Singapore needs to do better in corporate sustainability: NUS don

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SINGAPORE’S performance on corporate sustainability is poor by global standards and needs to improve, said NUS Business School professor Kenneth Richards.

Few local firms make it on to recognised world rankings and those that do are hardly stellar achievers, he noted.

Corporate sustainability refers to a company’s corporate practices that take into account social and environmental considerations.

Prof Richards told a forum yesterday that one way of raising and measuring the country’s effectiveness in this area would be to develop a sustainability index.

“The real value of sustainability indices is not the rankings or scores (they produce) but the discussions they prompt,” he said.

The standing of local firms in global rankings for corporate sustainability shows how much room for improvement there is. Only three Singapore firms – SingTel, Jardine Cycle & Carriage (JC&C) and Wilmar – made it to Newsweek’s annual environmental ranking of the top 500 global companies this year. And JC&C and Wilmar are at the bottom end of the table.

“Doesn’t that grab you? It may not tell the whole story or explain why it’s happened but it draws attention that Singapore needs to pay attention to this area,” noted Prof Richards, who spoke at the Sustainability Breakfast Forum. The event was organised by NUS Business School’s Centre for Governance, Institutions and Organisations, and the Chartered Institute of Management Accountants yesterday.

Only developer City Developments, has made it to the three leading global sustainability listings – the Global 100 Most Sustainable Corporations, the Dow Jones Sustainability Indices and the FTSE4Good Index Series.

But devising a sustainability index is a big challenge. “Over the past 10 years, the notion of sustainability has broadened,” said Prof Richards. “The indices used elsewhere may not be relevant or appropriate here. So, if we’re going to build an index, we need to know what we mean by sustainability.”

Having an index may help promote equitable and ecologically sustainable businesses, but the chief financial officer for Unilever operations in South-east Asia and Australasia cautioned that it could do more harm than good.

Mr James Bruce told the forum’s panel discussion: “I worry that an index in the form of a blunt weapon could set us back rather than win the war of ideas.

“It would be great if indices remained in the space of carrots than sticks for the time being.”

A preferred middle ground, he suggested, would be for firms to report on the aspects they deem are right for their business without having a pre-defined format.

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