sources. Part of what we’ve been doing with more and more corporations is looking for ways to monetise and incentivise good practices on the ground, which regenerates landscapes while putting money in the pocket of the farmers and landowners.”

LABOUR SHORTAGES AND UPSKILLING

Thanks to compounded labour issues from COVID-19 and the effects of the pandemic on the economy, Tugendhat notes that we’ll see issues with skills mismatch, “There are a lot of jobs available and a lot of people who need jobs, but there’s a mismatch between the workforce’s skills and those needed for open jobs.”

This challenge is two-fold. “Most of this is about having the right kinds of skills and competencies, but people are also thinking differently about their work and who they’re working for.”

“Young people want to work in responsible companies and if companies don’t get their act together on transforming the way they do business, they may struggle to hire,” he adds.

He notes that the onus is on corporations to ensure the growth of their employees while they’re employed, or even before they join. “Organisations and sectors as a whole need to take a more proactive role in working with education service providers and the like to ensure they’re getting people who are developing the basic competencies and skills to get into the jobs. Then, the companies can do further internal training.”

SHIFTING SUPPLY CHAINS AND CONTINUED DISRUPTIONS

Supply chains are making headlines and while the public is concerned with receiving their gifts in time, Tugendhat notes that supply chain disruptions are likely to continue long past the holidays. “In the short term, it’s more due to COVID-19 than anything else, but in the long term we come back to the same sustainability issues.”

It’s all related, he says, from corporations looking to improve their ecosystems to the lack of skilled labour, and disrupted supply chains are one of the side effects. “Thanks in part to carbon and sustainability issues, and trade friction with other countries, organisations are looking to how they can bring more of their supply chain closer to home.”

In doing so, Tugendhat adds that they’re running up against the workforce skill issues. “If organisations try and bring it closer to home or shorten that supply chain, they still need the right workers, and many countries just don’t have those people or the infrastructure to support it.”

He predicts that over time as more corporations shift their ecosystems, the technology, workforce, and infrastructure will catch up, but that it may mean continued delays and sticking points in large supply chains.

So, while it’s good news in the bigger picture that more corporations are taking action on sustainability commitments, 2022 may see the short-term fallout of what that action means for the workforce, supply chains, and surrounding infrastructure.

From Tree Huggers to the Mainstream: 3 Trends in Impact Investing

★ FEATURING

Florian Kemmerich
Managing Partner, Bamboo Capital Partners

Steven van Weede
Managing Director, Palladium Impact Capital

Tom Adlam
Team Leader UKAid Impact Programme, Palladium

ABOUT THE EXPERTS

Florian leverages his extensive background in start-ups, fundraising, and transactions in healthcare and life science to invest in, build, and (re-)position organisations in the competitive global marketplace. As Managing Partner of Bamboo Capital Partners, the Asset Management arm of Palladium's Impact Investing business, Florian's passion is impact investment creating high-performance teams.

Steven is an investment banker by training, having joined Palladium Impact Capital in 2014, after working in the investment banking teams at Merrill Lynch (now Bank of America) and Citi in both London and Johannesburg. Steven has developed a particular expertise in working with small and growing businesses and determining how best to meet their capital needs to fulfill the business objectives.

Tom is the Team Leader for the Palladium-managed FCDO Impact Programme, a long-term UKAid program to support the development of the impact investing ecosystem. Tom has spent most of his career in senior impact investment and financial management roles in East and Southern Africa, working with organisations including Oxfam, Pricewaterhouse Coopers, and CDC Group, before founding the Uganda-based fund manager Pearl Capital Partners.

> "Is ESG investing the flavour of the decade or the urgency of the century?"

As corporations make big commitments around net zero carbon emissions and the push to achieving the UN's Sustainable Development Goals by 2030 continues, the need for the finance to back these ambitions grows more pressing.

Impact investing as a sector has grown tremendously over recent years and according to our experts from Palladium Impact Capital and Bamboo Capital Partners, Palladium's asset management arm, 2022 will see further growth thanks in part to more mainstream players in the market and explosive growth in climate finance.

FOCUS ON CLIMATE

All eyes were on the environment and tackling climate change this year. According to the UN, protecting the earth's plants, animals, and ecosystems, and repairing the damage already done by humans, will require upwards of USD 700 billion a year in extra funding from governments and businesses over the next decade.

As Florian Kemmerich, Managing Partner of Bamboo Capital Partners asks, "Is ESG [environmental, social, and governance] investing the flavour of the decade or the urgency of the century?"

Thanks to COP26, momentum has grown behind anything climate finance-related, both in the financial institution world and within corporates. "There's no doubt that this is a hot topic for major institutional investors and renewed interest in impact investing is at least in part driven by climate considerations and, more specifically, net zero ambitions," says Steven van Weede, Managing Director of Palladium Impact Capital.

