

# News Release

20 December 2017

## AUSTRALIAN CORPORATES TURN TO SUSTAINABILITY FOR GROWTH AND INVESTMENT

*\*\*Almost two-thirds of Australia's mid-sized companies believe that sustainable business practices will improve their profitability\*\**

*\*\*Over half report that more customers are demanding sustainable products and practices\*\**

*\*\*One third reveal that having an ethical impact on the environment is one of their long-term objectives\*\**

Almost two thirds (61 per cent) of Australia's mid-sized companies believe that sustainable practices will support growth plans and also increase profitability, according to a new survey released by HSBC Commercial Banking.

Many are already adapting their business models by applying ethical criteria in business decision-making and communicating their sustainability strategies internally and to external stakeholders.

The survey findings reveal that firms based in Australia are among the most likely to consider 'making a positive, ethical impact on the environment' as one of their top-three long term priorities (34 per cent), with the mining, utilities and manufacturing sectors showing the greatest commitment to these practices.

"By responding to growing customer demand for environmentally-friendly products and taking action to make their businesses more sustainable, these firms will gain an advantage which will help them grow and compete," said Steve Hughes, Head of Commercial Banking, HSBC Australia.

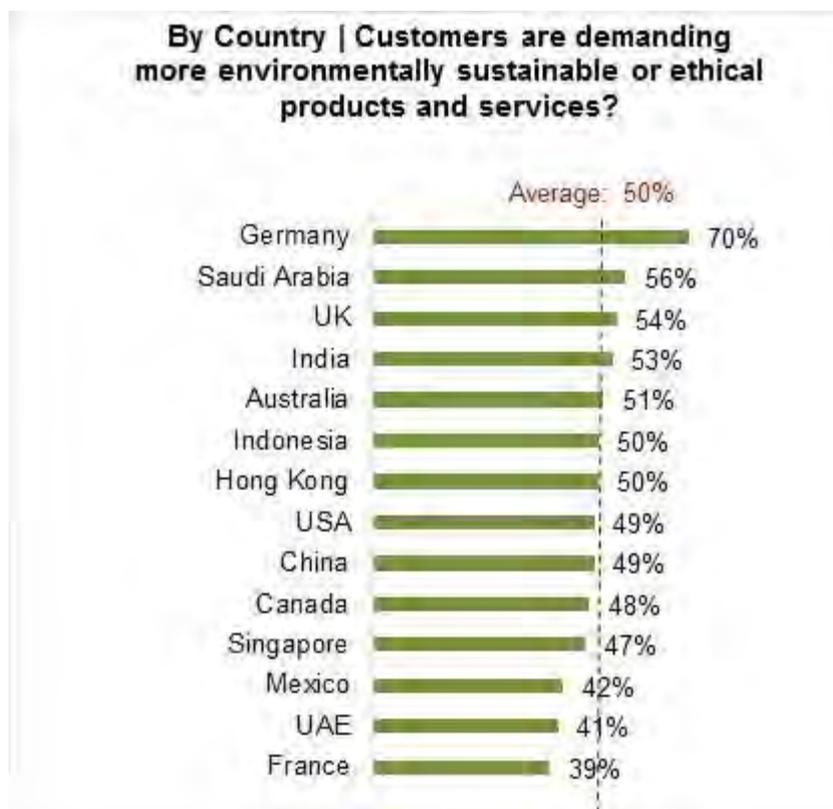
"We're working with clients to identify efficiencies in their supply chains, to facilitate introductions to providers of renewable alternatives – such as wind turbines and solar panels – and most importantly, we are helping clients to meet the expectations of Australian consumers."

Half of Australia's mid-sized firms are already reporting an increased demand for more environmentally sustainable products and services from consumers. This demand could increase even further if attitudes observed in countries such as Germany (70 per cent), Saudi Arabia (56 per cent) and the UK (54 per cent) are adopted by Australians.

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

- **Looking for efficiencies in their supply chain** that can be both green and cost-effective. For example, solutions which mean that raw materials travel shorter distances can help cut emissions and save transport costs
- **Adapting to customers' changing preferences by changing their business models.** Environmentally-conscious consumers may respond well to products sourced and produced in a sustainable way, 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 footprints
- **Introducing and enforcing codes of conduct and policies** on issues such 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 consumers and investors' trust

“As global consumer preferences shift, it’s vital that businesses embed these practical steps, particularly if they are looking to expand into new markets. Not only will these green and ethical initiatives benefit their bottom-line, but will serve the demands of clients and in doing so, benefit a brand’s reputation and marketability,” added Hughes.



For its 2017 survey, HSBC polled decision-makers of companies with between 200 and 2,000 employees in Australia, Canada, China, France, Germany, Hong Kong, India, Indonesia, Mexico, Saudi Arabia, Singapore, the UAE, the UK and the US.

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**Notes to editors**

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 the bank has 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.

**Methodology**

The objective of HSBC and Oxford Economics' 2017 'Entrepreneurial heartland of MMEs' research is to estimate the direct contribution of MMEs in 14 countries, their openness to trade as well as their wider contribution through supply chain and consumption 'multiplier' effects.

The research covers the following 14 countries: Australia, Canada, China, France, Germany, Hong Kong, India, Indonesia, Mexico, Saudi Arabia, Singapore, the UAE, the UK and the US.

In this report, MMEs are defined as companies with between 200 and 2,000 employees. All sectors are covered with the exception of public administration, education and health, which are more vulnerable to policy-related factors and are therefore more difficult to compare across countries.

- MMEs' direct contribution to their local economy is measured according to their Gross Value Added (GVA) contribution to a country's Gross Domestic Product (GDP), and to the sales (turnover) and employment they support.
- MME's openness to trade is measured using OECD data on imports and exports, assuming that MMEs have a similar propensity to import and export as other firms in their country and sector.
- MMEs' contribution through supply chain and consumption 'multiplier' effects is estimated using detailed 'input-output' tables from the OECD and national statistical offices. The consumption

impact reflects the economic activity supported when employees in MMEs and in their supply chains spend their wages on other firms' products and services.

In addition to the economic research, HSBC and Oxford Economics have conducted a qualitative survey – via phone – of senior executives at 1,400 MMEs (100 per country), between July and August 2017. Using a standard questionnaire, the survey aimed at exploring their views on external opportunities and threats, strengths and weaknesses, strategic priorities over the next three years and priorities for investment.