

How to get started with Sustainability

Helping you deliver achievable change



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What is sustainability?

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs¹

Operating sustainably has always been important for businesses of course, but sustainability has gathered momentum in recent years. Whether it's complying with tighter regulation, meeting growing customer expectations or keeping pace with your competitors, businesses cannot afford to ignore it.

However, as more and more businesses recognise the need to commit to becoming more sustainable, it can be hard to know where to start and understand which aspects are most relevant and will have most impact. Our guide can help you get started on your sustainability journey by working through these questions and more, providing insight and experience from businesses on their own sustainability journeys and helping you understand the opportunities for resilience, growth and prosperity that sustainability can offer. This is the latest report from the GA Institute.

What does a sustainable business look like?

Essentially, a sustainable business is one that understands, measures and effects changes to how it interacts with the environment and with society.

Sustainability is about more than just environmental credentials, although this is a key part of it. Pushing for carbon neutrality, net zero emissions, responsible use of resources and waste management is central to many business' desire to become more sustainable and people's perceptions more generally.

However, often referred to as ESG (Environmental, Social, Governance), being a sustainable business also incorporates how you treat your employees, your customers and your suppliers. It includes elements such as: your biodiversity impact, how diverse your workforce is, your ethical stance on supply, how you tackle inequality or access to your goods and services. A key part of the sustainability journey for a business is setting clear targets in these areas.

Moving up the corporate agenda

Today, companies define success largely by their social and environmental impact. In 2022, 64% of G250 companies acknowledged climate change as a risk to their business, whilst 92% are reporting on sustainability².

Increasingly, sustainability is being viewed as an opportunity. According to a survey by Ernst & Young, 78% of investors want companies to invest in ESG matters, even if in the short term this impacts profits³.

Companies are also responding to the pressure to change behaviours. The impact of climate change is a constant newsfeed driving collective environmental responsibility and individuals are making changes to their lifestyle. For example, 67% of consumers are willing to pay more for products and services if they protect the environment and don't infringe on human rights⁴. With such a strong focus on sustainability, starting your journey to net zero could make

financial sense for your business both now and in the future.

That growing consumer demand for sustainable products and solutions, presents a real growth opportunity for businesses that are at the forefront of the move to sustainability.

In this guide we provide you with the tools and guidance you need to get started on your sustainability journey and unlock the benefits it can deliver.

We believe that companies have a huge responsibility to play a part in creating a brighter future for everybody.

