KEYNOTE ADDRESS BY ENTERPRISE SINGAPORE MANAGING DIRECTOR CINDY KHOO AT SEMINAR ON "BUILDING SME RESILIENCE IN A TRANSITIONING WORLD" ON 6 MAY 2025

Distinguished Guests,
Ladies and Gentlemen,

1. Good afternoon. Let me first thank the organisers, for inviting me to come. Thank you to the Singapore Sustainable Finance Association (SSFA), the Glasgow Financial Alliance for Net Zero (GFANZ) and the Singapore Business Federation (SBF). I'm so happy to be here, with you, to be part of this crucial conversation on climate transition, a topic close to my heart.

2. Some may say, is the climate transition still happening? As we gather here today, we have witnessed significant headwinds in the global climate discourse. In recent months, the US has again withdrawn from the Paris Agreement and is rolling back key domestic climate policies, while the EU's Omnibus simplification package has reduced sustainability requirements for companies. In the financial sector, several US and Japanese banking institutions have recently exited the Net-Zero Banking Alliance; and even for those staying within the Alliance, member banks are now only required to align their portfolios to a 'well below 2°C' scenario, instead of the originally more ambitious 1.5°C target[1]. Amidst growing economic uncertainties resulting from the US tariffs and rising trade tensions, many argue that global climate action seems to have lost momentum.

3. Yet, the science is clear: climate change has not paused, and is upon us. The latest Intergovernmental Panel on Climate Change (IPCC) report warns that

[1] NZBA scraps requirement for banks to strictly target a 1.5°C warming scenario

our window for limiting global warming to 1.5°C is rapidly closing [2]. Today, at 1.1°C above pre-industrial levels, we are experiencing more frequent and extreme weather events. This is clear evidence that climate change is an inevitable reality that needs to be addressed.

4. Singapore will continue to take a long-term view on sustainability, having committed to reach net-zero by 2050. Alongside other major economies such as the UK, Switzerland, Canada, New Zealand and Japan, we have updated our Nationally-Determined Contributions (NDCs) with greenhouse-gas reduction targets through 2035[3]. These economies, like us, similarly believe in holding on to their climate commitments.

5. Major institutional investors are also taking decisive action. A coalition of 26 investors from the UK, Europe and Australia, with over US$1.5 trillion in funds, has demanded stronger climate action from their asset managers[4]. And more importantly, they are following through with it. We are starting to see the consequences for those who fall short – in the UK, The People's Pension withdrew £28 billion from its asset manager, State Street, after State Street dropped its climate mandate[5].

6. Clearly, there are opportunities for businesses that act now, to future-proof their operations in preparation for a low-carbon, climate-impaired world. What do we mean by future-proof? There are some immediate questions to consider:

7. Firstly, let's consider access to financing. You will hear directly from the bank partners on the panel shortly, that many banks and investors are now looking beyond financial performance, and also scrutinising companies' sustainability credentials in their lending and investment decisions. Do you have an answer, if your banker asks: "How do you plan to protect your assets from extreme weather events?" or "What are your decarbonisation plans?"

---

[2] IPCC AR6 Synthesis Report, 2023
[3] Only 15 countries have met the latest Paris agreement deadline. Is any nation serious about tackling climate change?
[4] Long-term investors split with asset managers over climate risk
[5] Top UK pension fund pulls £28bn from State Street over ESG retreat

8. Secondly, is your supply chain resilient enough to withstand disruptions arising from climate change? Many multinational and local corporations now expect their suppliers to demonstrate both climate risk management and clear decarbonisation targets. Businesses that can demonstrate these capabilities are in a better position to not only retain existing customers, but also capture new opportunities from clients looking to green their supply chains.

