



Malaysia's plastic waste problem is becoming a major challenge for its waste management system. In 2018, the country produced 0.94 million tonnes of mismanaged waste, of which 0.14 million tonnes to 0.37 million tonnes washed into the oceans, according to the Roadmap Towards Zero Single-Use Plastics 2018-2030.

In Plastics Circularity's Opportunities and Barriers in Malaysia — a market study conducted by the World Bank Group and the Ministry of Environment and Water last year — the country's total recyclable material was valued at US\$1.3 billion (RM5.7 billion) a year, but only 19% of these materials are being recycled at present.

The transition to a circular economy involves reducing waste through recycling, repairing, re-manufacturing and reusing existing materials in a closed-loop system. To achieve this goal, however, individuals need to play their part in minimising improper disposal and cut back on consumption.

"Plastic recycling is relatively nascent in the Asean region. As a financial institution, we recognise our role in supporting this sector by simplifying its access to sustainable financing," says Ng Wei Wei, CEO of UOB Malaysia. "We continue to see growing awareness and demand in Malaysia and across our key markets in Asia for products and services that minimise or manage resource consumption and waste production.

"As such, we are committed to the common vision of a circular economy for plastics, as well as other materials."

Transitioning from a linear economy, leaving the regressive "take-make-use-throw" system, to the circular economy model, where waste becomes a valuable resource, is essential to the people's and the planet's well-being.

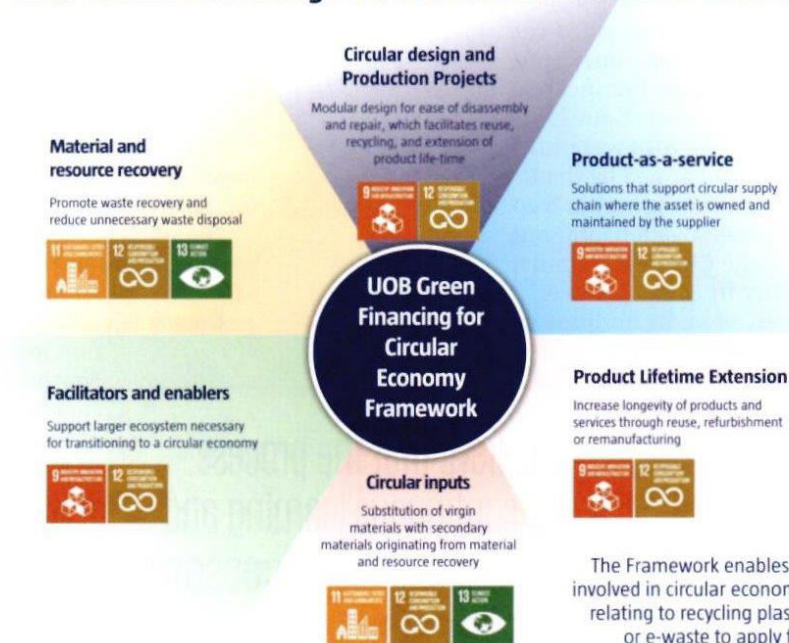
Recycling plastics brings about substantial benefits, such as lowering manufacturing costs by replacing virgin feedstock, reducing single-use plastics to reusable plastics, which then increases job opportunities, and, ultimately, a cleaner environment.

"Redeploying waste as a resource to be used over and over is the core principle of circular economies, which is why recycling plays an important role," says CC Cheah, Vice-President of the Malaysian Plastics Manufacturers Association (MPMA). "The potential for the circular economy and recycling is huge, and Malaysia must not miss out."

The Ministry of Environment and Water's (KASA) Malaysia Plastics Sustainability Roadmap 2021-2030 outlines strategies and action plans

# TACKLING PLASTIC WASTE: PAVING A PATH TOWARDS A SUSTAINABLE TOMORROW

## UOB Green Financing Framework for a Circular Economy



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to achieve greater plastic circularity while being a guidance policy to stakeholders. Contributing to the Roadmap, MPMA takes an active role in policy development and advocacy work to contribute to the industry's views regarding country-wide plastic-related policies.