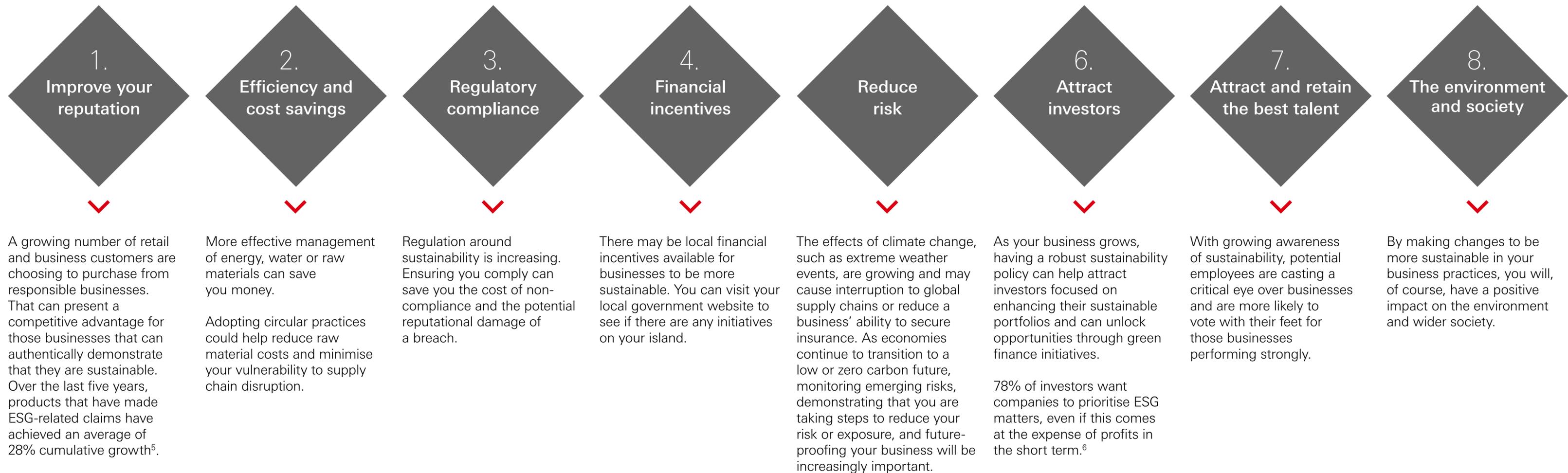


What's driving the focus on sustainability?

A number of factors are encouraging businesses to pursue sustainability:



The benefits of being more sustainable



⁵ <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumers-care-about-sustainability-and-back-it-up-with-their-wallets>

⁶ https://www.ey.com/en_gl/news/2022/11/businesses-and-investors-at-odds-over-sustainability-efforts

How to get started on your sustainability journey

Step 1 Find a focus



Understand where you are

Carrying out an audit of your business and its operations can help you work out where there are gaps and opportunities and help you find a focus to start becoming more sustainable. For example, perhaps your energy costs are rising, you're struggling to recruit, or your raw materials are becoming difficult or expensive to source.



Consider your stakeholders

That can mean examining upcoming regulation that may directly affect your business, or speaking to customers, suppliers or your employees about what's important to them and whether there are aspects of your service or product that concern them.



Look at your competition

Checking out what your peers are doing can help give you an insight into what's possible and also ensure your business isn't getting left behind.



Find your niche

Sustainability is a huge area and trying to address every challenge is likely to be counter-productive. Find areas where you can make a difference and where you can own that commitment. For a manufacturer, that may be reducing energy or water consumption, for an online retailer it might be addressing excess packaging or delivery, whilst a food business may choose to focus on sustainable and ethical provenance. Finding something that is material for your business, allows you to make a meaningful impact and one that resonates with your employees, customers, suppliers and investors makes your commitment more authentic.



Step 2 Set yourself targets

Your targets can be as ambitious as you like, but having a range of targets across different areas of sustainability can help you create a more focused strategy. Ensure that the targets can be measured and set timeframes to help you move forward. Benchmarking against other businesses in your sector or even against leaders in particular areas of sustainability can help you assess your position and ultimately measure your progress.



Step 3 Assess your return on investment

Investing in long-term sustainability goals can seem daunting, but the rewards are clear. A study by Ernst & Young found that 69% of companies achieved higher than expected financial value as a result of their climate initiatives⁷. Beyond purely financial return, think about how investing in sustainability could improve your wider business, for example, enhanced customer perception and advocacy or your ability to attract and retain talent.

There are a number of different frameworks available for businesses looking to embrace sustainability. The **Carbon Trust**, for example, or the **UN Sustainable Development Goals** or even **B Corp Certification**. Globally, more than 1,000 businesses are working with the Science Based Targets initiative (SBTi) to reduce their emissions.



Step 4 Get started



Get everyone involved

Sustainability is about company culture and collective responsibility rather than a top down diktat, so make sure you take everyone with you on the journey. Creating forums for sharing ideas, working groups for key actions, and even involving the local community can make a real difference and can increase advocacy and engagement. Increasingly employees care about sustainability and engaging them from the outset can only enhance the process.



Agree streams of activity

From the big strategic aims, such as committing to net zero by a certain date, to changing your light bulbs to more energy efficient options. Having some readily achievable aims can help maintain motivation.



Step 5 Measure your progress

Commit to checking your progress at regular intervals and be transparent and open about how things are going. Doing something is better than doing nothing, and many initiatives will build their own

momentum given time. Regularly publicising your achievements around sustainability can also have a positive impact on stakeholders. No matter where you are on your journey, our Sustainability Tracker can help to streamline this process by giving you the tools to measure, plan, implement and track your sustainability progress. Find out more [here](#).



