

SINGAPORE

**COMPANY
OF GOOD®**

A COMPANY OF GOOD IN SINGAPORE

A Better Future with Corporate Purpose

Foreword



Every one of us has a role to play to ensure that Singapore continues to thrive, and to create a brighter future for the next generation. While the government will do its part, businesses and individuals too are valuable partners in our efforts to build a fairer, greener and more inclusive society.

The value that a business brings to society goes deeper than simply its ability to create jobs and add economic value. Businesses touch many segments of our community, and create positive impact in many different lives. This ranges from how businesses value and train their workforce, to how they adopt sustainable practices, and how they engage in volunteerism and responsible corporate citizenship.

We want to do more to help businesses strengthen their corporate purpose and do good in society. That is why the National Volunteer and Philanthropy Centre has been developing a “Company of Good” ecosystem, and leveraging skills and resources across different sectors to support and enable purpose-driven firms. I am confident that these efforts can go a long way in empowering businesses to make a tangible difference across different dimensions.

I launched the Forward Singapore exercise in June 2022, to refresh our social compact, and chart our new way forward. I urge our businesses and stakeholders to partner us in this endeavour. Together, we can create a better Singapore.

Mr. Lawrence Wong
Deputy Prime Minister and
Minister for Finance

Message



A caring and cohesive society requires the involvement of many—from businesses to individuals. Together, we make up our Singapore tapestry, one that is stronger than the sum of its parts.

Businesses play a key role in the SG Cares movement of channelling the goodwill of Singapore society to give back to those in need. Besides contributing to our economic growth and providing meaningful jobs, companies can bring their capabilities, resources and knowledge to benefit the community in different ways. Businesses that recognise a shared responsibility to the wider society will find that it benefits both the community and the business; making businesses more sustainable and purposeful.

I am delighted that the National Volunteer and Philanthropy Centre (NVPC) launched the industry-led Alliance for Action on Corporate Purpose (AfA-CP) in 2021, despite the COVID-19 pandemic, to define what it takes for businesses to do good in Singapore for the longer term. The fact that this framework and blueprint was proposed by the business community for the business community is significant, and I would like to thank the co-chairs of the AfA-CP, Mr Seah Chin Siong (Chairman of NVPC) and Ms Janet Ang (Deputy Chair of the Singapore Business Federation Foundation), for leading and completing this important effort.

NVPC is transforming Company of Good in response to the AfA-CP's recommendations. Moving forward, a Company of Good in Singapore will go beyond adopting corporate giving to include corporate purpose. This is timely because we want to encourage all businesses to do good. This change will enable the appropriate national recognition for our companies and bring business adoption of corporate purpose to the national level.

I encourage all companies to be active contributors towards a corporate sector with purpose that gives back to society. Together, we can forge a brighter and more sustainable future for Singapore.

Mr. Edwin Tong

Minister for Culture, Community and Youth and
Second Minister for Law

WHY CORPORATE PURPOSE NOW?

The Singapore narrative

Through its geographic location and strategic investments over the years, Singapore provides one of the most attractive business operating environments for companies.

Many companies have expanded their operations and established their regional headquarters in Singapore, enabling strong technology transfer, knowledge building and job creation locally.

The next 50 years will require this corporate ecosystem to be deepened and strengthened for Singapore to continue thriving. Forward Singapore is the articulation of how Singapore will embrace the future, as the compact between business and society becomes the foundation of our renewed national competitiveness.

“We cannot continue to operate in the same manner—not at the expense of our environment, social cohesion, and personal well-being. Businesses must commit to creating positive impact on our society, and in all aspects for their stakeholders.”

Mr. Seah Chin Siong

Chairman

National Volunteer & Philanthropy Centre

The shifting role of business in a changing global environment

In the 1970s, proponents of the Friedman Doctrine professed that the only social responsibility of business was to increase profits, as long as it abided by prevailing laws¹.

This shareholder model of capitalism gained traction and enabled economic prosperity. However, the growth that has resulted from such a profit-at-all-costs mentality has often been uneven, leading to financial crises, widening social inequalities and accelerated climate change.

In addition, global headwinds—such as the return of Big Power rivalries, rising protectionism and nationalism, and declining trust in institutions—have made environmental, social and economic issues more complex. The road ahead appears tougher than ever before.

Today, there is an impetus for companies to shift focus from shareholders to all stakeholders, contribute more actively to the communities in which they operate and to “do right and do good as they do well”, starting from their core purpose of being.

