



Media Release

Immediate Release

Bain & Company and Singapore Business Federation launch SME Sectoral Net Zero Transition Programme

- *21 food manufacturers completed pilot programme and aim to achieve 50% reduction in Scope 1 and 2 emissions by 2030*
 - *Programme to be expanded to support more SMEs and sectors to decarbonise*
- *Joint study reveals top three barriers to decarbonisation for SMEs - lack of awareness, in-house capability and financial support*

Thursday, 3 October 2024 [Singapore] – Bain & Company and the Singapore Business Federation (SBF) announced today the launch of the SME Sectoral Net Zero Transition Programme to help Singapore small- and medium-sized enterprises (SMEs) accelerate decarbonisation and realise material benefits.

2 The programme is designed to tackle the unique challenges faced by SMEs by providing a cost-effective, scalable, and action-oriented decarbonisation solution powered by GenAI and Bain & Company’s deep decarbonisation expertise. The SME Sectoral Net Zero Transition Programme provides **SMEs with end-to-end support via four cornerstone components**, offering distinct advantages:

- (a) **Sector-specific focus.** Participating SMEs learn from experts about decarbonisation levers most relevant to their industries, through structured and guided workshops which consider circumstances inherent to their sector and decarbonisation maturity.
- (b) **Unique AI-powered DecarboniSME tool.** This provides SMEs with sector-specific materiality assessments (i.e. identify relevant emission sources), enables SMEs to understand their emissions baseline, and create “chief sustainability officer-quality” sector-specific decarbonisation strategies, pathways and targets with minimal expertise and effort

(approximately 75% faster than the traditional processes). DecarboniSME also includes a chatbot which provides general decarbonisation support on a wide range of common inquiries.

(c) **Access to ecosystem partners.** Matchmaking with network of sustainability-focused funding and green solution providers.

(d) **Ongoing advisory support.** SMEs will receive continued guidance, such as on supplier evaluations, cost estimations, etc. from decarbonisation advisors. Check-ins with SMEs are scheduled two, four and six months after the final workshop

3 SMEs are the backbone of Singapore's economy, but they are also significant contributors to greenhouse gas emissions. The decarbonisation pathway for SMEs is fraught with challenges, from financial constraints and limited capability to the complexity of integrating sustainable practices into existing business models that perhaps have different set of priorities. Yet, it is within these challenges that we find immense opportunities," said Gerry Mattios, co-director of the Global Sustainability Innovation Center at Bain & Company.

4 "Some of the pilot work we have done with SMEs show that sustainability and profitability are not mutually exclusive. By reducing their carbon footprint, they have unlocked new avenues for cost savings, enhanced their competitive edge, and garnered greater customer loyalty."

5 "SBF is delighted to partner Bain & Company in both the survey and the SME Sectoral Net Zero Transition Programme. SMEs contribute more than 40% of Singapore's greenhouse gas emissions and are vital to Singapore's net zero commitments. Yet, only one-third of SMEs have made significant decarbonisation progress, as compared with 80% of larger enterprises. The programme will provide companies with a comprehensive suite of resources, including expert-led workshops, sector-specific training, and a robust support network that includes both financial and non-financial partners. SMEs will also benefit from ongoing advisory support from decarbonisation experts, ensuring that they are well-equipped to navigate regulatory changes and future-proof their operations. We believe such an end-to-end support system to help our SMEs decarbonise is unique in the market and will increase the chances of success in meeting their decarbonisation ambitions," said Kok Ping Soon, Chief Executive Officer of the Singapore Business Federation.

6 The programme's pilot run was supported by Enterprise Singapore and the Singapore Food Manufacturers' Association. Involving 21 food manufacturers which produce beverages to noodles, it was held from July to August 2024 and received strong positive feedback from participants. Some key highlights include:

(a) 80% of the participating SMEs established their emissions baseline for the first time.

- (b) SMEs identified company-specific levers to decarbonise, which could potentially reduce Scope 1 and 2 emissions by between 50% and 70%, increase EBITDA margins by 4%-5%, and lower energy cost per unit by 40% to 50%.
- (c) The programme empowered the SMEs to set ambitious decarbonisation targets of 50% reduction to their Scope 1 and 2 emissions by 2030. This is timely given that SMEs in the pilot programme have an average carbon emission intensity that is twice the global average level.

7 Following the successful pilot, Bain & Company and SBF aim to work with relevant Trade Associations and Chambers (TACs) and Enterprise Singapore to expand the programme to more food manufacturing SMEs and other sectors.

8 The programme is underpinned by a joint study by Bain & Company and SBF, '[Overcoming Barriers to Singapore SME Decarbonisation](#)', Singapore's first large-scale survey on SMEs' decarbonisation efforts. The study surveyed nearly 500 SMEs across more than 20 sectors in Singapore between May and August 2024.

