

Sustainable Consumer Goods: Are You Ready?





Sustainability: Are You Ready?

Following on from the United Nations' adoption of the Sustainable Development Goals, the topic of sustainability has received a renewed global focus recently.

There is now a heightened consumer demand and investor appetite for businesses to commit to sustainability. Research shows that consumers are increasingly shifting their real spending towards products with sustainability-related objectives. Wide-ranging issues on sustainability, such as formulating/strengthening environmental, social and governance (ESG) programmes, adopting a circular economy model and complying with mandatory sustainability reporting obligations, affect all businesses, though especially those in the consumer goods and retail, food/agriculture, healthcare, and manufacturing industries.

Consumers are demanding transparency and accountability. Brands that prioritize sustainability gain consumer trust and loyalty. Conversely, companies with unsustainable practices risk losing market share. Consumers demand authenticity in their brands – to “walk the talk” of sustainability. Therefore, it is imperative that sustainable claims are robustly substantiated and backed by internal processes.

Further, institutional investors are scrutinizing ESG factors when making investment decisions. Companies that prioritize sustainability are

more attractive to investors.

Governments around the world have also started taking action to embed sustainability into their nation-wide agendas. There are abundant opportunities for brands in the consumer goods space to leverage. For instance, the Singapore Green Plan 2030 envisions a transition into a sustainable future, committing to greener buildings, greener vehicles and a greener cityscape. Another area of priority is food security, with the growing agri-food industry driven by technological innovations attracting multiple foreign companies to the agri-tech hub of Asia. The flipside is that the regulatory posture towards sustainability has correspondingly become stricter – governments are implementing carbon pricing, resource sustainability, forced labour and advertising claim regulations to regulate sustainable products.

Given the global momentum for sustainability giving rise to new issues and reinforcing existing ones, it is undeniable that a comprehensive sustainability agenda is now a necessary and strategic business consideration.

Key Issues

As we enter a sustainability-centric era of consumer spending, addressing sustainability concerns is imperative to building/strengthening business resilience and public trust. Sustainability cuts across multiple issues, with the extent of relevance and importance depending on each industry, sub-sector and business.

In 2024, human rights due diligence in supply chains continues to be a headline topic of discussion. Businesses are increasingly expected to ensure that their supply chains are clean, with governments imposing regulations on businesses to carry out this due diligence.

Generally, the following are some key questions you should ask yourself:

1 Am I subject to mandatory or voluntary sustainability obligations?

2 How do I ensure my voluntary sustainability reporting obligations are in line with best practices?

3 Have I checked to mitigate intellectual property infringement risks when making sustainability-related advertisements?

4 How do I mine and commercialise data on consumer preferences within permissible limits?

5 How can I demonstrate my authentic sustainability efforts to consumers? At the same time, how can I ensure that my sustainability claims do not amount to greenwashing or bluewashing? Do I have in place measures to substantiate my advertising product claims?

6 Do I have human rights policies and codes of conduct to address human rights violation risks like modern slavery in my operations? Are my staff sufficiently trained on labour and human rights compliance?

7 Am I subject to any environmental compliance requirements such as recycling obligations applicable to my business?

8 Am I eligible for any tax incentive schemes in this regard?

9 When dealing with several brands within my group, is there a risk of consumers regarding one brand's position on sustainability as the position of all other brands within my group? Will such other brands be considered to be engaging in greenwashing and how do I avoid such risks? This consideration is especially apparent given the trend of businesses acquiring smaller brands that are committed to sustainable practices.

Baker McKenzie helps clients overcome the challenges of competing in the global economy.

We solve complex legal problems across borders and practice areas. Our unique culture, developed over 70 years, enables our 13,000 people to understand local markets and navigate multiple jurisdictions, working together as trusted colleagues and friends to instill confidence in our clients.

Contact Us

We would be happy to have a chat with you to see how we can assist your business with these issues.



Ren Jun Lim

Principal

Tel: +65 6434 2721

Fax: +65 6337 5100

ren.jun.lim@bakermckenzie.com

Baker McKenzie Wong & Leow
8 Marina Boulevard
#05-01 Marina Bay Financial Centre,
Tower 1
Singapore 018981
Tel: +65 6338 1888
Fax: +66 6337 5100

bakermckenzie.com

© 2024 Baker & McKenzie.Wong & Leow. All rights reserved. Baker & McKenzie.Wong & Leow is a member firm of Baker & McKenzie International, a Swiss Verein with member law firms around the world. In accordance with the common terminology used in professional service organizations, reference to a "partner" means a person who is a partner, or equivalent, in such a law firm. Similarly, reference to an "office" means an office of any such law firm.

This may qualify as "Attorney Advertising" requiring notice in some jurisdictions. Prior results do not guarantee a similar outcome.