To do this effectively, companies will need to review their corporate purpose so that it can guide core business strategies and have real impact in areas such as People, Society, Governance, Environment and Economic. This is the central theme in how Companies of Good will evolve.

Embracing corporate purpose

To effectively embody corporate purpose, it is crucial to first understand what it is. Corporate purpose refers to why a company exists—in essence, its reason for being.

By embracing corporate purpose, companies can achieve heightened business outcomes such as business resilience, talent attraction and retention, creativity and innovation, as well as trust from customers and investors. A 2020 Fortuna Advisors study found that purpose-driven companies outperformed their counterparts in financial performance, market valuation and shareholder value creation, even in periods of crisis².

This shows that when implemented effectively, corporate purpose can enable longevity and value-added growth.

¹Millon Friedman, *New York Times* (1970) “...there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception fraud.” <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>

²Gregory V. Milano, *Fortuna Advisors* (2022) “The Return on Purpose: Before and During a Crisis” <https://corp.gov.law.harvard.edu/2020/11/09/the-return-on-purpose-before-and-during-a-crisis/>
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3715573

In view of these shifts, the National Volunteer and Philanthropy Centre (NVPC) convened the **Alliance for Action on Corporate Purpose (AfA-CP)**, an industry-led group of multi-sector stakeholders, to develop a shared definition and vision of what corporate purpose means in the Singapore context. After a year-long series of engagements and consultations, the AfA-CP has concluded the work on *Corporate Purpose: A Framework and Blueprint for Businesses in Singapore*.

HOW CORPORATE PURPOSE CAN CREATE VALUE

- 1 Increasing resilience**
During the Covid-19 pandemic, companies with the **highest shareholder returns were 47% more purposeful** on average than those with lowest shareholder returns³.
- 2 Increasing innovation**
63.4% of senior decision-makers believed that having purpose beyond their day-to-day commercial mission made their company **more innovative**⁴.
- 3 Talent retention**
Purpose-driven companies report **40% higher workforce retention** than their competitors⁵.
- 4 Increasing growth potential**
Companies that operated with purpose, beyond just making money, **outperformed the S&P 500 by a factor of 14**⁶.

³Gregory V. Milano, Fortuna Advisors (2020) "The Return on Purpose: Before and During a Crisis" "Top quartile TSR companies had higher average Purpose scores than bottom-quartile TSR companies between mid-February and mid-April 2020 when market volatility was most elevated" <https://corpgov.law.harvard.edu/2020/11/09/the-return-on-purpose-before-and-during-a-crisis/>
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3715573

⁴EY (2019) "How a higher purpose drives better innovation" A report by the Economist Intelligence Unit (EIU) and supported by EY reveals a distinct connection between purpose and innovation. The EIU executive report surveyed 1,000 senior decision-makers from across three global industries to discover how they are responding to disruption.
https://www.ey.com/en_sg/purpose/how-can-you-innovate-today-to-shape-tomorrow

⁵Deloitte (2022) Deloitte Insights 2020 Global Marketing Trends Report (Pg 8)
https://www2.deloitte.com/content/dam/insights/us/articles/2020-global-marketing-trends/DI_2020%20Global%20Marketing%20Trends.pdf

⁶EY (2020) "Why business must harness the power of purpose" "Research by author Raj Sisodia, for the second edition of his bestseller Firms of Endearment, found that companies that operate with a clear and driving sense of purpose, beyond the goal of just making money, outperformed the S&P 500 by a factor of 14 between 1998 and 2013."
https://www.ey.com/en_gl/purpose/why-business-must-harness-the-power-of-purpose

CORPORATE PURPOSE: A FRAMEWORK AND BLUEPRINT FOR BUSINESSES IN SINGAPORE

What is corporate purpose?

