

# Getting businesses to operate sustainably

Women are playing a big role in promoting sustainability in the corporate world. BY FRANCIS KAN

**I**N response to growing demand from consumers, more companies have been incorporating sustainable practices into their businesses in recent years.

The 2015 Nielsen Global Corporate Sustainability Report found that 66 per cent of global consumers were willing to pay more for a sustainable brand, up from 55 per cent in 2014. It also found that 73 per cent of millennials globally are prepared to pay extra for a sustainable offering, up from 50 per cent in 2014.

Against such a backdrop, pursuing a strategy that takes into account the environment, society and governance – commonly referred to as ESG – is no longer a good-to-have, but rather a top priority for corporates.

Over 200 international firms, with a combined market capitalisation of more than US\$6.3 trillion, have committed to supporting more transparency on climate-related risks for businesses. Singapore organisations that joined this effort include DBS, City Developments Limited (CDL), Olam, Singapore Exchange (SGX), Singtel and the Monetary Authority of Singapore.

"We believe in generating profits responsibly, balancing the needs for development with creating positive social and environmental impact. As society continues to increase its expectations for businesses to deliver sustainable solutions, we see opportunities to offer banking solutions that can help meet those expectations," said Tan Su Shan, group head of Consumer Banking and Wealth Management, DBS Bank.

DBS has chosen to focus on four of the United Nations' Sustainable Development Goals, particularly in the areas of financial inclusion and green financing. For instance, the bank played an active role in bringing the world's first social sustainability bond listed on a stock exchange – the US\$8 million Women's Livelihood Bond – to fruition.

"Over (the bond's) four-year term, we expect it to positively impact the livelihoods of over 385,000 women in Cambodia, the Philippines and Vietnam. Since it was issued in July last year, the bond has been performing well, both financially and socially, and we've been receiving enquiries from interested investors," said Ms Tan.

Sara Cheng, CEO of Fuji Xerox



Singapore, believes that emphasising on sustainability brings about a diverse range of benefits to a business as well as all of its stakeholders.

"The first thing that comes to my mind is recycling. Through recycling, a business uses minimal energy and less virgin materials to manufacture a product – unlocking savings in both energy and cost. This helps businesses boost their bottom line, preserve Earth's resources and reduce our carbon footprint," she said.

Fuji Xerox Asia Pacific has won two consecutive Sustainable Business Awards, and was named the Best Green Company of the Year in 2016. Among other achievements, it hit a recycling rate of at least 99.5 per cent across all of its business territories in the Asia-Pacific, with Singapore hitting 99.8 per cent.

Clockwise, from top left: Esther An, Chief Sustainability Officer at CDL; Sara Cheng, CEO of Fuji Xerox Singapore; and Tan Su Shan, Group Head of Consumer Banking and Wealth Management, DBS Bank.

lion under management, and South Korea's National Pension Service (NPS), for instance, have made significant allocations to ESG strategies.

In Singapore, CDL was the first Singapore-listed company to issue a green bond, used to fund projects that benefit the environment or the climate. The two-year senior secured green bond raised S\$100 million at 1.98 per cent fixed rate due 2019.

The investors comprised mainly financial institutions and fund managers. DBS, which was the sole bookrunner for CDL's bond issuance, has also issued its own US\$500 million green bond offering – the first financial institution in Singapore to do so.

Beyond financing, CDL's ESG-strategy has benefitted from lower costs, enhanced customer value and improved productivity.

"Along with environmental and societal benefits, sustainability has created a positive impact on our business and financial performance, enabling CDL to be ahead of the curve on environmental legislation, and build brand differentiation and product marketability as green consumerism and ESG grow in importance," said Esther An, chief sustainability officer at CDL.

## Misplaced concerns

A commonly cited obstacle to companies adopting sustainability measures is the perception that it will increase costs. But Yeo Lian Sim, special advisor to SGX, believes that such views are misplaced.

"Even among the smaller and younger companies, early adopters of sustainability on the Catalyst board have shared positive experiences with their peers. They also expect increased transparency to create more confidence in investors. For them, sustainability is good business, more than just box-ticking or a report-card exercise," she said.

Others assume that green efforts should be the sole responsibility of a company's sustainability department, noted Ms Cheng. "In reality, sustainability in a business can be as simple as encouraging workers to separate their waste to achieve a higher recycling rate or conserving water and energy wherever possible."

## Women pioneers in sustainability

Women have played an outsized role

in the sustainability movement since its inception.

