Maximising value from waste

There is a strong case for better management and reporting of waste in business, by LAURENCE LOH AND QUIE QIAO WAN

The first reports under the Mandatory Packaging Reporting scheme, which requires companies to report the amount of packaging used, were submitted to the National Environmental Agency in March this year. The scheme was part of the Zero Waste Masterplan to help Singapore reduce waste and extend the lifespan of its sole landfill, Pulau Semakau.

Sustainability issues like waste and global climate change are attracting increasing attention in recent years. The Singapore Green Plan 2030 launched in 2021 spells out the direction that our nation is steering towards on sustainable development, supported by legislation and emphasis on advancing the green transition during the Singapore Budget 2022.

Businesses will need to act to develop their capabilities in corporate sustainability, or risk losing financial support and business opportunities, and could also be caught off guard by penalties imposed. They will have to embed sustainability strategies into the business model that contribute to a long-term sustainable business, and ensure the company’s social, environmental, and economic conditions for both the short and long-term.

Managing waste as core part of corporate sustainability

Businesses will have to accord priority in managing waste. This is especially critical as regulatory measures will increasingly be implemented, including the Extended Producer Responsibility framework for packaging waste that is expected to take effect by 2025. Businesses need sufficient knowledge and know-how before operational processes can be designed to fulfil their obligations.

Waste management and reporting can be fundamental to identifying opportunities for savings on costs of goods and services. By being aware of the resources invested that end up as waste, businesses would be equipped with the knowledge to challenge and re-evaluate purchasing strategies and decisions, as well as process flows that determine the costs of business.

For example, Del Monte Pacific Limited disclosed in its latest FY2021 Sustainability Report that the group generated about $51.7 million of savings from reducing 3,077 metric tons of packaging materials over the last 10 years. Reducing waste would lead to cost savings from not having to bear producer responsibility on the waste produced. Decreasing the use of virgin materials and reusing existing resources also help to slow the rate of depletion of our natural resources in support of the long-term sustainability of business operations.

Businesses with a lack of information or knowledge on waste will lose out, as management of these businesses would not know where their efforts could expand their efforts to improve operational and cost efficiencies.

In 2019, a pilot study was conducted within Olam International on the magnitude of loss of rice in the rice value chain. The study identified critical loss points in the value chain, such as rice loss in storage, wasted water and greenhouse gas emissions. Without this information, management would not be able to determine targeted action plans to reduce loss and increase yield.

Increased stakeholder pressure to act

Businesses are also facing increasing pressure and demand from stakeholders to incorporate sustainability strategies into operational plans and deliver on responsible products and services.

A HSBC survey in 2021 showed that 80 per cent of Singaporean investors believe that sustainable, environmental and ethical issues are important for managing their investments, despite having a gap in their actions. In addition, a 2020 report by Deloitte, a multinational market research and consulting firm, found that Singaporean expect businesses that produce and/or sell packaged goods to undertake responsibility to reduce the amount of unnecessary packaging in the goods they sell.

Waste measurement and reporting lack attention: study

Our study conducted at the National University of Singapore, which has just been completed, assessed the prevalence and quality of the waste information in sustainability reports of food and beverage (F&B) listed companies in Singapore, identified gaps in the reported information when compared with current governing standards, and provided recommendations to close the gaps and shortcomings.

The results suggest that waste measurement and reporting in sustainability reports is still lacking the attention it needs. Of the 82 out of 63 listed F&B companies, or 44 per cent, did not mention food and/or packaging waste management as part of their sustainability assessments, and 11 out of those 28 companies, or 46 per cent, did not have any disclosures related to food and/or packaging waste. Waste-related disclosures among listed companies in the F&B sector have also been found to be inadequate.

It is critical that businesses accord priority in managing waste, as regulatory measures will increasingly be implemented.

Suggested solutions for better reporting process

Our study recommended a framework for the reporting of food and packaging waste. Key components of the framework include disclosures of significant actual and potential waste-related impacts across the value chain, actions taken to prevent or reduce waste generation, processes used to collect and monitor waste-related data, waste-related goals and targets, performance against these targets and monitoring measures to track progress, evaluation of the share of waste reduction strategies, scope of waste and waste reduction measurements.

With the framework, businesses, particularly F&B companies, can drive more action and change on packaging and food waste, including by finding opportunities in preventing and reducing waste-related impact. A starting point may also be to obtain useful information to identify opportunities for cost and operational efficiencies.

As Singapore aims to progress towards a zero waste nation through a circular economy approach, prioritising and acting on waste issues would help businesses to gain confidence in minimising their operations to ride on the trend and position themselves advantageously to capture business opportunities as they arise.

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