

# News Release

22 January 2018

## **Singapore's mid-sized firms have to play catch up to global peers on sustainable business practices: HSBC**

- 47% of Singapore's mid-sized firms say customers demand sustainable business practices
- 54% say it will improve their profitability
- Yet 25% are prioritising investment to become a more sustainable business

Singapore mid-market enterprises (MMEs)<sup>1</sup> need to play catch-up to draw alongside global peers and customer expectations when it comes to adopting sustainable business policies and practices, newly released data from an HSBC report shows.

The findings come from a HSBC report: '*Hidden Impact – Unlocking the Growth Potential of Mid-Market Enterprises*', which captured the views of more than 1,400 decision-makers across 14 countries (100 in each country including Singapore) within companies that have 200 - 2,000 employees and a turnover of \$50-\$500 million.

The report delves deeper into the level of importance mid-sized firms give to sustainability (ethical impact of their business to environment or communities) as part of their companies' strategy and growth ambitions, and how important they think it is to their profitability.

### **Singapore firms recognise that environmentally sustainable and ethical products drive growth**

According to the report, almost half (47%) of Singapore MME respondents recognise that their customers demand more environmentally sustainable and ethical products, and that 54% believe sustainable business practices will improve their growth and profitability, compared to 59% globally.

### **Yet firms are slow in adopting...**

Despite recognising the potentially positive customer reception and impact on financial performance, 26% (global average 30%) of the Singapore respondents consider sustainability as one of their top three long-term objectives. Similarly 25% are prioritising investment to become a more sustainable business.

### **Employment diversity is the top tactical approach by companies wanting to be more sustainable in the next three years**

When asked about the tactical approaches their business is taking to becoming more sustainable, 23% of Singapore respondents highlighted the external communication of their firm's ethical goals. In the next three years, it would be to set targets and make progress toward employment diversity goals (61%).

Commenting on the findings, Alan Turner, Head of Commercial Banking, HSBC Singapore, said: "Companies are increasingly recognising the importance of embedding sustainable practices into their current and long term strategies, although the data suggests there is still a lag from growing customer demands on this aspect."

"Many companies here and in Asia are embarking on their sustainability journey and this is often an uphill task, with some employees skeptical or shying away from the additional effort and costs associated with tracking, reporting or certification."

"Practical steps to begin embedding more sustainable business practices can include seeking efficiencies in their supply chain that can be both green and cost-effective; publically committing to sustainable targets; and sourcing ecologically sound raw materials," he said.

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	% of MMEs having sustainability in their top 3 long-term objectives	% of MMEs saying sustainable business practices will improve their growth and profitability	% of MMEs prioritising investment to become a more sustainable business	% of MMEs recognising customers are demanding more environmentally sustainable or ethical products and services
<b>Global</b>	<b>30%</b>	<b>59%</b>	<b>27%</b>	<b>50%</b>
<b>Australia</b>	34%	61%	33%	51%
<b>Canada</b>	29%	66%	25%	48%
<b>China</b>	32%	54%	23%	49%
<b>France</b>	22%	56%	27%	39%
<b>Germany</b>	26%	62%	25%	70%
<b>Hong Kong</b>	30%	56%	33%	50%
<b>India</b>	28%	68%	19%	53%
<b>Indonesia</b>	43%	62%	31%	50%
<b>Mexico</b>	24%	55%	23%	42%
<b>Saudi Arabia</b>	36%	66%	34%	56%
<b>Singapore</b>	<b>26%</b>	<b>54%</b>	<b>25%</b>	<b>47%</b>
<b>UAE</b>	36%	44%	23%	41%
<b>UK</b>	19%	60%	27%	54%
<b>USA</b>	28%	56%	28%	49%

*Ends*

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**Notes to Editors:**

<sup>1</sup> For purpose of this research, MMEs are defined as companies with turnover of USD 50 - 500 million.

HSBC has pledged to provide USD100 billion in sustainable financing and investment by 2025, enabling clients to develop or install clean energy and lower-carbon technologies.

It's one of [five commitments](#) we've made to tackle climate change and support sustainable growth in the communities we serve.

Our other commitments are to:

- Source 100 per cent of our electricity from renewable sources by 2030, with an interim target of 90 per cent by 2025
- Reduce our exposure to the thermal coal industry and actively manage the transition path for other high-carbon sectors
- Adopt the recommendations of the Task Force on Climate-related Financial Disclosures to improve transparency
- Lead and shape the debate about sustainable finance and investment by establishing a Centre of Sustainable Finance.

Practical steps that firms can take to put sustainability at the heart of their business include:

- **Looking for efficiencies in their supply chain** that can be both green and cost-effective. For example, finding solutions which mean that raw materials travel shorter distance can help cut emissions and save transport costs

- **Adapting to customers' changing preferences by changing their business model.** Environmentally-conscious consumers may respond well to products sourced from different and more ecologically sound raw materials, which could boost revenues
- **Investing in renewable sources of energy such as wind turbines and solar panels** as part of broader efforts to manage their environmental footprint
- **Introducing and enforcing codes of conduct and policies** on such issues as human rights and relationships with local communities
- **Reporting on Environmental, Social and Governance (ESG) performance.** Transparency can be an important first step in winning trust

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