Step 6 Be flexible

There's a lot of innovation happening around technology, so things can change very quickly, and you need to be agile enough to respond to that change. It may mean adjusting your targets or the means of achieving them.



Step 7 Share your experience

Talking about the challenges and opportunities of becoming more sustainable can encourage other businesses to get on board. It can also help you learn new ways of overcoming issues and explore new ways of doing things.

Sustainable Finance: Working together to deliver achievable change

At HSBC, we want to help our clients turn their sustainability ambitions into an achievable transition that makes business sense.

Our sustainable finance offering helps businesses meet their environmental goals with a suite of green products.

Our Green Lending Proposition is available for:

- **Green Term Loans** - available to Large Corporates, Mid-Market Enterprises and SMEs looking to secure funding for sustainable activities. A minimum loan value of £300,000 enables businesses to access finance to support their sustainability projects.
- **Green Revolving Credit Facilities (RCFs)** - The industry first Green RCF enables companies to access funds when required, depending on sustainable cash flow needs, and is available for a minimum loan value of £1,000,000.

All credit is subject to status.

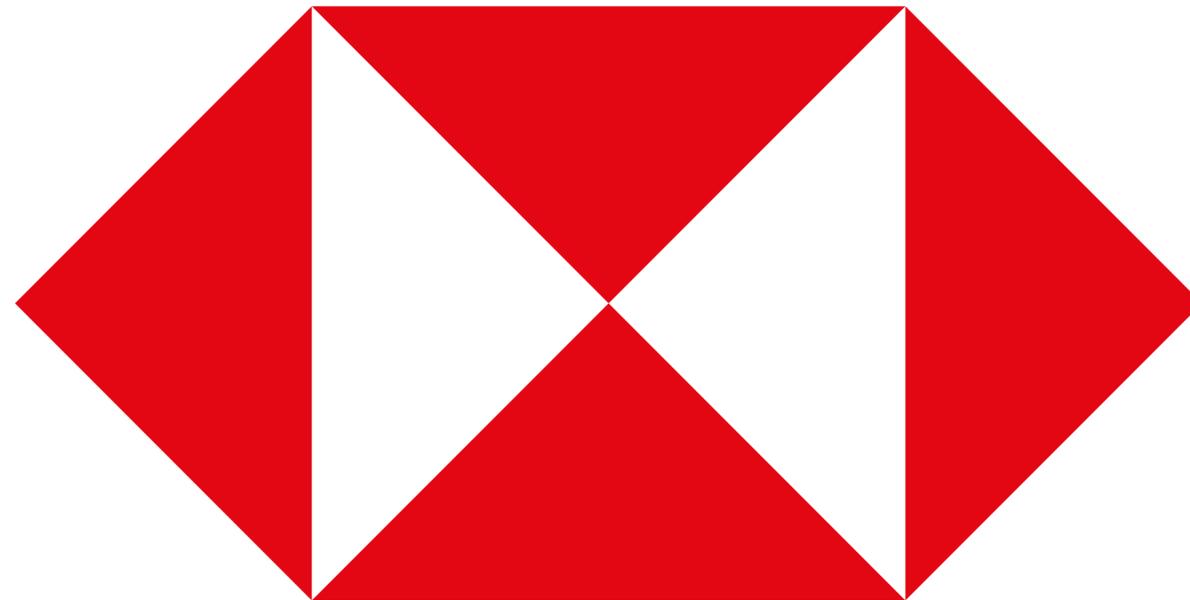
Green lending can be used to finance a range of projects or activities. Examples include:

- **Renewable energy**
- **Energy efficient projects**
- **Pollution prevention or control**
- **Environmental sustainability**
- **Conservation**
- **Sustainable transport**
- **Waste and wastewater management**

We know that that the journey to net zero can seem complex, that's why we're here to help with insights and expertise from our global network, as well as access to financial solutions to help your business flourish.

Find out more about suite of **sustainable finance products** or speak to your Relationship Manager to discuss your next steps.





Visit our Sustainability Hub to find out more and get your business started on its journey to a more sustainable future.



Click here to view the **Sustainability Hub**