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EUROPEAN COMMITMENT TO SUSTAINABLE FINANCE STRENGTHENS DURING PANDEMIC

Capital market issuers in Europe are attaching greater importance to sustainable finance than a year ago, even as they have had to navigate unprecedented challenges due to the COVID-19 pandemic, according to the [HSBC Sustainable Financing and Investing Survey 2020](#).

A survey undertaken globally in July and August 2020 found that the COVID-19 pandemic has strengthened belief in sustainability for more than a third (36%) of European issuers. Three-quarters (77%) also 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.

European issuers are now the most committed in the world to environmental and social issues, according to the survey, with 95% saying these issues are 'very important' (76%) or 'somewhat important' (19%), compared to 93% globally.

"In line with the global and European trends, corporations in Greece are increasingly committed to sustainable financing. Sustainability is clearly high on the agenda, and we have already seen Greek companies tapping international green bond markets and looking more closely at sustainable financing solutions generally. This is a good start but it is just the beginning.", stated **Peter Yeates** CEO HSBC in Greece. *"Financial institutions will play a crucial role in translating good intentions into a comprehensive plan for a green restart of the economy following the pandemic. HSBC has the scale and global reach to accelerate the transition to a healthier planet and has committed to contribute to this cause"* commented HSBC's head in Greece.

The most important factor behind European issuers' commitment to environmental and social issues is their values (62%). Other factors include their confidence in the return potential of sustainability (36%) and external drivers, notably NGOs (41%) and customers (36%).

Among European investors, 79% believe environmental and social issues are very or somewhat important, compared to 86% of investors globally. For European investors, social pressures (47%) and regulatory pressures (43%) are the strongest influences on their attitudes.

The survey also found that Europe leads the way when it comes to investors feeling a responsibility to avoid investments with negative impacts on environment and society – 61% of European investors feel this way, compared to 53% globally.

European investors are also significantly more likely than those in other regions to always factor ESG considerations into their investment decision-making – 39% do this, compared with an average of 31% globally.

"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.”

HSBC Global Research [has found](#) that stocks of large companies with stronger ESG ratings have outperformed the global average by 4.7% since mid-December 2019. For climate-related stocks the gap is even bigger, with performance 13% better than the global average over the same period.

The survey also found that:

- European issuers and investors are both very interested in opportunities in sustainable infrastructure. Issuers are exceptionally attracted to renewables, and are also above the global average in their enthusiasm for carbon capture, lower carbon hydrocarbons like gas, and hydrogen power. European investors are above the global average in prioritising renewables and smart cities.
- Only 4% of European issuers consider their disclosure of environmental and social performance excessive, compared to 11% globally.
- European issuers also have the strongest and most positive expectations that they will increase disclosure (31% compared to 24% globally).

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Notes to editors:

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. The report surveyed 275 issuers and 275 investors in Europe across the UK, France, Germany, Belgium, Netherlands, Luxembourg, Italy, Denmark, Sweden, Norway, Finland, Russia and Spain.

Research was conducted by GlobalCapital and Euromoney Insight for HSBC between July and August 2020.

The global report and regional report for Europe can be accessed here:

<https://www.gbm.hsbc.com/solutions/sustainable-financing/sfi-survey-global>

<https://www.gbm.hsbc.com/solutions/sustainable-financing/sfi-survey-europe>

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