9. Thirdly, how prepared are you to face rising costs, amidst the energy transition? Singapore is renewable-energy disadvantaged, and we currently import natural gas for most of our electricity needs. As we move to greener sources of energy, coupled with global market uncertainties and other inflationary pressures, including higher trade tariffs, electricity tariffs for businesses[6] can be expected to increase. Early transition planning could help you manage rising costs by identifying opportunities for energy efficiency improvements.

10. Those are some big questions, and there could be many more!

11. For SMEs, the road to climate transition is not without its challenges. We understand that SMEs today face many pressing challenges, and it can be hard to think long-term, when short-term survival is at stake. Even for those who are keen to take action, there may also be other obstacles. Like what SBF's CEO, Ping Soon, shared earlier, companies face three key challenges in adopting sustainability: money, method and manpower.

12. But let me assure you that you are not alone on this journey. Enterprise Singapore and our partners are here to support you. Start by measuring your carbon emissions, with help from our Productivity Solutions Grant for pre-scoped carbon management solutions. Our Enterprise Sustainability Programme can further support you in building sustainability capabilities and executing transition plans. The Enterprise Development Grant (EDG) in particular, supports companies on developing sustainability strategies,

[6] EMA | Electricity Prices

optimising resources, adopting sustainability standards, and developing green products and services.

13. Many local companies are taking action. Take for example SaladStop!, a popular salad chain with over 70 outlets in seven countries. Having pledged their commitment to become a net-zero business, SaladStop! tapped on our EDG support to develop their net-zero emissions plan, which included a customised net-zero guideline to guide the revamp of their existing outlets and construction of new ones. They now have two net-zero stores at CapitaSpring and Marina Bay Link Mall, and SaladStop! plans for all its new and existing outlets to achieve net zero by 2030.

14. To amplify our efforts, we work closely with Trade Associations to drive sustainability adoption. SBF is a close partner in that regard, as we worked with them and Bain last year, to launch and implement an SME Sectoral Net Zero Transition Programme pilot for Food Manufacturing companies. SBF and Bain, with our support will build on the successful pilot and expand the programme, now known as the Cost and Carbon Reduction Programme, to more sectors.

15. We are also seeing more large corporations working with SMEs on carbon baselining and decarbonisation initiatives, as part of their efforts to green their supply chains and customer networks. We call these Queen Bee programmes. Take for example the SATS programme, which concluded last year. Through this programme, around 85 of SATS's suppliers were trained in sustainability and encouraged to achieve LowCarbonSG recognition from UN Global Compact Network Singapore (GCNS). Some suppliers went even further and collaborated on co-innovation projects to repurpose food waste and plastics to reduce wastage. Another example is Singtel, where we partnered with them to guide SMEs – including SingTel's customers – on real time tracking and optimisation of their carbon emissions using IoT solutions.

16. On the financing front, UOB, OCBC and DBS have developed programmes with us to facilitate SMEs' access to sustainability-linked financing, offering preferential loan rates for meeting sustainability performance targets. Our

Enterprise Financing Scheme (EFS) – Green helps companies in capturing new opportunities. Take Penguin International, a home-grown marine company, as an example. They tapped EFS-Green to design, build and operate Singapore's first fully electric ferries and rapid shore chargers, in collaboration with Shell. These ferries now transport 3,000 workers to and from Shell's Energy and Chemicals Park on Pulau Bukom, replacing diesel-powered vessels and supporting Shell's net-zero ambitions. Last year, we also expanded the EFS-Green scheme to include financing for the adoption of green or transitional solutions.

17. The green transition of Singapore's economy inherently requires action from all stakeholders in this ecosystem, from businesses to supporting enablers like TACs and sustainability experts. Importantly, financial institutions play a crucial role in incentivising action. I'll let the bank partners on the panel talk more about their role in helping SMEs, and we appreciate their commitment in working with us on our programmes.

18. If we do this well, together, we have a chance to build a future where Singapore's SMEs are not just surviving the climate transition but thriving in it. Let us work together to achieve our national climate goals and build a sustainable future for Singapore and Singaporeans. Thank you.