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Sustainability: Beware of Greenwashing

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Synopsis

The Sustainable Development Goals (SDGs) were endorsed by the global community through the UN in late 2015. Sustainability reporting has become a business, and there is evidence of some degree of "Greenwashing". Walking the talk is more important and convincing of commitment than elaborate reports with quantitative metrics.

Commentary

THE SUSTAINABLE Development Goals (SDGs) have passed their one-year mark since their adoption in 2015 by the United Nations. The 17 SDGs and 169 targets provide a good framework for interested groups to take action and promote sustainability. But what is sustainability? Most groups promote sustainability through policies and action focused around three "pillars": environmental (ecological), economic, and social.

While there is no universal standard for what constitutes "sustainability", it is generally accepted that sustainable policies and action are beneficial to the environmental, support economic growth and have equal benefits for all sectors of society. Taken together, they are also assumed to protect the needs of future generations while taking into account current societal needs such as clean, safe food produced with minimal effect on the environment, and use of farming practices which rejuvenate the soil. This is why the UN has adopted it as a universal project critical for the future of humanity.

Sustainability as Serious Business

These three pillars are relevant to many situations. But there has been variation in the manner and depth in which the private and public sectors have implemented the SDGs and included the “sustainability” concept into their business or work. There is a noticeable difference between the way in which groups declare the sustainability goals and report on them, and the integration of these into the company’s culture, values and processes.

Many in the private sector have recognised that “sustainability is good for business”. This has partly been in response to consumer demands for products made using sustainable practices. Many companies and public organisations have developed practices which can be assessed for their contribution to sustainability. Some have even provided ways to assess their compliance with their sustainability targets, often backing these up with scientific and social meaning.

A new industry has developed in recent years to help companies and governments become more sustainable in their practices and in their product types, as well as articulate their sustainability goals. These have contributed to faster adoption of the concept. Some multi-national companies and international organisations have incorporated sustainability into their vision, mission, strategic plans and operations.

However, high level pledges are only a good start but need to filter downwards throughout the entire organisation. It is apparent that tensions still exist between the different parts of organisations respectively responsible for the immediate business “bottom line” versus the more strategic “sustainability” approach.

In Singapore, various examples can be found of organisations which duly comply with required sustainability reporting, those which incorporate sustainability practices in their business and culture, and those which actively advocate sustainability even beyond immediate business concerns. The Singapore Exchange, SGX, has implemented sustainability reporting, and many larger companies have positions for “sustainability directors”.

Showing compliance with sustainability and contribution to achieving the SDGs is an important step towards incorporating sustainability into an organisation. Recently, the Singapore-based agrifood company OLAM took the commendable lead to co-start the Global AgriBusiness Alliance and in doing so, put Singapore on the map as both thought and action leader to take the SDGs seriously.

Aspirations versus Reality: Greenwashing

Early attempts at incorporating sustainability and the SDGs have been through Corporate Social Responsibility (CSR) activities. Many organisations have however matured in their approach and are showing more meaningful practices. However, it has also become obvious that only those with deep pockets have been able to do so. There is also evidence that some are becoming quite adept at reporting their sustainability compliance.

This phenomenon has been termed *“Greenwashing”*, and is the practice of making a misleading claim about the environmental benefits of a product, service, technology or company practice. *Greenwashing* can make a company appear to be more environmentally friendly than it really is, whereas in reality, the effects are more cosmetic than real.

A professor of sustainability at the well-known IMD Business School in Lausanne, Switzerland, Francisco Szekeley, has expanded on the above in his forthcoming book, “Beyond the Triple Bottom Line”. The Triple Bottom Line (TBL) approach uses the three pillars (environmental, economic and social) to show their sustainability performance. Each pillar is justified on the basis of key performance indicators defined by the organisation. But he has posed the question – “Can this methodology determine sustainability performance?” and noted that “seemingly sustainable companies continue to conceal business-as-usual practices”.

Professor Szekeley has further advocated reducing dependence on the TBL approach and to assess sustainability in a more holistic way. This would take into account an organisation’s relationships with its current stakeholders, such as a company’s employees, its clients, the consuming public and its suppliers. He further proposes that the needs of silent and future stakeholders, as represented by the environment and future generations, should be taken into account as part of this holistic way.

A critical question that follows is: should the holistic sustainability performance of a firm also be measured internally?

More than Just CSR

Apart from meeting the external demands to demonstrate sustainability, and internal business operations which make use of sustainability concepts, a third aspect is the “socialisation” of sustainability values into an organisation’s culture through its employees. Examples of such cultural values being practised by an organisation’s employees are zero food waste, energy saving habits, and careful use of water. But many of these values-based internal actions are not commonly included in sustainability reporting. And yet for the longer term, these have more meaning to build a society which cares for future generations.

Ultimately, sustainability needs to be part of the core business of organisations and not be viewed as expedient attitudes to please clients or consumers. This means, for large companies, going beyond CSR projects. For SMEs, three prevailing challenges to implement sustainability goals that have been noted are the apparent lack of government support, the lack of uptake by major importing countries, and the costs of training suppliers to adopt sustainable practices.

For F&B enterprises, there also seems a gap between consumers’ demands for sustainably-produced food, and producers’ ability to meet the requirements for sustainable production methods. Some producers have adopted certification schemes provided by internationally-recognised groups. In the case of the farming community, Good Agricultural Practices (GAP) are local examples of adopting accepted sustainability practices. This gap needs both public and private sector interventions if the bulk of the enterprises in most countries -- the SMEs and small producers – are to be included in the move towards a more sustainable society.

Ultimately, institutional and governance aspects are also important because institutions in a modern society distinguish caring from uncaring societies. Companies, governments, public sector entities, civil society groups all need to demonstrate they have adopted the sustainability mantra and paradigm.

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