

## **Singapore SMEs deprioritising environmental and social initiatives, even though 76% say ESG issues are relevant to their business**

- 52% of SMEs (Small and Medium Enterprises) conduct social and environmental initiatives at least once a year, a 7% drop from 2021
- Cost remains the biggest barrier preventing SMEs from focusing more on environmental and social issues, said almost one-third of those surveyed, a 6% rise from 2020
- Relating to workplace safety and health (WSH), 51% of SMEs experienced a workplace incident in 2022, more than double that of 2020, thus underscoring the role of insurance in mitigating business risks and embracing social welfare

**Singapore, 24 May 2023** – SMEs continue to deprioritise social and environmental initiatives by lessening their number annually, according to QBE Insurance’s yearly survey that examines the key concerns and challenges faced by SMEs in Singapore. Now in its eighth edition, the survey finds that only 52% of SMEs conduct social and environmental initiatives at least once a year, a 7% drop from 2021, with 23% less than once every four years. This is despite the fact that 76% consider ESG issues to be relevant to their business.

Consistent with 2021’s findings, cost remains the main barrier preventing SMEs from focusing more intently on social and environmental issues, said 32% of those surveyed – a 6% rise from 2020. The SMEs surveyed also expressed that they do not have staff with the relevant skills (28%), and that social and environmental initiatives take too much time (27%).

## **Worsening workplace safety and health (WSH) performance, as risk exposures rise**

The deprioritising of social and environmental initiatives by SMEs is potentially leading to worsening WSH performance, the survey results suggest. In 2022, 51% of SMEs indicated that they experienced workplace incidents, an 8% increase over 2021, and a concerning 27% increase from 2020. This coincides with 2022’s record of holding the highest number of workplace fatalities over a four-year period in Singapore<sup>i</sup>.

Yet despite the number of workplace incidents rising, local SMEs are doing less to mitigate the impact of these: 29% per cent of SMEs polled were either not fully informed about WSH insurance requirements, or are totally unaware or unsure of where to get relevant information from – up from 25% in 2021.

The survey also finds that 14% of SMEs do not provide employees with WSH insurance coverage beyond mandated levels, with 4% unsure of whether this is provided to staff. 8% of SMEs polled also indicated that they have not implemented any WSH initiative in the past 12 months.

“These findings should serve as a wake-up call for SMEs. At a time when there has been a recorded uptick in workplace incidents, implementing the appropriate WSH measures are more critical than ever. Apart from the obvious business interruptions and loss of income, it benefits SMEs to talk to insurer partners such as ourselves to discuss what options are available to them to mitigate various business risks, particularly when it impacts human life and overall employee well-being, one of the key tenets of business sustainability,” said Mr Ronak Shah, CEO of QBE Insurance Singapore.

## **Community action stagnates, as longer term climate risks are side-lined**

Of the social and environmental initiatives that SMEs conducted in 2022, only 4% were for community causes, a drastic drop from 13% in 2021. Environmental preservation or awareness initiatives appeared to be the most popular among Singapore SMEs, with 54% saying they conducted these initiatives in 2022 – up from 52% a year earlier. While 33% of SMEs referenced carrying out waste reduction and management initiatives, a 3% rise from 2021.

When asked about what impact climate change has had on their businesses, 38% of SMEs said it impacted consumer demand, with consumers expecting more environmentally friendly goods. 35% of SMEs also indicated that climate change has impacted working conditions, where there are more challenging and harsher working conditions for staff, especially outdoors. A similar number of SMEs (34%) said that climate change has impacted resource availability and cost.

The survey suggests that SMEs are only concerned with the immediate impacts of climate change, rather than acting on long-term risks.

“The environment’s impact on businesses – and in turn, their impact on the environment – is a modern-day conundrum that requires equal consideration. SMEs should consider environmental risks in their business plans. By doing so, this can lead to improved business performance over the longer term,” said Mr Shah.

“Ignoring the growing sentiment that sustainability initiatives are a must, as opposed to a nice-to-have, could expose SMEs to unnecessary risks across different areas of their businesses, such as labour conditions, brand and reputation, customer loyalty and resource efficiencies. We believe a focus on sustainability issues should be seen as an opportunity to build long-term business resilience, rather than a distraction – or worse, as a token initiative,” Mr Shah added.

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### **About QBE Insurance (Singapore) Pte Ltd**

QBE helps businesses build resilience through risk management and insurance. It has been represented in Singapore since 1891, and as an industry leader with more than 130 years of proven performance, QBE’s success is built on the strength of our partnerships with professional insurance intermediaries.

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# News release



QBE Singapore is part of QBE Insurance Group, one of the world's leading international insurers and reinsurers and Standard & Poor's A+ rated. Listed on the Australian Securities Exchange, QBE's gross written premium for the year ended 31 December 2022 was US\$20 billion.

As a business insurance specialist, QBE Singapore offers a range of insurance products from the standard suite of property and casualty to the specialist financial lines, marine and construction. All are tailored to the individual needs of our small, medium and large customer base.

We understand the crucial role that effective risk management plays in all organisations and work hard to understand our customers' businesses so that we offer insurance solutions that meet their needs – from complex programmes to simpler e-trading solutions – and support them in minimising their risk exposures. Our focus is on helping customers improve their risk management so that they may benefit from a reduction in claims frequency and costs.

## **About the research**

This SME research was the eighth iteration of a survey designed and conducted in Q4 2022 by Creative Way Consultants on behalf of QBE, in an effort to better understand SMEs' behaviours and business challenges. Interviews were conducted with 416 SMEs across various industries in Singapore.

In the same research, SMEs were polled for other topics, including business outlooks (access [infographic](#) and download [press release](#)), as well as top barriers to digitalisation and securing cybersecurity protection (access [infographic](#) and download [press release](#)).

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<sup>i</sup> [Workplace Safety and Health Report 2022, National Statistics, Ministry of Manpower](#)



# Singapore SMEs deprioritising sustainability and health and safety issues, despite rising risks

While ESG remains business-relevant, SMEs are reducing their focus on environmental and social initiatives



Reduction in social and environmental initiatives is worsening workplace safety and health (WSH) performance



SMEs are doing less to mitigate the impact of workplace incidents, despite these rising in frequency



## Some initiatives are gaining, with others losing out



## Barriers preventing greater attention to social and environmental issues



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