

03 December 2018

BUSINESSES SEE FINANCIAL REWARDS FROM MAKING THEIR SUPPLY CHAINS GREENER

- *Businesses around the world are reappraising their supply chains to be more sustainable, driven by expectations of financial rewards*
- *Ethical and environmental sustainability standards are very important to both goods and services businesses operating in Vietnam*

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

HSBC's 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.

Generally speaking, ethical and environmental sustainability are seen as very important to both goods and services businesses in Vietnam. Around nine out of ten (90%) businesses state that they monitor their supply chains for environmental and ethical standards. Only a minority of respondents (9%) across the full survey sample reported that supply chain sustainability is *not* a focus for their business.

For both goods and services businesses, making sustainability / ethical changes to improve revenues / financial performance (96% of goods, 100% of services) are marginally the most important followed by making the changes to support cost efficiencies (94% of both goods and services).

On a global level, almost a third (31%) of companies worldwide 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 chain¹, the 'green' credentials of strategic suppliers and partners are critical factors in a firm's reputation and performance.

Winfield Wong, Country Head of Wholesale Banking, HSBC Vietnam, said:

"Vietnamese businesses are integrated into the international ecosystems. To grow in this competitive landscape, companies are now cognizant of the need to place environment, society and governance at the heart of their operations."

Focusing on goods firms in Vietnam, close to half (46%) of respondents plan to do business in new markets/locations, while around a third (32%) plan to select suppliers based on their sustainability practices when being asked about top changes that they plan in supply chain over the next three years. Planned changes to supply chains are largely being implemented to increase their profits/revenues (79%).

Vietnamese respondents in the services sector have similar objectives to those in the goods sector. More than three-quarters (77%) are hoping to increase profits/revenues through supply chain changes, with key strategies including expansion into new markets (38%) as well as increasing the use of digital technology (31%).

Around the world, transparency is 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, such as Vietnam, are particularly keen to increase their ethical and environmental standards². 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.

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.

¹ [CDP Supply Chain Report 2016 | 2017](#)

² [Emerging markets as defined by the UN.](#)

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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 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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For more information visit: www.hsbc.com/about-hsbc/structure-and-network/commercial-banking.

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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.

HSBC Bank (Vietnam) Ltd.

HSBC has been in Vietnam for more than 140 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and two full-service branches in Binh Duong and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, product range, and customer base.

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