

TARIKH : 21 DISEMBER 2022
 AKHBAR : THE SUN
 MUKA SURAT : 8

Make ESG more than lip service metric

Make ESG more than lip service metric

"SUSTAINABILITY" refers to the operation of a business without endangering the environment, all living things and, in a genuine sense, the entire earth.

In another sense, it is the care that businesses take to preserve and enhance a healthy planet that is conducive to those who come after us and that includes the atmosphere, the seas, plants, animals and your descendants.

The one creature of the Earth is hell-bent on destroying the vitality of the earth are the humans.

We want more wood, more meat, more fish, more poultry, more metals, and more chemicals.

We destroy entire rainforests, excavate the mantle of the earth, poison the atmosphere and ruin the earth.

So much so that it is no longer safe to live on the earth.

The major culprits are two: consumers and businesses.

Manufacturers produce all those things which you cannot live without: medication, drugs, processed food, meat, fish, smartphones, paved roads - you name it. Each destroys the earth in some way.

It is customary to subdivide the concept of sustainability into three main areas: the environment, society and governance.

Environment

You know what the ambiguous word environment means.

It denotes the entire ecosystem on the earth, including its atmosphere, the seas, the watercourses and all that is of the earth.

Social or society

The word social is equally vague. It refers to human society, but this may not be wholly true.

It is all things that hold communities together.

Governance

Governance is, again, unclear. It refers to man-made rules.

Whether it refers to international treaties, laws, or national laws and regulations is one question.

There is a view that "governance" means how statutory laws or rules of conduct that companies set up govern their business activities.

Here are some examples of how global companies practise sustainability.

Biogen

Biogen develops therapies for people suffering from neurological, autoimmune and haematologic diseases. Biogen is a "carbon-

neutral" company.

The company has effectively neutralised its carbon-emitting business activities.

Within the communities it operates, Biogen sends out thousands of employee ambassadors.

Biogen specifically targets talented women employees. It guides them into leadership roles.

It also promotes a sustainable work-life balance for every employee.

That includes a year-end shutdown and employee sabbatical programmes.

Adidas

Another good example is German-based Adidas.

With operations around the world, Adidas manufactures Adidas and Reebok-branded sports equipment.

Adidas approaches the concept of sustainability by balancing shareholder expectations, respect for human rights and the needs of its employees.

This it does by providing the best lifestyle for its employees.

Through a creative scheduling process, employees can "earn" flexible time off. They each have a "time account". It lasts the duration of their working life.

Employees "bank in" time, which they earn by doing certain activities.

They use this accumulated time as paid vacations, sabbaticals, or early retirement. It also practises a unique "Parent Pool".

This initiative allows parents to continue on a part-time basis without losing status.

In fact, in some locations, Adidas offers nursery rooms and fully equipped temporary offices which are child-friendly.

Kesko

Finland-based grocery retailer Kesko operates across eight countries.

One of its primary objectives is corporate responsibility.

The aims of Kesko's "Responsibility" programme include enhanced working conditions, accountability to society, the safety of its products, and the mitigation of climate change risks.

In its 2019 list of Sustainability Indices, Kesko's investment in the community grew: youth sports, veterans care, scientific research and environmental organisations.

Kesko provides its employees with health

coverage, parental leave and retirement benefits.

Through dedicated programmes, it encourages group leisure activities.

Kesko continues to decrease overall energy consumption, reduce emissions and manage waste throughout the entire organisation.

BMW

BMW builds social engagement into its products and processes.

In its manufacturing lines, BMW continually strives to reduce the emissions of the vehicles it produces. It offers customers electric and hybrid choices.

In 1973 BMW was appointed as one of the first environmental officers in the world.

Ever since then, BMW has worked to minimise its environmental impact.

BMW is also committed to equal opportunities for its workforce.

Rather than alienating an ageing workforce, BMW's corporate strategies include them. BMW actively advances women into leadership roles.

Flexible scheduling helps employees find the right work-home balance. We now study some poor examples

The bitter taste of Nestle chocolates

In 2019, a class action lawsuit was filed against Nestle USA.

The allegation was that the food giant's supply chain had involved child and slave labour.

It was not the first time Nestle has faced these criticisms. To be fair, Nestle is not alone.

The world's chocolate companies have all missed deadlines to uproot child labour from their supply chains.

Nestle did the right thing. First, it acknowledged the existence of the problem. Most companies do not.

It then committed itself to eradicating child and slave labour.

Yet, when Nestle used seals claiming that its cocoa was "sustainably sourced," that swayed consumers into believing that Nestle's products had complied with socially and environmentally responsible standards.

What lessons could be learnt from the Nestle experience?

First, if you wish to become more "ESG sustainable", your efforts must apply to your company's entire supply chain.

Second, when you are caught out, do not deny it. Acknowledge your shortcomings.

That enhances your transparency. You become less of a target.

When a bold strategy can go wrong

Asia Pulp and Paper (APP) is an Indonesian paper company. One of its brands is "Paseo".

In November 2021, Paseo launched a new range of facial tissues for children.

The tissue boxes had printed on them, an outline of forest animals: elephants, orangutans and tigers.

The idea was, said APP's press release, for children to "bring their imagination to life, through mindful colouring".

The process of colouring the endangered animals claimed APP, "invites children to pay attention to the present moment".

APP claimed that the paper had been "made from 100% sustainably sourced, plantation-grown acacia virgin fibre".

This bold marketing play attracted the attention of Green groups.

Their criticism was this: despite APP's public commitments to stop destroying rainforests, the company had faced repeated allegations of clearing or burning Indonesian animal habitats.

For example, in May 2021, a Sumatran tiger from a critically endangered species had been found dead in a snare on APP's land.

Director of policy and advocacy at WWF Indonesia Aditya Bayunanda claimed that several NGOs' investigations had revealed that APP had, over the last 30 years, deforested over two million hectares of natural forest.

These natural habitats have been home to critically endangered elephants, Sumatran tigers and orangutans.

"Destruction and fragmentation of these habitats created human-wildlife conflict, often ending in their death or relocation into captivity."

His remark is telling: "The irony is not lost (in) that children are now learning about endangered species from products made by a company that has repeatedly missed its zero-deforestation targets, and made minimal progress on commitments to restore the forests in which these species should live."

Conclusion

Now you know a little about what sustainability is. You no doubt realise that it is one thing to proclaim to all the world about one's "sustainability commitment".

It is no use paying lip service to a policy that one does not implement that is neither cricket nor a reasonable sustainability commitment.

I hope you have an idea now of what sustainability means in the corporate world.

Comments: letters@thesundaily.com