Known as the Mother of Sustainability, Gro Harlem Brundtland chaired the World Commission on Environment and Development, which popularised the concept of sustainable development in its landmark report Our Common Future.

The commission's recommendations provided the momentum for the United Nations Earth Summit in Rio de Janeiro in 1992.

More recently, Lise Kingo, executive director of the United Nations Global Compact (UNGC), has been a key player in getting companies to behave responsibly.

She leads the UNGC's efforts to work with its 13,500 signatories from 170 countries to use the organisation's 10 principles for business to guide their operations.

A key initiative of UNGC launched under her leadership was the "Making Global Goals Local Business" strategy in 2016. This effort aims to get businesses to align their work with the UN's Sustainable Development Goals.

DBS's Ms Tan believes that women's empowerment is the key to a sustainable economy and society. "The thing about sustainability is that it's the opposite of competition – it requires collaboration, a focus on the community and communal good. I do think that these qualities come quite naturally to many women," she said.

Meanwhile, CDL's Ms An notes that there is abundant evidence that participation of women in climate policies leads to not only fairer but better results on the international level.

"I agree that women have a greater compassion for our planet and the future of our children and society. This could simply be due to their maternal instinct. I strongly believe that creating and expanding opportunities for women are fundamental to sustainable growth and beneficial to societies and humanity at large," she said.

As the sustainability movement continues to gain momentum, the role of women is only likely to increase further.

"The need to be environment-conscious is an issue confronting all businesses today, no matter their size or position in the marketplace," said Ms Cheng. "We believe more businesses will realise that embracing sustainable practices will lead to a stronger corporate culture, more reliable products and greater long-term profitability."

## Sustainability and responsible corporate behaviour



"My interest in sustainability started while producing MPA's first Sustainability and Integrated Report in 2016. This was fuelled by the enthusiasm of advocates who shared the same spirit to spread such awareness and efforts. Some of my current undertakings include constantly improving MPA's Sustainability and Integrated Reports to be the best-in-class standard reference for maritime and public service sectors, co-funding SMEs' first sustainability reports, and recognising good practices with the SEC-MPA Singapore Environmental Award (Maritime). I hope to continue promoting sustainability through other means like volunteerism and eco-office efforts."

Yvonne Chan, director, Corporate Development, Maritime and Port Authority of Singapore

"It is my privilege to be part of a company where sustainability is integral to its vision. Given that Sembcorp's business is all about the provision of essential solutions such as energy and water, the impact that we have and can have in supporting development and on our communities makes my job interesting and meaningful. After all, if ESG risks are well-managed and opportunities thoughtfully pursued, then I would be playing my small part in helping to create value for shareholders and in making a difference in the world."

Ng Lay San, senior vice-president, Strategic Communications and Sustainability, Sembcorp Industries

"I am encouraged to see many organisations in Singapore adopt more meaningful business goals by including not only economic, but also social and environmental aspirations. This will benefit a wider group of stakeholders, and engender a better Singapore and a better world. We leverage our global expertise to support organisations in areas such as sustainability reporting and assurance, Sustainable Development Goals strategy, policy development, climate-related scenario analysis, and impact assessment studies. We are proud to support organisations – public and private – in their quest for a more sustainable future."

Fang Eu-Lin, sustainability and climate change leader, PwC Singapore

"Sustainability is the ability to meet the needs of the present without compromising the ability of the future generations to meet their own needs.' This is a phrase that has always been embedded deep in my mind and soul. Sustainability is one of the main elements to building Greenpac's backbone as well as a key concept in our packaging solutions. We have to understand that resources are not infinite, and we have to look into ways of sustaining them for the future."

Susan Chong, founder and CEO of Greenpac

## Enhancing transparency in tackling climate change

CLIMATE change looms large as a key issue in the sustainability of business.

In response to the G20 Finance Ministers, the Financial Stability Board – an international body that monitors and makes recommendations about the global financial system – set up the private sector Task Force on Climate-Related Financial Disclosure (TCFD) to recommend disclosures that would help financial markets to better assess and price climate-related risks and opportunities.

TCFD recommendations build on existing sustainability frameworks, while the metrics used are aligned with what is prepared for existing reporting systems, making the recommendations usable worldwide.

The TCFD recommendations were supported by over 100 leading global companies when it was first released in mid-2017. Five Singapore companies were among the initial group of leading supporters.

Supporters of the initiative say that companies that are participating in the global financial and trade markets would find it useful to use the TCFD recommendations to make their disclosures more meaningful to users.

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