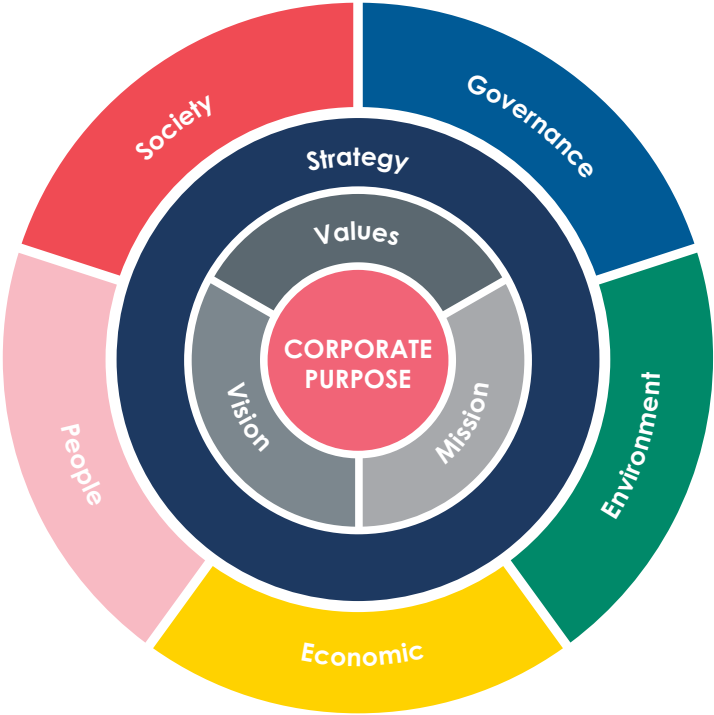


Figure 1: Understanding corporate purpose

● Corporate purpose

Guiding principle that informs all decision-making

- **Why** our company exists

● Values

Fundamental beliefs that guide behaviour

- **Who** we are: the principles we live by to pursue corporate purpose more effectively

● Vision

Long-term aim of the organisation

- Our highest aspirations for **what** we care most about creating when we fully embody corporate purpose

● Mission

Objectives and goals of the organisation

- **How** we are going to achieve the vision

● Strategy

Decision making and resource allocation

- **How to** enable our mission and demonstrate our corporate purpose

● Impact areas

Areas where corporate purpose can be enacted

- **Where** our corporate purpose is demonstrated

Corporate purpose refers to why a company exists, in essence, its reason for being. It can be perceived as the North Star which guides the ethos, strategy and all functions of the company.

A company's values, vision and mission are not its corporate purpose, but they are informed by it. As economic and social needs change, a company may revisit its values, vision and mission to ensure continued alignment with its deeper, evergreen corporate purpose.

Corporate purpose drives a company's strategy and decision-making. Conversely, a corporate purpose statement alone is ineffective without strategy and action to bring it to life authentically and consistently.

Corporate purpose can then be operationalised in the five impact areas of **People, Society, Governance, Environment and Economic**.

Core attributes of a corporate purpose statement

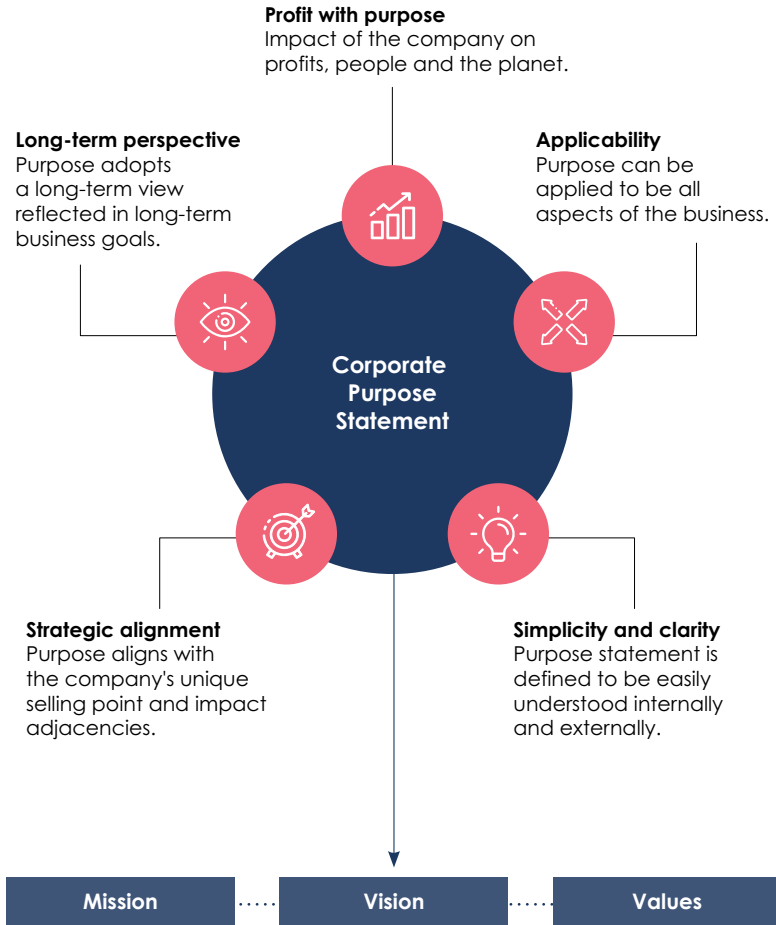


Figure 2: Core attributes of a corporate purpose statement

A corporate purpose statement articulates why a company exists. A good statement captures the company's purpose in a way that is authentic to the business and its people, enabling a strong sense of ownership.

