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# Adopting a larger sustainability strategy in business

**PETALING JAYA:** Many businesses are becoming increasingly cognisant of the need to decouple economic growth and human well-being from resource consumption.

“Circular economy talks about promoting the sharing of products, prolonging lifespans, maintenance, design, improving product efficiency, removing waste, looking at delivering goods and services virtually, recycling old materials with advanced ones, and also reducing costs that comes with management of waste,” said UOB Head of Sustainable Business, Group Corporate Sustainability Office Melissa Moi.

However, sustainability is a shared goal across all industries. In order to make the transition to adopt a circular business model, companies must collaborate and learn from other businesses who are taking green initiatives.

“It’s not just about getting a green loan but it needs to be embedded in a company’s larger sustainability strategy.

“Companies need to be connected with others players across their value chain so that they can get the incentives, support and drive to grow their business,” said Moi.

Malaysian Timber Council (MTC) board of trustees George Yap said



**Shared goals:** Moi and Yap are all for promoting green initiatives.

products that are recycled and remanufactured under the circular economic model, must be durable, require minimum effort in the repurposing processes and should have added value.

Due to the scarcity of timber, MTC has looked to reusing oil palm trunks (OPT) as an alternative in the door manufacturing process.

“We look at agriculture waste as our alternative and a large part of it was OPT,” said Yap.

The door cores derived from OPT can be recycled and reused continuously. Under MTC’s buy-back programme, disposed doors can be repurchased by MTC for reuse.

“With this kind of initiative, the rate of deforestation can be low-

ered. The life cycle of materials along with chemical and energy utilisation can be optimised. This project acts as a carbon sink to minimise the impact towards climate change and solves the challenges of waste management in the oil palm industry,” said Yap.

Once collected, the damaged parts of the door cores are removed using minimum technological resources. It is then resized and flipped vertically and remanufactured for a new door.

“Each time the door cores are recycled, stronger doors are made. Everything is recyclable. We are able to recover at least 75% of the raw materials and prolong its life cycle,” said Yap.

“The remanufactured product we offer is easy for customers to transport, process and install. It is also cost effective as waste from another industry is converted to benefit ours. As such, the overall costs for recycling and remanufacturing is very minimum,” said Yap.

He also recognises that these objectives cannot be achieved by a single organisation alone.

“There are several programmes in the timber industry that need support financially, particularly in the research and development segment as well as knowledge. This is a big programme which requires a lot of patience and cash flow.

“Contrary to what is being perceived, the timber sector is an environmentally friendly industry and I hope that financial institutions can extend green financing initiatives to the industry,” said Yap.

Financial institutions like UOB offer various sustainable financing frameworks to simplify sustainable financing for customers and help businesses shift towards a circular economic model.

Moi said that in general, two types of sustainable financing can be found in the market. The first being loans, which need to be specifically channelled towards proceeds that have a positive impact on

the environment like looking at renewable energy or energy efficiency, or towards social aspect like affordable housing, education, health and infrastructure.

The second being green loans that are for a general corporate purpose and the interest rates are dependent upon a commonly agreed set of key performance indicators (KPIs).

“It’s highly recommended for businesses to use a second party opinion provider for sustainability-length KPIs to provide an opinion that they’re ambitious and appropriate.

“AT UOB, we have umbrella frameworks that have been given a second party opinion provider and have accepted use of proceeds on the basis of market standards and certifications. This is a way that SMEs can access sustainable finance as they continue on their sustainability journey.

“Researchers estimated that the economic benefit of transitioning to this new type of business model is estimated to be worth more than a trillion dollars in material savings.

“Businesses are essentially focusing on reusing natural capital as efficiently as possible and find value throughout the life cycles of finished products,” said Moi.