The business of being green

SGX’s policy statement on sustainability reporting can be the catalyst for firms to make sustainability a core strategic corporate activity. By Robert Fleming

Uncertainty and risk are part and parcel of the sustainability journey. SGX’s policy statement on sustainability reporting can be the catalyst for firms to make sustainability a core strategic corporate activity. SGX’s policy statement on sustainability reporting can be the catalyst for firms to make sustainability a core strategic corporate activity.

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GREEN INITIATIVES
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Challenging
The journey toward sustainability is challenging. There are organisational issues to be addressed. Moving forward in sustainability requires strong, visible leadership, active ownership of the programme, and consistent, transparent communication.

Leadership is not just a piece of public relations and corporate communication. It’s about understanding the role of the company and the industry in general.

Adaptation of social media is useful for providing this visibility. Social media can be a powerful tool for communicating with stakeholders and engaging in dialogue with them.

The combined elements of leadership, ownership and communication must create a strong sense of urgency for embracing sustainability that can result in a competitive advantage.

SGX has provided the “push” with the latest policy statement on sustainability reporting. This should be met with a strong response from the companies that list on SGX.

The items to be reported on should be generated from the processes in the dialogue with the extended business community. Correspondingly, the measurements should be on impact, and not simply input. An enterprise that has embarked on sustainable community initiatives should be tracking the number of graduates and jobs filled, rather than the dollars spent on facilities and employee efforts. The reporting should also be beyond “this happened” to the establishment of targets and performance (for example, year-to-year) implementation results.

Sustainability as a core strategic theme has been growing, and now, sustainability reporting is being urged by SGX. The policy statement should drive practical action toward understanding of producing the balance of environmental, social issues and profitability.

Impactive
Often overlooked, but increasingly impor- tant, are advocacy groups and activists who can be part of the conversation. The concept of sustainability is inclusive of considerations of the issues and priorities of the extended business community. Many sustainability dialogues refer to this as inclusivity.

Practical business operations cannot be a rigid agenda. Therefore, it is necessary to focus on these areas where there can be the greatest impact. Taking into consideration the issues raised in the interactions with the extended community, companies moving forward in sustainability should prioritise the more important and addressable environmental and social issues. These should be aligned with the company’s resources and strategic direction. Many well-meant initiatives have faltered after a fast start, because they were not linked to core capabilities, competencies and values.

The focus should be on significant events and their impacts. Materiality is a term used to describe these more impactful events that should be acted on in a timely manner. There should be collective and collaborative opportunities in determining the priorities for sustainability efforts. Industry sectors, such as hospitality or chemical manufacturing, can work with their members to determine the priority of the issues that have the most impact on their corporate stakeholder demands.

They may be working in very different ways on similar issues, but they should be more engaged and relevant to their operations. There are key initiatives that need to be set up to guide towards better performance on critical sustainability issues.

Developing solutions for easy- to- reach targets may give some short- term feeling of implementation, but sustainability is not just about sustainability reporting. SGX’s policy statement on sustainability reporting can be the catalyst for firms to make sustainability a core strategic corporate activity. This is the case for many companies that have acted quickly (”Early Embracers”) felt they had achieved a competitive advantage.

Here in Singapore, early green building efforts by CapitaLand put the company in a good competitive position when the Building and Construction Authority (BCA) subsequently added a number of green practices that they were already using.

On a global scale, GE, Unilever, Nestle, Marks & Spencer and GlaxoSmithKline (GSK) have systematically developed a re- search to sustainability D&O, and are among the most profitable companies in the sector. A number of smaller companies have been able to use their small size to their advantage by decentralising decisions to the stakeholders they can influence.

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