

**COMMITMENT TO ESG FINANCING AND INVESTING STRENGTHENS  
DURING GLOBAL PANDEMIC**

**HSBC survey of issuers and investors finds largest share believe  
more strongly in ESG issues**

14 October, London - Capital market participants are attaching greater importance to sustainable finance than a year ago, even as issuers and investors have had to navigate unprecedented challenges due to the COVID-19 pandemic.

More than half of investors and three-quarters of issuers say the pandemic has either reinforced their commitment to Environment, Social and Governance (ESG) or made them realise they had paid too little attention to the social component of ESG, according to the [HSBC Sustainable Financing and Investing Survey 2020](#). Of the 2,000 respondents (half investors; half issuers), more than 90% said ESG was important or very important.

Unsurprisingly, market volatility in 2020 has had an impact, particularly for investors who are now more focused on risk and returns. Investors' opinion of the importance of the environmental and social components of ESG stands at 86%, down slightly from 94% last year. And a small proportion have even temporarily sidelined their focus on ESG issues.

Among issuers, however, the commitment to ESG has become stronger, with a higher proportion now viewing E&S as very important: 62 per cent, up from 58 per cent last year. Overall, 93 per cent of issuers see environment- and social-linked financing as important, unchanged from last year.

Perhaps in a demonstration of mainstream nuances, the Survey tells us that risk/return and external pressures are now more influential than values in pushing investors towards sustainability awareness: 49% cite risk/return, 43% society's expectations and 41% regulators.

"Sustainable finance has moved into the mainstream of the capital markets faster than we expected, and as that happens, ESG deals are increasingly being judged as a traditional asset rather than a reflection of commitment to social and environmental issues," said Daniel Klier, global head of sustainable finance, HSBC. "This is an optimistic development, as ultimately the long-term success of the market will be shaped by the ability of ESG investments to compete with other traditional options on risk and return."

In fact, [HSBC Global Research](#) has found that stocks of large companies with stronger environmental, social and governance (ESG) ratings have outperformed the global average by 4.7 per cent since mid-December 2019. For climate-related stocks the gap is even bigger, with performance 13 per cent better than the global average over the same period. HSBC Sustainable Financing and Investing Survey 2020 points to many notable trends shaping sustainable finance, including:

- **Issuers have moved ahead of investors** in their commitment to sustainability: 97% globally expect to redeploy capital in response to environmental and social challenges and opportunities over the next five years, up from 94% in 2019
- **Full disclosure is on the rise.** In 2019 only 24% of investors disclosed the ESG characteristics of their whole portfolios. This proportion has now reached 35% globally, (42% in the Americas and 46% in the US.)
- Labelled bonds seem likely to continue to grow, with 36% of all bond investors globally who do not buy them yet, now expecting to **start buying them seriously** for the first time
- **Values are still the commonest driver** for issuers' commitment to the environment and society: 55% say this is a reason for their stances. Although this is not the case for investors, for whom only 38% state values as a key driver, down from 62% in 2019
- Although the **Covid-19 pandemic has influenced investor attitudes** in a variety of ways, just 9% globally are now unwilling to pursue ESG investing.
- In 2019, 61% of investors globally reported obstacles to sustainable investing; **in a significant change**, now less than half (46%) do.
- Investment **opportunities in sustainable infrastructure stand out** particularly in energy technologies (above all, renewable power and lower carbon fuels) and water and waste water systems
- Climate change is acknowledged — 55% of issuers say they are already affected or view it as a threat within 10 years, while 76% of investors recognise it as **the most urgent threat to humanity** or one of its most serious challenge

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**HSBC Holdings**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,923bn at 30 June 2020, HSBC is one of the world's largest banking and financial services organisations.

## **HSBC Sustainable Financing and Investing Survey 2020**

HSBC's Sustainable Financing and Investing Survey 2020 comprises responses from 2,000 capital market participants (1,000 issuers and 1,000 investors) in 34 markets on their changing attitudes to sustainability issues. Research was conducted by GlobalCapital and Euromoney Insight for HSBC between July and August 2020.

The global report and regional reports for Asia Pacific, Americas, Middle East and Europe can be accessed here: <http://gbm.hsbc.com/solutions/sustainable-financing>

## **HSBC climate commitments**

HSBC last week announced an ambitious plan to prioritise financing and investment that supports the transition to a net zero global economy:

- Committing to align its financed emissions – the carbon emissions of its portfolio of customers – to the Paris Agreement goal to achieve net zero by 2050 or sooner.
- Supporting its customers in all sectors with between USD750bn and USD1 trillion of finance and investment by 2030 to help with their transition.
- Applying a climate lens to financing decisions.
- Unlocking new climate solutions by creating one of the world's leading natural capital managers, creating a USD100m venture debt fund for CleanTech innovation, and launching a philanthropic programme to donate USD100m to bring new solutions to viability and scale
- Aiming to be net zero in its operations and supply chain by 2030.

Details of the plan can be accessed here: <https://www.hsbc.com/media/media-releases/2020/hsbc-sets-out-ambition-to-build-a-net-zero-economy>

## **HSBC's History of Sustainable Finance**

The bank's ambitious climate declaration builds on its leadership in sustainable finance and addressing climate change.

- In 2017, HSBC pledged to provide USD100bn in sustainable financing and investment by 2025.
- In 2020, HSBC was named the World's Best Bank for Sustainable Finance by Euromoney, which noted that "across every sector and region HSBC stands out for its commitment to developing partnerships and products that will bring finance at scale to create a more sustainable and resilient planet."
- Last month, The Banker named HSBC as Investment Bank of the Year for Sustainability in its 2020 awards, praising "an impactful and holistic approach to environmental, social and governance (ESG) issues across many geographies, products and services and for a range of clients".
- HSBC is ranked the number one global bookrunner of green, social and sustainability bonds for the year to the end of September, according to Dealogic.
- HSBC has been ranked a leading research house in ESG (Environmental, Social and Governance) for the past five years, according to external surveys that include Extel and Institutional Investor.
- HSBC is a member of RE100, committed to sourcing 100% of our own electricity consumption from renewable sources

## **HSBC's Recent Innovative Green Solutions**

- The bank acted as Green Structuring Advisor and Lead Manager on the world's first plastic waste reduction bond for German consumer goods firm Henkel in July.
- HSBC played a major role in a USD743m green loan for the Viking Link interconnector project in June that will allow the UK and Denmark to share renewable energy via an underwater cable.
- The bank helped both Burberry and Chanel launch their inaugural sustainability bonds in September, the first luxury brands to enter the green bond market.
- HSBC Global Asset Management launched the Real Economy Green Investment Opportunity (REGIO) last year that enables investors to align their financial objectives with real economy impact to deliver against the Paris Agreement and Sustainable Development Goals.
- The bank has pioneered sustainable supply chains, including its partnership with US retail giant Walmart and a Sustainable SCF facility for sports brand Puma globally covering suppliers in 17 countries.