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## **BUSINESSES SEE FINANCIAL REWARDS FROM MAKING THEIR SUPPLY CHAINS GREENER**

- *Ensuring environmental and ethical sustainability features highly among Malaysian firms*
- *Businesses around the world are reappraising their supply chains to be more sustainable, driven by expectations of financial rewards*
- *Transparency is key when selecting new suppliers as 85% of businesses want to achieve a sustainability standard recognised by their industry*

Businesses have complex ecosystems of global supply chains and are now looking to sustainability to unlock new financial benefits.

A new HSBC survey of more than 8,500 companies in 34 markets, *'Navigator: Now, next and how for business'*, has found a trend of businesses making sustainability changes in their supply chains to improve their bottom lines.

Almost a third (31%) of companies globally plan to make sustainability-related changes to their supply chains over the next three years. Of those making ethical or environmentally sustainable changes to their supply chains, cost efficiencies (84%) and improved revenues and financial performance (also 84%) are the main motivations.

This trend comes as companies face increasing pressure from customers to be more sustainable and transparent about their sourcing. With around 80% of a company's environmental impact found in its supply chain<sup>1</sup>, the 'green' credentials of strategic suppliers and partners are critical factors in a firm's reputation and performance.

Stuart Milne, Chief Executive Officer at HSBC Bank Malaysia Berhad, said: "As businesses explore and invest in ways to stay competitive for the future, the most forward thinking are already taking action. Transitioning to become more sustainable is not only beneficial for the environment and for society, but for the bottom line too. In Malaysia, ensuring environmental and ethical sustainability features highly among Malaysian firms, with 72% of goods firms and 68% of services companies claiming that this cause is important to them and that they are either on par or ahead of their peers in their focus on sustainability."

Transparency is also a key criteria for more than a quarter (26%) of companies when seeking new suppliers, according to the survey, as consumers increasingly want to know where the products they buy come from and how people, animals and the environment have been treated during production.

Added to this, regulators and investors are putting more pressure on companies to disclose their sustainability practices, which explains why 85% of businesses want to achieve a sustainability standard recognised by their sector or market.

In response, companies in emerging market countries are particularly keen to increase their ethical and environmental standards<sup>2</sup>. More than one in five (21%) businesses based in emerging markets plans to make improvements over the next two years, compared with 15% in developed markets.

As one in five (20%) companies say they have taken greater control of their supply chains over the last two years, this presents a timely opportunity for businesses to assess their networks and take action to become more sustainable, which can help them remain competitive in an increasingly demanding trading environment. Some are already getting results, with 17% claiming to have reduced their impact on the environment over the last two years.

The transition to a more sustainable future has many benefits to businesses – and banks have a role to play too. HSBC's network, financial expertise, tools and connections support businesses of all sizes to take the steps needed to become more sustainable and remain competitive in today's world.

<sup>1</sup> [CDP Supply Chain Report 2016 | 2017](#)

<sup>2</sup> [Emerging markets as defined by the UN.](#)

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#### **HSBC Navigator: Now, next and how for business**

HSBC's Navigator report comprises a global survey gauging business sentiment and expectations on trade activity and business growth from 8,650 decision-makers in 34 markets. Research was conducted by Kantar TNS for HSBC between August and September 2018. HSBC's Navigator helps businesses capitalise on new opportunities and make informed decisions for the future by understanding the outlook for international trade.

The full report can be accessed here: [www.business.hsbc.com/trade-navigator](http://www.business.hsbc.com/trade-navigator)

#### **HSBC Commercial Banking**

For over 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves around 1.7 million customers across 53 markets, ranging from small enterprises focused primarily on their home markets through to corporates operating across borders. Whether it is working capital,

term loans, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. As the cornerstone of the HSBC Group, we give businesses access to a geographic network covering more than 90% of global trade and capital flows.

For more information visit: [www.hsbc.com/about-hsbc/structure-and-network/commercial-banking](http://www.hsbc.com/about-hsbc/structure-and-network/commercial-banking).

### **About HSBC Malaysia**

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group) established its first office in the country, on the island of Penang, with permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. In 2007, HSBC Bank Malaysia was the first locally incorporated foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, HSBC Amanah Malaysia Berhad. Today, HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Bank Malaysia offers a comprehensive range of banking and financial services including Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Islamic financial solutions. HSBC Bank Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Bank Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition.

### **HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,603bn at 30 September 2018, HSBC is one of the world's largest banking and financial services organisations.

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