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ASEAN firms are full of steam and want to be green: HSBC survey

Southeast Asian firms top the charts globally for their bullish growth prospects as well as their sense of accountability for achieving the United Nations' sustainability goals. However, commitment needs to convert into practical action, according to HSBC.

The findings come from HSBC's *'Navigator: Now, next and how'*, a survey of over 9,100 companies in 35 countries and territories, including the views of the key decision makers in 2,299 businesses across Southeast Asia.

Navigator reveals that 81% of companies in Southeast Asia are projecting business growth next year (higher than the global average: 79%). Additionally, 76% of surveyed Southeast Asian firms believe they have a role in delivering the United Nations' Sustainable Development Goals¹ (SDGs), compared to the 63% global average.

The bullishness of Southeast Asian firms reflects the growth trajectory and favourable demographics of the region. Collectively, the 10 ASEAN countries' combined GDP stood at almost USD\$3 trillion in 2018 - more than the UK, France or India,² and the region has enjoyed 5% growth rates over several years³.

However, the case for sustainable development across Southeast Asia is irrefutable given the region is increasingly and disproportionately exposed to climate change. For example, Lloyd's estimates that USD\$22.5 billion of GDP is at risk from flooding in Southeast Asian cities alone⁴. If left unaddressed, the Asian Development Bank forecasts that climate change could reduce Southeast Asia's GDP by 11% by the end of the century⁵.

Matthew Lobner, Head of International and Head of Strategy & Planning, Asia-Pacific, HSBC, said: "ASEAN is home to some of the world's most bullish businesses – and these high-growth firms are acutely aware that sustainability and commercial goals go hand in hand. It's very pleasing to see the sense of focus that Southeast Asian firms have towards the UN's SDGs but must now convert from desire into meaningful action. As investors and governments increase their focus on sustainability, firms need to be focusing on this now."

Suggested actions plans for firms to drive the sustainability agenda

HSBC has compiled the following suggestions for how firms can progressively include sustainability as part of its strategy and operations.

1. Think short-term and long-term: Decisions made today impact the future. Climate change impacts are systemic, all-encompassing, and here to stay.
2. Think holistic: Review everything from electricity usage and property portfolios, to where you source materials and how you package and ship products, to operational

¹ SDGs are 17 interconnected themes, adopted by all United Nations Member States in 2015, as a way to end poverty, protect the planet and achieve peace and prosperity by 2030.

² World Bank data:

https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=false&year_high_desc=false

³ Per ADB data: <https://www.adb.org/sites/default/files/publication/411666/ado2018.pdf>. See also

http://www.aseanstats.org/wp-content/uploads/2017/11/ASEAN-Statistical-Leaflet-2017_Final.pdf and ASEAN databank <https://data.aseanstats.org/>

⁴ 'City Risk Index 2015-2025', Lloyd's of London, 2015. <http://www.lloyds.com/cityriskindex/> (accessed 16 arch 2015).

⁵ Asian Development Bank "Climate Change Losses for Southeast Asia Well Above Previous Estimate", December 2015 <https://www.adb.org/news/climate-change-losses-southeast-asia-well-above-previous-estimate-adb>

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preparedness. This means engaging with all layers of your organisation and embedding green and social issues into your business and investment decision making.

3. Think global: Melting glaciers and rising sea levels are not just bad news for the inhabitants of Greenland or Tuvalu. They have direct and indirect global implications, particularly in today's interconnected world.
4. Stay up to date: Technological changes and green innovations could put more low-carbon alternatives within your reach. Stay abreast of the regulatory environment, sustainable financing options and evolving investor and customer expectations. You may find that climate-friendly action will lift – not drag down -- your profits and reputation.
5. Act now and lead by example: Business strategies and products can't be shifted overnight – early action is key.

Stuart Milne, CEO, HSBC Malaysia said: "Sustainability is intrinsic to driving value and helping to secure the long-term viability of businesses, and failure to act now could severely hamper Malaysia's growth opportunity. While encouraging progress has been made, the next five years are a critical timeframe for businesses to ensure that sustainability is embedded throughout their whole business and that of their value chain."

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Note to editors:

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 9,131 decision-makers in 35 markets. 2,299 businesses across Southeast Asia participated in the survey. Research was conducted by Kantar for HSBC between August and September 2019. 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

Interviews for the Navigator: Now, next and how survey were conducted in Argentina, Australia, Bangladesh, Belgium, Brazil, Canada, Egypt, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, mainland China, Malaysia, Mexico, the Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, the UAE, the UK, the USA and Vietnam. Over 5,000 of the companies interviewed were SMEs making annual sales of between US\$5m and US\$50m, with the remainder being larger enterprises.

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