

Regional Conference on Aligning Corporate Sustainability with SGDs 20 May 2015, Bangkok

Dear H.E. Shamshad Akhtar, Under Secretary-General of the United Nations and Executive Secretary of ESCAP

Dear Mr Mohamed Iqbal Rawther, Chairperson, ESCAP Business Advisory Council (EBAC)

Dear distinguished guests, speakers and participants

1. From previous discussion, it is more or less clear to us that businesses play a critical role in realising SGDs. The reason why the role of businesses is so critical for sustainable development is because many of the key priorities and issues of sustainable development are intertwined with business activities. Most importantly, businesses are as much a part of the solution as a part of the problem. Businesses are now almost universally recognized as the primary engine of the economic growth and development needed to alleviate poverty, one of the single largest barriers to sustainability.
2. Still, according to the World Business Council for Sustainable Development, while the business case for poverty reduction is straightforward, businesses cannot succeed in societies that fail. Any societies without strong rules of law, effective intellectual and property rights, transparency and accountability or fair competition cannot ensure sufficient conditions for businesses to sustain. At the very heart of societies, governments through their public policy instruments help create and facilitate conditions for sustainable development. As one of the largest employers, governments also need to be held responsible and accountable for their operations. Governments are the largest landowner and operator of buildings; they are the largest consumer of energy, and therefore also the largest producer of most environmental impacts.
3. What can governments do to enable sustainability, as well as facilitating sustainable business to thrive? There are a number of roles that governments can play:
 - (i) A goal setter
 - Priority needs to be given to sustainability with equal consideration for economic efficiency, social inclusion and environmental protection in governments' development agenda.
 - A government that embraces sustainability principles also needs to develop strategies or good laws for economic transition which requires considerable innovation and other responsible practices.
 - (ii) An enforcer
 - The best laws are useless without enforcement. Governments need to steer societies and businesses towards goals articulated in policies/laws. Actions need to be taken against companies that do not meet standards or requirements. Withdrawing a company's authorisation, suspending companies from undertaking regulated activities, fining companies who breach rules, or even bringing criminal prosecutions to tackle business crimes are sometimes necessary.
 - (iii) A facilitator
 - Governments need to make things easier for companies to integrate sustainability into their core business. This includes creating an open, fair, competitive and rightly framed markets – or a level playing field- for all

businesses as well as eliminating obstacles and providing incentives for businesses to apply sustainability principles. Capacity-building support, from financial to technical support, can be provided to help businesses become sustainable. Tax system is one of the most important elements of the framework for a sustainable economy. Policies such as green taxes can be explored or expanded to encourage business sustainability.

(iv) A leader by example

- Apart from being the largest political entity, governments are among the largest economic entities. Public procurement, for example, usually involves various stakeholders, and has deep and multiple impacts on economy, society and environment. Lack of transparency and accountability in public procurement cases such as construction, power generation, transportation, sanitation services, etc., might increase the risks of corruption and waste of economic resources, depriving the poor from basic services and in many cases harming the environment. Being responsible, transparent with environmentally sound public procurement can help significantly improve overall environmental conditions as well as encourage businesses to follow governments' lead.
- Enterprises that are wholly or partly owned by governments are also expected to set an example. For instance, state-owned companies should be leading in integrating sustainability into their businesses, including setting goals, reporting their goals and providing annually progress updates. Sustainability goals are supposed to be general in nature, but also measurable and relevant to business operations, and the boards are accountable.

4. Governments have started to pay more attention to addressing the challenges of sustainability. At the same time, they have also recognized that acting alone cannot achieve the far-reaching social and economic changes that sustainability will require. Governments must form partnerships, or establish collaboration, with the private sector, and/or civil society organizations, to address the board and horizontal challenges associated with sustainability. They need to enable a good governance not only among public institutions but also among businesses and social organizations, ensuring effective collective decisions and actions towards sustainable development goals.

5. *Case of Singapore*

- *In Singapore, sustainable development has long been an important priority since the early years of industrialization in 1960s, following the nation's independence. The Government has succeeded in putting in place a comprehensive set of regulations, including but not limited to labour regulations, corporate governance and environmental protection, which have helped establish high standards of responsible and sustainable business practices. Tripartism was also established as a consultative decision making framework in which government, labour and business collectively mobilize human, financial and natural resources equitably and efficiently to address the challenges of development. Over the past five decades, Singapore has been named the top in the region as well as in the world for quality of life and good governance.*
- *Yet, there are lots to be done for Singapore to achieve SDGs, especially in enabling business sustainability. For instance, under the Code of Corporate Governance, listed companies have started to disclose their corporate governance practices, including non-financial information. However, a majority of companies based in Singapore are still left out of the sustainability reporting system as compliance with the Code has not been made mandatory for non-listed companies. Despite an increase in the number of companies*

adopting the GRI framework from only 10 in the first study on sustainability reporting in 2011 to 19 in the second study in 2013, the number of companies producing their sustainability reports using the GRI framework is way smaller than the total number of companies communicating their sustainability efforts (160 companies) and even much smaller than the total number of listed companies surveyed (537 companies). There is no data available for other companies that are not listed on the Singapore Exchange mainboard. It is now time for the Singaporean government to take the lead in the advancement of SDGs and business sustainability as a strategic goal setter, a strong enforcer, a good facilitator and a typical model for sustainability practices.