



## UOB SUSTAINABILITY COMPASS:

# SIMPLIFYING SUSTAINABILITY FOR SMES

Changing consumer preferences, regulatory pressures, and the need to address environmental and social concerns have driven the growth of awareness about sustainability among businesses, and have encouraged them to take the adoption of sustainable practices more seriously.

However, businesses, particularly small and medium enterprises (SMEs), find themselves grappling with numerous challenges when it comes to embracing these practices.

Findings from the UOB Business Outlook Study 2024 indicate that while more than eight in 10 businesses say sustainability is important, more than half of them do not think that it is of high importance, requiring immediate action. The same study also found that insufficient knowledge on how sustainability can be applied to their business is one of the top barriers to implementation of sustainability practices.

Many also cited barriers such as limited manpower and resources and a lack of sustainability awareness within the company.

"Today, the imperative for sustainability in business operations has never been clearer. While awareness is growing, SMEs face myriad challenges in their journey towards sustainable practices. From financial constraints to stakeholder resistance and resource limitations, the path to sustainability demands the know-how in overcoming these hurdles. The UOB Sustainability Compass, developed in collaboration with PricewaterhouseCoopers (PwC) Malaysia, simplifies sustainability for SMEs in Malaysia. By answering a simple questionnaire, businesses will receive a customised report, which is an easy-to-follow, step-by-step guide with clear actionable plans outlined to help them navigate their sustainability journey," says Ng Wei Wei, CEO of UOB Malaysia.

The report is customised to the businesses' respective sectors and sustainability maturities — whether they are just starting out on the journey, at the intermediate stage or at the advanced stage. It outlines a sustainability road map that will help the SMEs frame the key conversation themes required across the organisation as they walk through the different phases of going green.

They will be guided to identify their sustainability priorities, set actionable goals and identify measurable metrics based on the sustainability maturity of their business.

The report will also provide businesses with essential sustainability knowledge and industry-specific regulations that they should note. Sector-specific data is crucial as each industry has its distinct regulations and reporting standards.

With the information provided, business owners will be able to identify the areas of focus and make informed decisions based on the latest legislation



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and regulation updates for their industries.

The UOB Sustainability Compass report also includes available government support and recommends sustainable financing solutions for businesses. With this information, business owners would be able to get a better understanding of how their sustainability initiatives can be supported through grant schemes and the types of projects that are eligible for sustainable financing. This could help business owners overcome the financial constraints they face in integrating sustainability initiatives into their overall business strategy.

"At PwC, we believe that transitioning to a low-carbon economy needs to be just and inclusive. The UOB Sustainability Compass is an important tool to elevate awareness among SMEs on their sustainability maturity and assist them in their transition efforts," says Andrew Chan, Asia-Pacific sustainability, strategy and transformation partner at PwC Malaysia.

### A TRUSTED, ACTIONABLE ROAD MAP

CY Group, a plastics recycling company, had the ambition of adopting sustainability initiatives, but struggled to do so as it did not have the manpower and did not know where or how to start. Additionally, there was the need to create awareness on the importance of sustainability among internal and external stakeholders.

"The UOB Sustainability Compass has simplified sustainability for us. With the road map and clear steps provided in the customised report, we have set up our ESG (environmental, social and governance) team and were able to identify sustainable initiatives to adopt. We also plan to tap the government's grant schemes and UOB's sustainable financing solutions that have been recommended in the report," says Isaac Lim, CEO of CY Group.

For companies that are already familiar with sustainability or have embarked on green initiatives, the UOB Sustainability Compass helps them to progress on their journey. One company that

has benefited from this is ERS Energy Sdn Bhd, a solar engineering solutions provider. While the company has an understanding of sustainability, it faced the challenge of staying updated with government regulations and requirements from both internal and external stakeholders.

However, with the UOB Sustainability Compass in hand, the company says it has a clearer understanding of the regulations impacting its industry and what is required for it to address stakeholder demands.

Angeline Teoh, associate director of communications and sustainability at ERS Energy, says, "The report has recommended relevant metrics and key performance indicators for us to assess the success of our sustainability practices. With this guidance, we have established baseline metrics and are now setting targets for our decarbonisation plans and sustainability report."

"Businesses that want to start and advance on their sustainability journey will find the report beneficial."

### UNLOCK BENEFITS BY ADOPTING SUSTAINABLE PRACTICES

By implementing sustainable practices, businesses can benefit from increased cost efficiencies, such as lower electricity bills, and stay competitive. They may also enjoy greater business opportunities and access new markets while mitigating environmental and reputational risks. Businesses that want to monitor the success of implemented practices should measure identified key performance indicators such as reduction of carbon emissions and water and energy usage efficiencies.

The UOB Sustainability Compass was rolled out in conjunction with the launch of the UOB Sustainability Accelerator Programme last year. More workshops will be held in the near future to support SMEs taking action. This forum will provide a platform to connect businesses with sustainability experts and service providers, and included sector-specific masterclasses to empower them with the industry knowledge and resources needed to effectively navigate their sustainability journey.

Businesses with regional operations can also get their market-specific sustainability report as the UOB Sustainability Compass is also available in Singapore and will be launched in Thailand this May.



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