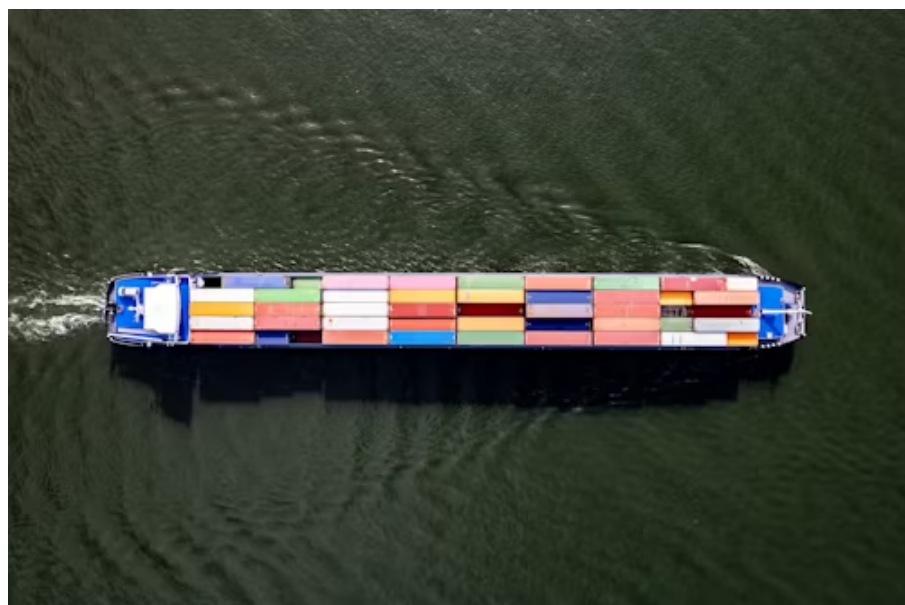


Asda Launches Sustainability-Linked Supply Chain Finance Scheme

September 27, 2024



Asda has partnered with HSBC UK to introduce a new sustainability-linked enhancement to its Supply Chain Finance scheme. This innovative scheme aims to incentivize suppliers to adopt better sustainability practices.

Launching in January 2025, the voluntary scheme will offer over 250 Asda suppliers access to three tiers of enhanced financing rates. Suppliers who disclose their ESG performance data, set sustainability targets, and take action to achieve those goals will be eligible for preferential terms.

The sustainability data platform EcoVadis will assess supplier performance, with a particular focus on decarbonization and other ESG elements. Strong performance will be rewarded with the most favorable financing rates.

Asda's Supply Chain Finance program with HSBC UK has been in place for over a decade. This new sustainability enhancement demonstrates both parties' commitment to supporting sustainable practices within the supply chain.

Asda already requires its largest suppliers to share sustainability data through the EcoVadis assessment platform. By incorporating sustainability into the financing scheme, Asda is encouraging greater transparency and driving positive change within its supply chain.

Michael Gleeson, Chief Financial Officer at Asda, said: "As we continue to drive progress towards our own decarbonisation and ESG targets, supporting and engaging with suppliers forms a crucial step in this journey. Working with HSBC, we're not only encouraging greater transparency over sustainability data in

our supply chain, but we are able to use competitive financing to incentivise a significant number of suppliers to become more sustainable.”

Vivek Ramachandran, Global Head of GTS at HSBC, said: “We’re pleased to continue our long-term partnership with Asda to support its sustainability ambitions. “By incentivising suppliers to share ESG data and improve their sustainability performance, this financing solution encourages transparency and helps to drive better ESG practices in Asda’s global supply chain.

The sustainability-linked enhancement will not disrupt the existing operations of suppliers participating in the Supply Chain Finance program. Suppliers who choose not to engage will continue to receive payment within 14 working days under the current terms.

This innovative scheme is made possible with the support of multiple funding partners, including Rabobank. By offering financial incentives for sustainable practices, Asda is taking a significant step towards a more sustainable supply chain.