

Businesses need to take a harder look at sustainability as expectations change

The Dentons Rodyk Dialogue 2021 explored tapping sustainability, innovation to secure a more resilient future. BY NISHA RAMCHANDANI

FIRMS need to pay more attention to sustainability amid a changing environment as customers, employees and investors demand a different way of doing business.

This was among the points raised at a panel discussion at the Dentons Rodyk Dialogue 2021, which was jointly organised by Dentons Rodyk and the Singapore Management University (SMU). *The Business Times* is the official media partner for the Dialogue, which took place on Wednesday (Oct 27) both in-person at SMU's Yong Pung How School of Law, as well as over livestream.

Live viewers tuned in virtually from over 20 countries for the Dialogue, which was themed "Sustainability and Innovation for a More Resilient Future".

Panellists included Minister for Sustainability and the Environment Grace Fu; Ipshta Chaturvedi, partner at Dentons Rodyk; Professor Dave Fernandez from SMU; Hugh Lim, executive director of Centre for Liveable Cities; and Bart Houlihan, co-founder of non-profit organisation B Lab.

Gerald Singham, global vice-chair and Asean chief executive officer for Dentons Rodyk, was the moderator for the panel talk.

During the panel discussion, Minister Fu touched on the importance of Asean working together to rise above environmental challenges. She pointed to the opportunities in the region, from its large and diverse geographical area to biodiversity, as well as the complementary strengths among Asean member states. "It's time to put this strength to good use," she said.

Meanwhile, sustainability will cut across many different sectors, and it is important for both secondary and tertiary businesses to be a part of the movement as well, she highlighted.

A changing environment

In response to a question on the critical pillars underpinning a resilient future for Singapore, she said: "From a government point of view, I think we're always looking at security of our resources. Definitely we looked at how global warming is affecting us." Changing weather patterns, for instance, could affect water flows, which in turn could disrupt food or power.

"From the Green Plan we have, the resilient future is about ensuring we have food security, water security and increasingly, energy security," she said, adding that the government is always looking at how to mitigate risks such as shortages and costs, as



The Dentons Rodyk Dialogue 2021, themed "Sustainability and Innovation for a More Resilient Future", took place both in-person as well as over livestream. It saw the official launch of Dentons Rodyk's ESG practice in Singapore, which allows it to cater to new and existing clients in the region via a dedicated practice to an ever-growing sector. PHOTO: YEN MENG JIN

well as ensuring social inclusion in policies.

Earlier this year, Singapore launched the Singapore Green Plan 2030, outlining its green targets over the next decade. The plan positions the city-state to reach its net-zero emissions goal as soon as viable.

In her opening address earlier that morning, Fu, who was the guest of honour, also said that the government will drive sustainability efforts by transforming existing sectors and investing in new technologies for a low-carbon economy. These include carbon capture utilisation and storage, hydrogen and other emerging pathways for decarbonisation.

Tackling a question on sustainable financing, Fernandez noted that there is a shift towards factoring in broader issues – such as the potential environmental impact – into the investment process. "I don't think we're going to classify some investments as sustainable investments and others as not," he said. "It's going to be a world where every investment is going to bring in, what we're calling currently, inter-sustainability factors." In this respect, regulation is seen as playing a key role in assessing risks.

Fernandez added: "We have an environment that's changing, where your customers, investors and employees are demanding a different way of doing business and different metrics to judge (if) you're a company that they want to be engaged with. If you're a company that wants to be part of, and recognises this trend, you want to signal your eagerness to be a part of that."

On green buildings, Lim highlighted that demand for green buildings from homebuyers and building occupants will result in developers responding to that shift. "There's certainly a market signal that has to be sent," he said.

When it comes to green construction, the savings typically accrue in the life cycle of the building, so developers that build and sell may not necessarily feel that they will reap the benefits. On the other hand, an owner who develops, owns and operates the building for its life cycle would be keen to keep costs lean.

Still, building owners are beginning to recognise that valuations for green buildings are higher than those that are not, Lim pointed out.

Lim said: "From the take up in Singapore, it's clear owners and de-

velopers recognise this. When we started, most would opt for the minimum standard that's needed. But as of the last couple of years, we've seen that of buildings developed today, two-thirds go for higher standards and there's a strong recognition that developing green buildings makes sense, from a business as well as an environmental point of view."

Courage and leadership

Touching on the role that lawyers play when it comes to advising stakeholders and advocating sustainability and innovation, Chaturvedi said that it is to bridge the gap between the public and private sectors, as well as to translate regulations into legal practice; this in turn, helps businesses transform their current processes into more sustainable ones.

She stressed: "Law is the bridge that translates theory into practice. Therefore, lawyers play a unique role in helping the transition to a low-carbon economy."

Meanwhile, Houlihan highlighted that sustainability is a key way for businesses to attract and retain the next generation of talent. He said: "The next generation is demanding more from what they buy, where they

invest their capital and perhaps more importantly, where they work."

Houlihan continued: "I am seeing in general that the next generation is already aware and driving this movement to a large degree."

However, increasingly, small and medium-sized enterprises (SMEs), while keen to ramp up their sustainability efforts, often are unsure of where to start. Houlihan recommends that SMEs begin their journey by using tools to start measuring their social and environmental impact so that they can benchmark themselves against others before putting together a plan.

Rounding off the panel discussion, Fu touched on the upcoming United Nations COP26 Climate Change Conference in Glasgow, where key issues that will likely feature in the discussions include the ambitions of developed nations vis-a-vis developing nations, adaptation financing, as well as the recent energy crisis.

On top of that, the global pandemic has also taken its toll, heavily impacting the financial standing of many countries worldwide.

Still, one area where headway has been made is that there are no longer arguments around the science of climate change as global warming increasingly makes its presence felt, she pointed out.

"We know that we need to get climate action going, so we will have to use a lot of courage and political leadership to ride against some of the current challenges we're facing," Fu said. "We're working very hard to get an agreement going. It will not be easy, the differences are there, but we'll do our level best to see some agreement for this round."

The dialogue also saw the official launch of Dentons Rodyk's ESG practice in Singapore, which allows it to cater to new and existing clients in the region via a dedicated practice to an ever-growing sector.



"This year's Dialogue, which also celebrates our firm's 160th year, revolves around sustainability and innovation, and how embracing these two elements are key to building a more resilient future in this phase of uncertainty and change. To support clients through their ESG journey regionally and globally in the new dynamic, we have launched a new practice group dedicated to advance sustainability. This practice will be supported by a multi-practice team of professionals with a track record in corporate sustainability, business and human rights and environmental law."

Gerald Singham, global vice-chair and Asean CEO of Dentons Rodyk



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Grace Fu, Minister for Sustainability and the Environment



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Bart Houlihan, Co-Founder of B Lab