

18 January 2018

## **SMALLER CANADIAN FIRMS TURN TO SUSTAINABILITY FOR GROWTH AND PROFITABILITY**

***\*\*Only one-quarter of smaller Canadian firms are prioritising investment to become a more sustainable business\*\****

Two-thirds (66%) of smaller Canadian companies<sup>1</sup> state that having sustainable business practices will improve their growth and profitability, according to data from HSBC. However, only 25% are prioritising investment to become a more sustainable business.

In the poll of more than 1,400 decision-makers across 14 countries, including Canada, half (50%) recognise that their customers are demanding products that consider environmental and social impacts. This can act as a competitive advantage. In fact, globally 59% of firms say that sustainable business practices will improve their growth and profitability.

Globally, companies in the Manufacturing sector (72%), and in India (68%) and Saudi Arabia (66%) are also the most likely to recognise this commercial benefit. Additionally, three in ten companies (30%) globally believe that becoming a more sustainable business will contribute to improving their financial performance over the next three years.

To unlock further growth, one-quarter (25%) of smaller Canadian companies have prioritised investment to become more sustainable, contrasting with firms in Saudi Arabia (34%), Hong Kong (33%) and Australia (33%) being the most likely among those polled to have done so. Globally, Mining (36%), Professional Services (34%) and Utilities (33%) sectors show the greatest commitment to becoming more sustainable in terms of investment.

“Smart sustainable business practices deliver real prosperity for everyone,” says **Linda Seymour, Executive Vice-President and Head of Commercial Banking at HSBC Bank Canada**. “However, while many smaller companies are trying to do the right thing, they face intense competition, tight profit margins and the costs of meeting existing responsibilities. At HSBC, we take the extra time and effort to help smaller firms continue to grow and move towards sustainable business practices.”

.....2

**BREAKDOWN OF GLOBAL RESULTS**

	<b>% of smaller firms having sustainability in their top 3 long-term objectives</b>	<b>% of smaller firms saying sustainable business practices will improve their growth and profitability</b>	<b>% of smaller firms prioritising investment to become a more sustainable business</b>
<b>Global</b>	<b>30%</b>	<b>59%</b>	<b>27%</b>
<b>Australia</b>	34%	61%	33%
<b>Canada</b>	29%	66%	25%
<b>China</b>	32%	54%	23%
<b>France</b>	22%	56%	27%
<b>Germany</b>	26%	62%	25%
<b>Hong Kong</b>	30%	56%	33%
<b>India</b>	28%	68%	19%
<b>Indonesia</b>	43%	62%	31%
<b>Mexico</b>	24%	55%	23%
<b>Saudi Arabia</b>	36%	66%	34%
<b>Singapore</b>	26%	54%	25%
<b>UAE</b>	36%	44%	23%
<b>UK</b>	19%	60%	27%
<b>USA</b>	28%	56%	28%

On average, only 18% of smaller firms rated sustainable actions as important to their business today; however, nearly half (46%) said they are important to them in the short to medium term (next three years). The action that has gained more importance going forward for these companies is to *set up a dedicated team to be accountable for implementing Corporate Social Responsibility (CSR) initiatives*.

An important area businesses can address now to become more sustainable is to find operational efficiencies in their supply chains. Almost half (47%) of leaders identify this as a contributor to their company’s financial performance over the next three years.

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, 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 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 footprint
- **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

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.

*ends/more*

### 3 / Smaller Canadian firms turn to sustainability for growth and profitability

#### Media enquiries to:

Caroline Creighton	416 868 8282	caroline.x.creighton@hsbc.ca
Sharon Wilks	416 868 3878	sharon_wilks@hsbc.ca

#### Note to editors:

<sup>1</sup> Smaller firms refer globally to companies with between 200 and 2,000 employees. In Canada, smaller companies have fewer than 500 employees.

The following materials are also available:

- 'Smaller firms go green for growth' article by Bryan Pascoe, Global Head of Client Coverage, HSBC Commercial Banking: [www.hsbc.com/news-and-insight/insight-archive/2017/smaller-firms-go-green-for-growth](http://www.hsbc.com/news-and-insight/insight-archive/2017/smaller-firms-go-green-for-growth)
- YouTube video 'Business growth potential in turning green': [https://www.youtube.com/watch?v=haukVl1\\_f8g&feature=youtu.be](https://www.youtube.com/watch?v=haukVl1_f8g&feature=youtu.be)

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 is one of [five commitments](#) HSBC 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.

#### HSBC Commercial Banking

For over 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves more than two million businesses across the world, ranging from small enterprises focused primarily on their home markets through to corporates operating across borders. Whether it is working capital, term loans, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. As the cornerstone of the HSBC Group, we give businesses access to a geographic network covering more than 90% of global trade and capital flows. For more information visit: <http://www.hsbc.com/about-hsbc/structure-and-network/commercial-banking>

#### About HSBC Bank Canada

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, is the leading international bank in the country. We help companies and individuals across Canada to do business and manage their finances internationally through three global business lines: Commercial Banking, Global Banking and Markets, and Retail Banking and Wealth Management. Canada is a priority market for the HSBC Group - one of the world's largest banking and financial services groups with assets of US\$2,526bn at 30 September 2017. Linked by advanced technology, HSBC serves customers worldwide through an international network of around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. For more information visit [www.hsbc.ca](http://www.hsbc.ca) or follow us on Twitter: @hsbc\_ca or Facebook: @HSBCCanada

