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HSBC SURVEY: 80% OF ISSUERS AND INVESTORS IN HONG KONG RECOGNISE THE IMPORTANCE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

More issuers and investors in Hong Kong are starting to widen their horizons to include the impact of environmental, social and governance (ESG) issues into consideration, but on some metrics they still lag behind their regional and global peers, according to a survey commissioned by HSBC.

HSBC's Sustainable Financing and Investing Report 2019 showed that in Hong Kong, 82% of investors and 80% of issuers say ESG factors are 'very' or 'somewhat' important to them, closely behind Asia's overall figures of 86% and 84%.

The report has found that broad social values including social and environmental issues have become a significant factor for investors and issuers in Hong Kong. 54% of surveyed Hong Kong issuers say they care about ESG issues because it aligns with their values as an organisation, and 54% of investors because it is right to care about the world and society.

Hong Kong investors recognise the commercial benefits of ESG investing and financing, with 54% of respondents saying that doing so can improve investment returns or reduce risks, against the global and Asia figures of 54% and 58% respectively.

But while Hong Kong investors also are catching up on ESG, they still lag behind their peers. Some 44% of surveyed Hong Kong investors have a responsible investing or an ESG policy, lower than the comparable figure for global and Asia of 62% and 49% respectively. However, 36% do intend to develop a policy, which will bring Hong Kong much closer to global levels.

A third of Hong Kong surveyed issuers make no ESG disclosures, while 12% of investors disclose ESG characteristics of portfolios, against Asia's figures of 24% and close to 20% respectively. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are an example of a common standard that issuers and investors could use to improve ESG disclosure.

Jonathan Drew, Head of Sustainable Finance, Asia-Pacific, HSBC, said: "Environmental and social factors are becoming priorities for both issuers and investors in Hong Kong and Asia, and there is increasing recognition that these factors are drivers of yield and value."

“This survey shows some really encouraging progress and momentum, but we must not kid ourselves that the transformation of Asia’s financial markets necessary to meet the climate challenge is complete.

“We must now ramp up efforts in all areas from capturing the hearts and minds by raising awareness and engagement through to the technical disciplines of risk analysis and disclosure.”

To further drive the conversation around sustainable financing and investing, HSBC joined hands with the Hong Kong University of Science and Technology (HKUST) to organise a forum for its clients last week, inviting scientists from the Intergovernmental Panel on Climate Change, the United Nation body for assessing science related to climate change, to share insights about climate change and its business implications.

HSBC has delivered a range of sustainable finance transactions in Asia-Pacific in 2019. Landmark deals include Industrial and Commercial Bank of China’s USD3.15bn Greater Bay Area green bond, the first green loan compliant with the Green Investment Principles for Belt and Road by Industrial and Commercial Bank of China, Hong Kong’s inaugural sovereign USD1 billion green bond, the first green loan in Singapore for Ho Bee Land, Macquarie University’s first sustainable bond from a university, the world’s first green convertible bond from a real estate company, from Link REIT, and the first UN Sustainable Development Goals (SDG) sukuk for HSBC Amanah Malaysia.

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Note to editors:

About the report

The report surveyed 175 issuers and 175 investors across Hong Kong SAR, mainland China, Singapore, Indonesia, Malaysia and Thailand, on their changing attitudes to sustainability issues. Asia is the region with most respondents in the global report that covered 1,000 firms. The full report is available at:

<https://www.gbm.hsbc.com/insights/sustainable-financing/sustainable-financing-and-investing-survey-2019>

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