9 The joint study found the following key insights:

- (a) Around half of SMEs that have already embarked on decarbonisation initiatives have experienced tangible benefits, such as enhanced customer advocacy, cost savings, and avoidance of additional costs. For example, People Bee Hoon Factory was able to reduce electricity cost by 30% through solar panel installation. They also optimised their washing process and used thinner packaging material, resulting in 50% reduction in water consumption and thereby future proofing their business to comply with EU and US regulations as they expand globally.
- (b) However, many SMEs continue to face barriers to decarbonisation. Smaller SMEs (annual revenues less than S\$10 million) are finding it more difficult to decarbonise compared to their larger (over S\$50 million) counterparts. Additionally, consumer-facing SMEs are progressing at half the rate of B2B SMEs, primarily due to lower perceived customer demand for sustainable practices. A significant lack of awareness, in-house capability and financial support were the top three barriers to SMEs' decarbonisation journeys:
 - i. 46% of SMEs do not have awareness on the range of solutions;
 - ii. About 60% of SMEs lacked in-house decarbonisation capability;
 - iii. 67% of respondents highlighted the need for better financing options for green initiatives.
- (c) There remain major gaps between the challenges faced by SMEs and the support available in the market. For instance, SMEs struggle to hire sustainability roles, despite a 14% year-on-year increase in green skills in Singapore.

10 “This is a great initiative for SMEs who may not have the time/resources/know-how on how to embark on this journey. The tailored approach provided us with a deep understanding of emission reduction and the development of long-term decarbonisation plans,” said Jamie Koh, Founder of Brass Lion Distillery

11 Commenting on the launch of the programme and DecarboniSME platform, HSBC Singapore’s Head of Commercial Banking, Priya Kini said, “We recognise that access to knowledge and financing support will make a meaningful difference to SMEs in their transition to a more sustainable future. HSBC is pleased to work with Bain and SBF in the ‘scale up’ phase of this programme by offering our global expertise and range of sustainable financing solutions and tools to support SMEs on their net zero journey. We look forward to deepening our support of this initiative as it rolls out across new SMEs sectors.”

Annex A: Quotes by companies that participated in the pilot run of the SME Sectoral Net Zero Transition Programme

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About Bain & Company

Bain & Company is a global consultancy that helps the world’s most ambitious change makers define the future.

Across 65 cities in 40 countries, we work alongside our clients as one team with a shared ambition to achieve extraordinary results, outperform the competition, and redefine industries. We complement our tailored, integrated expertise with a vibrant ecosystem of digital innovators to deliver better, faster, and more enduring outcomes. Our 10-year commitment to invest more than \$1 billion in pro bono services brings our talent, expertise, and insight to organizations tackling today’s urgent challenges in education, racial equity, social justice, economic development, and the environment. We earned a platinum rating from EcoVadis, the leading platform for environmental, social, and ethical performance ratings for global supply chains, putting us in the top 1% of all companies. Since our founding in 1973, we have measured our success by the success of our clients, and we proudly maintain the highest level of client advocacy in the industry.

About Singapore Business Federation (新加坡工商联合总会)

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking.

For more information, please visit: www.sbf.org.sg

About Bain & Company's Global Sustainability Innovation Center

Sustainability is both the most critical challenge and a major opportunity for businesses and economies in the decades ahead. It will take an integrated ecosystem to meet the sustainability challenge our world faces and to build a better future. We believe there is a path to a future that accelerates economic growth and makes the planet a better place.

Bain's Global Sustainability Innovation Center aims to bring businesses on the shortest path to sustainability impact by defining problems and uncovering solutions, accelerating sustainability journeys and tackling collective challenges. We are based in Singapore in close proximity to economic growth and sustainability needs in Asia, with a thriving innovation ecosystem, access to ready capital and a pro-active government.

Annex A – Quotes by companies that participated in the pilot run of the SME Sectoral Net Zero Transition Programme

Quote by Shermaine Teo, Director for Business Development and Marketing, Bake Mission

“The SME Sectoral Net Zero Transition Programme not only deepened my understanding of decarbonisation strategies, it also provided an invaluable opportunity to meet with other companies that are on the same journey towards carbon reduction. It is inspiring to see a collective sense of mutual support, knowing that we are not navigating this challenge alone. The guidance from SBF and EnterpriseSG has been instrumental in helping us take actionable steps. The chance to collaborate with professionals from Bain & Co., Singapore Polytechnic & many others, has been a tremendous learning experience, enriching our approach with expert knowledge. I am glad to say that I now have a clearer understanding of decarbonisation strategies, and I look forward to applying this knowledge to further reduce carbon emissions and contribute to a more sustainable future.”

Quote by Tan Wee Tuck, Managing Director, Brewerkz

“The SME Sectoral Net Zero Transition Programme answered all the questions that we had about decarbonisation but were too afraid (or too busy, or too apathetic) to ask. It should be basic education for all business owners, just as knowing how to read a P&L.”

Quote by Lim Kay Kheng, Sales & Marketing Director, Chee Seng Oil

“The SME Sectoral Net Zero Transition Programme has deepened my understanding of decarbonisation strategies. Using 2020 baseline, we achieved a noticeable reduction in our carbon emissions with our newly installed facilities using latest technology and new workflow. While there were challenges in aligning our new setup with sustainability goals, the programme provided the tools we needed to address them. We are now more prepared to maintain operational efficiency while reducing our carbon footprint.”

Quote by Chen Kai Pow, Energy Manager, Tat Hui

“The SME Sectoral Net Zero Transition Programme is especially timely for our company as we begin our sustainability journey. The workshop provided an effective approach to guide us towards decarbonisation - from establishing baselines to identifying levers and pathways to the development of implementation plans. SMEs must embrace sustainability sooner or later for business and mandatory requirements. It is wise to start early, so that we have more time to prepare, as a lot of efforts are required. Ultimately, we believe we will enjoy the benefits of our sustainability efforts.”