Recognising the enormous gains

from adopting plastics circularity, the government introduced the 10-year roadmap as a guide for regulators and industry stakeholders alike. Through the blueprint, the government aims to phase out problematic single-use plastics and achieve a 25% recycling rate for plastic packaging by 2025 and 100% by 2050 and implementing a mandatory extended producer responsibility (EPR) scheme for plastic packaging by 2026, among others.

In the pursuit of incentivising innovative solutions from companies to encourage the use of recycled materials, The Malaysian Green Technology and Climate Change Corporation has rolled out several financing schemes, such as the Green Income Tax Exemption and Green Investment Tax Allowance.

Shifting customer awareness on plastics pollution and the need for recycling has increased demand for sustainably sourced products, such as those endorsed by the government bearing "MyHijau" labels indicating the official sustainable recognition scheme.

In 1992, MPMA formed the Plastics Waste Management Task Force. Today, MPMA has a sustainability sub-committee and recycling sub-committee that look into advancing and improving plastics waste management and recycling.

MPMA is open to collaborations



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that can help drive the plastics industry towards a circular economy, and will continue to support stakeholders in implementing the EPR scheme, reports Bernama.

MPMA's social responsibility towards the environment aligns with UOB's objectives of advancing businesses responsibly. Through their collaboration, UOB Malaysia aims to encourage MPMA members to embed environmental, social and corporate governance (ESG) in their business practices.

"We continue to engage with key industry associates like MPMA via seminars and events to help drive awareness to support the growth of the circular economy with financing incentives via our financing solutions," says Ng.

UOB is committed to balancing opportunity with responsibility, and aiding businesses across the region in advancing sensibly through sustainable financing frameworks and accompanying solutions in support of developing a greener ecosystem.

"It is with this intention that we developed financing frameworks and solutions, while aligning ourselves with the government's sustainability agenda and the United Nations' Sustainable Development Goals [SDGs]," explains Ng.

In 2019, UOB developed the Green

Financing Framework for a Circular Economy, which enables companies to apply for green or sustainability-linked financing, customising a suite of holistic financing solutions to incentivise and support plastic recyclers to grow their businesses.

Companies involved in circular economy activities relating to recycling plastics, metals or e-waste are eligible for green financing. They need not develop their own financing framework, thus simplifying sustainable financing and providing clarity on the process.

Three other financing frameworks dedicated to supporting sustainability are the UOB Smart City Sustainable Finance Framework, UOB Sustainable Finance Framework for Green Building Developers and Owners, and UOB Sustainable Trade Finance Framework.

UOB also introduced the Transition Finance Framework to support the decarbonisation efforts of companies in high-emission sectors, enabling the bank to support the ESG ambitions of clients across different industries.

With developed markets like Europe and the US looking at ESG-compliant producers, there is a pressing need for businesses to incorporate the use of renewable sources of energy and adopt energy-efficient practices to reduce carbon footprint.

As reported by the Nasdaq, ESG-compliant businesses open up access to large pools of capital, build a stronger corporate brand and promote sustainable long-term growth, while being globally competitive by being able to penetrate the ESG-conscious US and European markets.

Through the support of UOB's ESG team and sector specialists, the bank's relationship managers can have an in-depth conversation with customers to adequately understand their business, thus determining the eligibility of suitable financing.

With the advancement of sustainability having been identified as a key driver under the 12th Malaysia Plan, it has become necessary to embark on the road to a more circular — albeit challenging — future, and the time to do so is now.

"UOB Malaysia supports the nation's efforts to attain carbon-neutral status by 2050 and to transition to a circular economy," says Ng. "With the alignment between financiers and businesses on the back of the government's drive, Malaysia can progressively transform to achieve its zero-waste aspiration."

For more information please log on to [www.UOBSustainability.com](http://www.UOBSustainability.com)