The blue economy is seeing growing interest thanks to the increased attention on the vulnerability of coastal communities, the state of biodiversity in the oceans, and the role oceans can play in addressing climate change. Van Weede stresses that there will be an increased focus on ocean finance in 2022.

While the momentum generated around COP26 is good news, van Weede is concerned that there is a risk that the noise around funding climate projects will drown out some other sectors that are just as important. "Everything in climate is huge, it's obvious to see, but I think in these COVID-19 times, there's a huge interest in social equity too."

He notes that there has been progress in gender lens investing, as evidenced bv the Project Sage survey that found the number of gender lens funds has increased by nearly 50 percent in the past year. "Moreover, we are seeing interest developing in our work on LGBTQI lens investing, and strategies around racial equity. These shouldn't lose momentum. And the same goes for themes around financial inclusion, SME [small and medium-sized enterprises] finance, health, education and beyond."

PARTNERSHIPS AND MAINSTREAM IMPACT

"Impact investing in the past had been a niche market – the tree huggers of the financial markets," notes Kemmerich. "But this is very exciting, we're actually seeing a landslide happening in something that used to be very niche, and now we're seeing the UN talking to private bankers and asset managers, and NGOs are looking to see how to do things jointly, and how to do it with net positive investments."

Mainstreaming impact investing was a core theme of the G7 Impact Taskforce. Meeting the UN's Sustainable Development Goals and financing the transition to net zero will require investment in the trillions of dollars. Tom Adlam, Palladium's Team Leader for UKAid's Impact Programme, which funded the work of the G7 Impact Taskforce, notes there is an increasing focus by donor countries on the mobilisation of private sector capital through blended finance and through co-investment strategies with multilateral development banks and development finance institutions as a means of addressing risk/return constraints. We are even seeing initiatives aimed at involving institutional investors through the listed markets, such as in the UK FCDO's Mobilist programme, which Palladium leads.

> "Public and philanthropic capital alone cannot finance the achievement of the UN's Sustainable Development Goals and the transition to net zero."

"Public and philanthropic capital alone cannot finance the achievement of the UN's Sustainable Development Goals and the transition to net zero. Trillions of dollars, not billions, are needed." Kemmerich agrees, adding that "blended finance and public-private partnerships are growing, and the importance of alignment between the two is now better understood by the market".

Van Weede notes these partnerships are also cropping up in other areas of the market. From the acquisition of advisory firms and fund management firms by mainstream operators, to big name private equity and venture capital firms turning their attention to impact, and finally new products emerging in fintech that allow individuals to curate their own impact investment portfolios.

The increase in corporate impact as a means for organisations to better engage and control their climate commitments, adds van Weede. "Corporates are making net zero commitments and rather than being reliant on buying carbon in the market, which is prone to price fluctuations and questions about quality we're seeing corporates increasingly turning to direct investments into offsetting projects."

"In addition to corporations knowing that they're working with properly designed projects, there's the element of owning a narrative around how they're creating the impact," explains van Weede. In short, impact investing has gone mainstream, which makes the next trend all the more important: measurement and disclosure.

STANDARDISATION

And as the number of participants in impact grows, so do the chances of impact washing and the need for a common language to better combat the risk of impact washing, notes Adlam. "Over the last year, great progress was made towards the standardisation of impact management, measurement, and reporting, culminating in the launch of the International Sustainability Standards Board in November 2021."

"Of particular long-term significance is the continuing progress towards mandatory disclosures of impact by corporations and the development of methodologies for valuing impact, both through accounting adjustments, like the Impact-Weighted Accounts Initiatives, or through the monetisation of impact," he adds.

Finally, and with a positive outlook on the influx of new players to the market, Kemmerich expects that 2022 will see more people jumping into impact investing for the good, rather than the pay-out. "I think we'll continue to see huge growth in impact investing, with fewer questions on returns, rather people wanting to participate and show, and learn from it."

"Of course, there will still be a focus on the return on investment, but there will be a shift in focusing in on what the investment is actually doing on the ground."

About The Catalyst

The Catalyst is Palladium's online publication, delivering news, perspectives, and in-depth reports from the front lines of our global work. Many of the stories are written by Palladium employees and partners, sharing their experiences and expertise as they work to solve the world's greatest challenges.

The Catalyst aims to inspire, educate, and embolden all readers, from experts in international development and C-Suite executives, to impact investors and community leaders.

About Palladium

Palladium is a global impact firm, working at the intersection of social impact and commercial growth. For nearly 60 years, we've been helping our clients to see the world as interconnected – by formulating strategies, building partnerships, mobilising capital, and implementing programs that have a lasting social and financial impact. We simply call this "positive impact".

We work with corporations, governments, investors, communities, and civil society. With a global network operating in over 90 countries, Palladium is in the business of making the world a better place.

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