The corporate purpose statement should address why the business was founded, specifically what gaps or problems in society it intends to solve. The statement should also be aspirational and resonate with internal and external stakeholders alike.

The crafting of a corporate purpose statement is a significant undertaking. Companies that have been through this process reported that:



Company leadership plays a vital role in legitimising the initiative.



A dedicated team and consistent effort will be needed to remain on track.



The idea should be socialised and understood across all levels of the organisation.



A clear timeline must be established for activation and integration into business plans and strategies.

Understanding the impact areas

● People

Refers to individuals directly affected by the company's operations.

Alignment of personal and corporate purpose will improve talent attraction and retention, employee engagement and productivity, and ultimately business growth.

E.g. Employee mental health and wellbeing, progressive wage model.

● Society

Refers to broader stakeholders who are indirectly impacted by company activities.

Companies must consider the impact of their activities on society, and how they can bridge existing gaps in society.

E.g. Local communities in proximity of factories.

● Governance

Refers to the rules, practices, and processes for directing and controlling an organisation.

Key principles of good governance include accountability, transparency, fairness and responsibility.

E.g. Board oversight on corporate purpose.

● Economic

Refers to programmes, policies or activities that improve the economic well-being and quality of life for a community.

Sustained and inclusive economic growth can drive progress, create decent jobs and improve living standards, building strong communities, industries, and markets.

E.g. Creating and sustaining jobs, enabling new businesses.

● Environment

Refers to sustainable use of natural resources and climate action.

Companies can improve practices to manage their environmental impact, as well as associated risks and opportunities to both business and society.

E.g. Greenhouse gas emissions, decarbonisation goals.

Creating an enabling ecosystem

NVPC is working with various actors including government bodies, associations, universities, NGOs and intermediaries to leverage their specialised and complementary skills and resources to create an enabling, thriving ecosystem for corporate purpose.

Companies can advance their purpose and maximise impact by working with other ecosystem actors.

Unlike a business network, an ecosystem is not solely focused on creating opportunities. Instead, through the interplay of its actors and resulting synergies, a purpose-driven ecosystem can create results that are goal-oriented, thus enabling results to be optimised⁷.

ECOSYSTEM ACTOR	POSSIBLE ACTIONS
Associations (Trade / Professional) Provide industry knowledge and a platform for players to collaborate and share learnings to propel the industry forward.	<ul style="list-style-type: none">• Create a knowledge hub with case studies of corporate purpose in practice within the industry/profession• Organise events and provide platforms for like-minded businesses to share experiences and learnings• Create opportunities for partnerships to advance corporate purpose and maximise impact• Industry leaders can facilitate knowledge exchange and be an advocate for corporate purpose
Consumers Influence corporate purpose and strategy by purchasing from and championing purpose-driven companies.	<ul style="list-style-type: none">• Demand purpose-driven goods and services• Pressure companies to demonstrate and report on corporate purpose efforts

⁷Robert Kim Wilson (2016) "They Will Be Giants: 21st Century Entrepreneurs and the Purpose-driven Business Ecosystem"
www.theywillbegiants.com

ECOSYSTEM ACTOR

POSSIBLE ACTIONS

Government

Encourage adoption of purpose by communicating its importance in the economic landscape and recognising efforts on this front.

- Create purpose-driven incubators to test initiatives and their impact
- Set standards and assess the outcomes of purpose-driven corporate practices
- Serve as a convener of corporate purpose dialogues
- Create incentives for purpose-driven businesses

Investors

Ensure that purpose and a long-term view are taken into account. They can also engage directly with management and potentially influence outcomes.

- Invest in purpose-driven companies
- Include corporate purpose as a criterion to fulfil capital allocation goals
- Engage and collaborate with investee companies to achieve growth and purpose

Non-Governmental Organisations / Non-Profit Organisations

Advocate causes and share deep knowledge and insights on social or environmental issues in partnership and collaboration with companies.

