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HSBC and Walmart Join Forces on Sustainable Supply Chain Finance Programme

HSBC and Walmart today announced the roll-out of a sustainable supply chain finance programme that pegs a supplier's financing rate to its sustainability performance.

This global programme allows Walmart's suppliers who demonstrate progress in Walmart's Project Gigaton or Sustainability Index Program to apply for improved financing from HSBC based on their sustainability ratings.

Project Gigaton is a Walmart initiative to avoid one billion metric tons (a gigaton) of greenhouse gases from the global value chain by 2030 through supplier commitments. Walmart's Sustainability Index Program gathers and analyses information across a product's life cycle, and was developed by The Sustainability Consortium (TSC), a global organisation dedicated to improving the sustainability of consumer products, to help Walmart benchmark suppliers and encourage continuous improvement.

Natalie Blyth, Global Head of Trade and Receivables Finance, HSBC, comments: "The procurement standards of a buyer are a huge driver for sustainability, and this is why we are proud to join forces with Walmart, the world's largest retailer and a company that shares our mission to build a more sustainable future. In many industries it is a company's supply chain – rather than the company itself – that is responsible for most of the environmental impact and therefore offers the greatest potential for sustainability improvements."

"At Walmart, we appreciate that the only way to a sustainable future is through combined effort, and we share HSBC's commitment to empowering our suppliers on this journey. We want to encourage companies throughout the supply chain to focus on sustainability, as we have seen first-hand how this sparks innovation and generates value. Investing in sustainability can not only lead to higher productivity and cost savings for suppliers, but can also drive their business growth as they make a positive contribution to the world," says Matthew Allen, VP Finance & Assistant Treasurer, Walmart.

HSBC believes that supply chains are one of the most important levers for banks and businesses to create a positive effect on the world. According to McKinsey, a typical consumer company's supply chain creates far more social and environmental costs than its own operations, accounting for more than 80% of greenhouse-gas emissions and more than 90% of the impact on air, land, water, biodiversity, and geological resources.ⁱ

Blyth adds: "Trade is a force for good, and trade finance has a vital role to play if we are to achieve the UN's Sustainable Development Goals. Embedding sustainability in global supply chains is not only beneficial for the environment and society, but also for companies' bottom lines. As the world's leading international bank, HSBC is actively building new partnerships and frameworks to help deliver a more sustainable future for all."

Being sustainable is seen as very important by businesses around the world. According to the recent HSBC Navigator survey, 81% of global companies say ethical and environmental sustainability is important to them and 83% aspire to be a genuinely ethical or environmentally sustainable company. Also, improving sustainability outcomes is among the top three objectives for making supply chain changes.

As a leading international bank, HSBC has a unique role to play in supporting a shift to sustainability in global supply chains. We are embedding sustainability into the products and services we offer to customers, with the aim of supporting the sustainable development of our customers' supply chains. Nearly one-third of businesses surveyed in our recent HSBC Navigator survey plan to make sustainability-related changes to their supply chains within the next three years.

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Note to editors:

Please note the sustainability programmes and all ratings are administered by Walmart. HSBC is not responsible for establishing or maintaining such programmes or ratings. For more information on Project Gigaton and Walmart's Sustainability Index Program, please visit: <https://www.WalmartSustainabilityHub.com/>

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

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ⁱ McKinsey & Company, "Starting at the source: Sustainability in supply chains", November 2016