HSBC

News Release

September 12, 2017

GROWING INVESTOR APPETITE FOR GREEN ASSETS PUTS PRESSURE ON COMPANIES TO EXPLAIN THEIR CLIMATE STRATEGIES

****68% of investors plan to increase their climate-related investment****

****56% of investors feel companies' transparency levels are still 'highly inadequate'****

****Only 53% of corporates have a strategy in place to reduce their environmental impact****

New research commissioned by HSBC shows that 68% of global investors intend to increase their low-carbon related investments to accelerate the transition to a clean energy economy. Growing investor appetite for low carbon investments is strongest in Europe (97%), the Americas (85%) and Asia (68%). The Middle East (19%) is the only region to experience an annual decline in this trend.

The research, conducted with a thousand companies and institutional investors globally, shows that institutional investors are demanding companies improve levels of climate-related disclosure. Companies are responding to these demands, but not nearly fast enough given 56% of investors describe current disclosure levels as 'highly inadequate'. This trend is most pronounced in Europe (76%), followed by the Americas (66%), Asia (50%) and the Middle East (30%).

Today, one in two companies has a strategy in place to reduce their environmental impact, a feature that has increased across all regions in the last year. Europe sets the pace (84%), followed by the Americas (54%), Asia (43%) then the Middle East (28%).

Despite 53% of companies now having an environmental strategy in place, only 43% actively disclose it. Europe again leads the way (64%) but it is Asia that registers the largest increase in both environmental strategy disclosure and the level of climate related disclosure. Today, 28% of all Asian companies disclose their environmental strategy, up from 19% in 2016, and 46% are increasing their level of climate related disclosure (up from 23% last year).

One factor inhibiting companies increasing their disclosure levels is the lack of any clear competitive advantage from doing so, specifically with regard to the cost of funding. The main drivers of increased transparency are investor pressure (83%) and international regulation (77%).

Daniel Klier, HSBC's Group Head of Strategy and Global Head of Sustainable Finance, said:

"The global transition to a low-carbon, clean energy economy is now firmly underway, yet companies and their investors are clearly travelling at different speeds. If we are to direct the world's capital towards low-carbon investment opportunities then we need to break through the barriers currently inhibiting its flows. This will require improvements in the availability, reliability and comparability of climate-related information. This demand will only get louder as the market gains a better understanding of how to use these metrics effectively."

The survey was conducted by industry research firm East & Partners over a four week period, ending 11 July 2017. It surveyed the Group Treasurers and CFOs of 507 corporates and the Chief Investment Officer, Head of Portfolio and Head of Investment Strategy of 497 investment houses, with an even geographical split between Europe, the Americas, Asia and the Middle East.

To read more:

www.gbm.hsbc.com/solutions/sustainable-financing

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Note to editors:

The HSBC Group
HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,492bn at 30 June 2017, HSBC is one of the world's largest banking and financial services organisations.

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