- Provide insights and shed light on social and environmental issues
- Advocate community and environmental needs that companies are in a position to address
- Engage companies on their social and environmental impact

Other Partners

Media

- Promote corporate purpose awareness and understanding by spotlighting companies that are purpose-driven
- Feature business leaders who are passionate about purpose
- Expose instances of 'impact-washing' to ensure companies engage with purpose authentically

Other businesses

- Create partnerships and joint ventures to complement and enhance purpose-driven efforts
- Share learnings from purpose-led initiatives to help develop industry best practices

Rating agencies

- Include purpose-related metrics in rating methodology

“This repositioning of the Company of Good to embrace corporate purpose is NVPC’s strategic effort to enable companies to be a force for good in society and to strengthen their competitiveness. Working together, corporate purpose will help us build a better future for individuals, companies and society.”

Mr. Tony Soh

CEO

National Volunteer & Philanthropy Centre

THE TRANSFORMATION OF COMPANY OF GOOD

The City of Good is NVPC's vision for Singapore, where People, Organisations and Leaders come together to give their best for others. Launched in 2016, Company of Good was developed to connect and support organisations to do good strategically, sustainably and impactfully. Through its initiatives, like-minded organisations can learn, network and collaborate for good.

To date, we have supported many companies to advance in their journey of doing good—with more than two thousand of them in the Company of Good network, including over 140 Champions of Good conferred since 2017.

Refreshing the Company of Good strategy

The Forward Singapore narrative is clear—businesses in Singapore must contribute to a better nation by bringing their capabilities and assets to support societal development. This is best achieved when companies adopt corporate purpose.

NVPC, as the steward of the City of Good vision, will play a larger role as the leader and strategic convener for all partners in the broader ecosystem. Company of Good is undergoing a strategic refresh to better guide and recognise businesses in the adoption of corporate purpose.

NVPC will enable businesses to be purpose-driven and recognised as a 'Company of Good', through these value propositions:



Provide products & services

that support companies in developing holistic practices.



Assess & recognise

companies that achieve excellence across the five impact areas.



Build the progression pathways

for companies to become Companies of Good and Champions of Good.



Amplify through effective branding & marketing

Companies of Good's success stories to inspire more companies to join the movement.

Based on the previous model, companies were evaluated by their efforts in doing good, such as volunteering, donation and fundraising initiatives. The revised recognition model will be enhanced with harmonisation being its central principle.

Existing standards, marks and awards given to a company will be taken into account, bringing about the necessary coordination and integration for companies to be recognised for their holistic contributions at the national level.

The revised recognition model

Corporate purpose articulation and plans

- Articulating the company's corporate purpose statement.
- Define why, what and how this statement was created or revised.
- Strategies and action plans for achieving this articulation.
- Structures, systems or processes to embed their corporate purpose.

Recognition of efforts across 5 impact areas

People

Harmonisation with existing workplace improvement efforts, including supporting national-level guidelines.

Environment

Harmonisation with existing ESG efforts, including recognition by established standards.

Society

Continued relevance of NVPC's 4 'I' Framework (to be updated), as well as involvement in NVPC and partner programmes.

Economic

Recognition of companies' investment of strategic capabilities in Singapore, such as purpose-driven training and R&D.

Governance

Recognition of companies' corporate governance practices, especially in integrity and transparency.

In the new recognition model, experts in the respective fields will identify critical areas and provide valuable input on a company's submission, ensuring its relevance and practicality. NVPC will be working closely with industry partners across the five impact areas as part of the new Company of Good strategy.

Value-added services to Companies of Good

Companies of Good can enjoy these value-added services by NVPC:



National recognition

Accolades presented by senior government representatives.



Media coverage

Access to media features (e.g. broadcast, print, social media) secured by NVPC.



Organisational reputation

Collaborations with other organisations and improvement in overall corporate standing.



Services & programmes

Engagement in signature programmes that enable participating organisations to progress on their respective journeys.

MOVING AHEAD

What can you do to contribute to the corporate purpose movement?

- 1) Adopt: Apply and sustain corporate purpose efforts internally.
- 2) Advocate: Promote corporate purpose to raise awareness and influence stakeholders to take action.
- 3) Aspire: Drive change in collaboration with other ecosystem stakeholders, thus amplifying the impact of corporate purpose.

Regardless of where you are in your journey, we welcome you to partner us.

Being a Company of Good will now be an even more important goal for every company in Singapore. With sharpened focus on corporate purpose, companies can do more for our social compact and help Singapore become the City of Good.

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**HOW ARE
YOU DRIVING
CORPORATE
PURPOSE?**

ORGANISED BY



IN SUPPORT OF



TOGETHER, BECAUSE

