



Sustainable Finance

Strategic Insights – Media Briefing
Research commissioned by HSBC

2H 2016

INTERNAL

Research Methodology: key elements

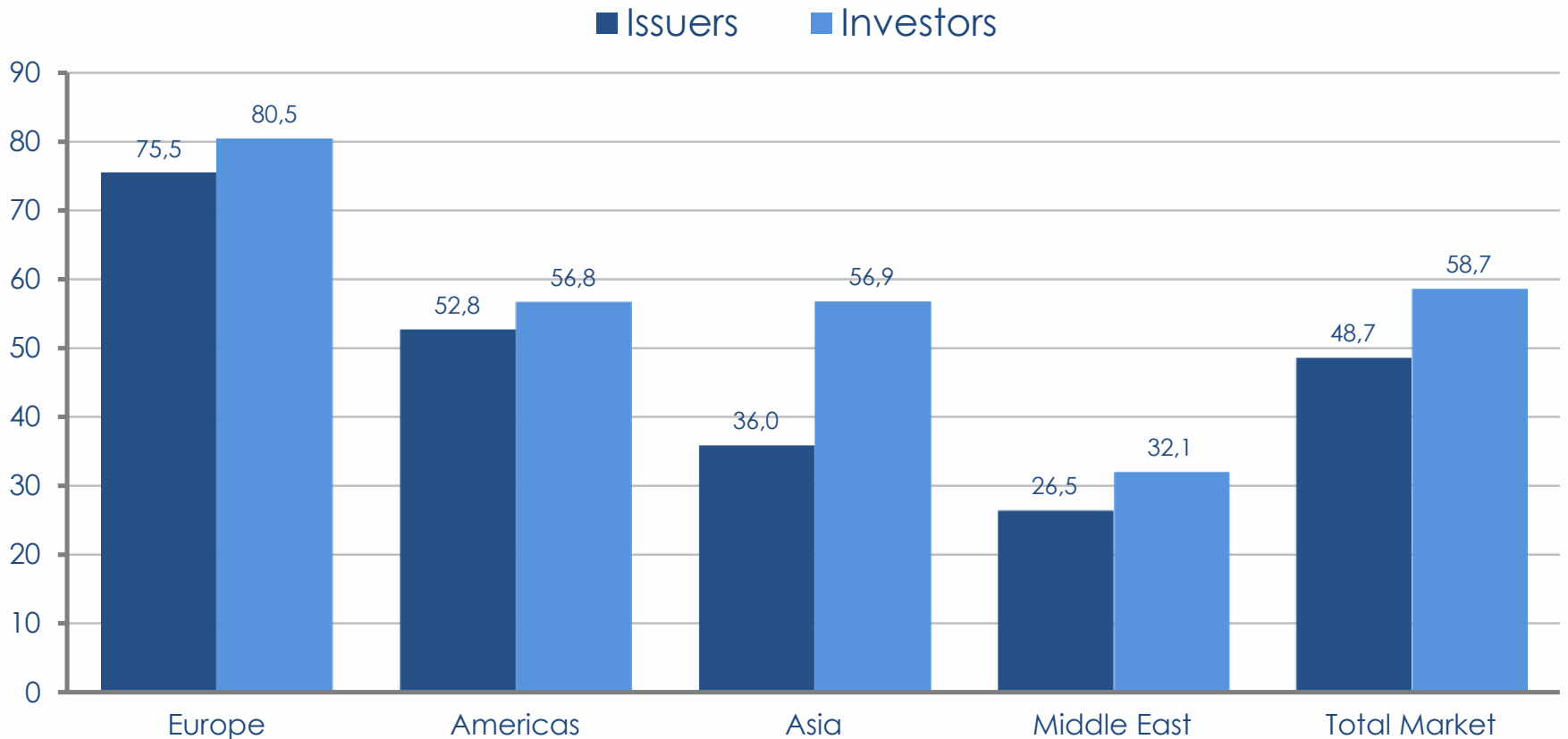
| | % of Total (N: 553) | Corporates/ Issuers (N: 277) | Investors (N: 276) |
|-------------|------------------------|------------------------------------|-----------------------|
| Europe | 27.2 | 25.3 | 27.9 |
| Americas | 27.0 | 26.0 | 29.3 |
| Asia | 27.3 | 31.0 | 23.6 |
| Middle East | 18.5 | 17.7 | 19.2 |
| TOTAL | 100.0 | 100.0 | 100.0 |

Research Methodology: key elements

| | Corporates/ Issuers (N: 277) | Investors (N: 276) |
|-------------------------------|---------------------------------|-----------------------|
| Annual Turnover | | |
| Up to US\$10Bn | 35.0 | |
| Over US\$10Bn | 65.0 | |
| Sample-wide Average Turnover | US\$18.6Bn | |
| Funds Under Management | | |
| Up to US\$10Bn | | 37.3 |
| Over US\$10Bn | | 62.7 |
| Sample-wide Average FUM | | US\$13.9Bn |

Strategy: Issuers and Investors

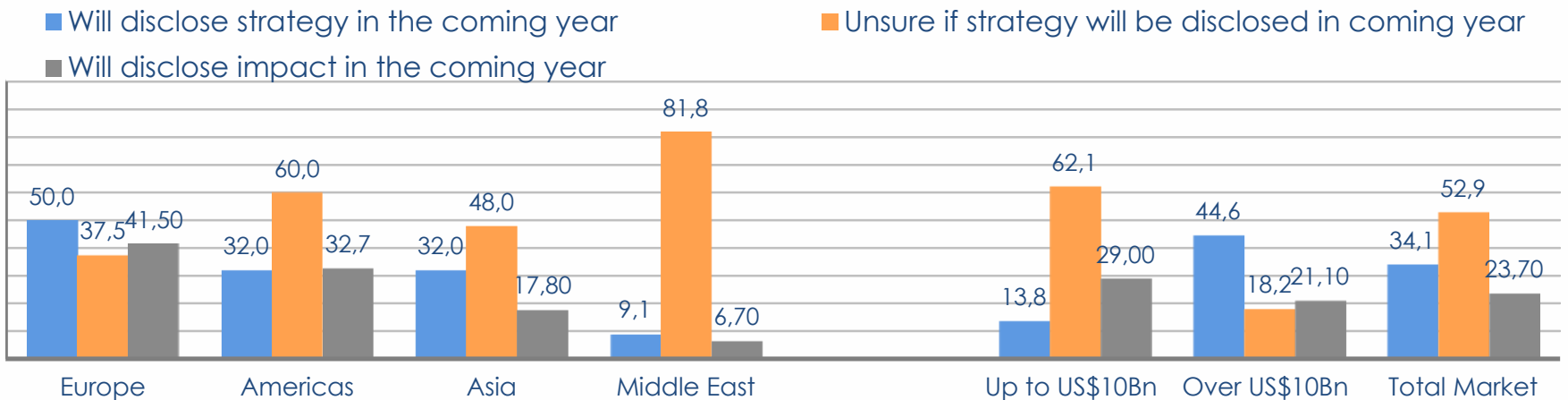
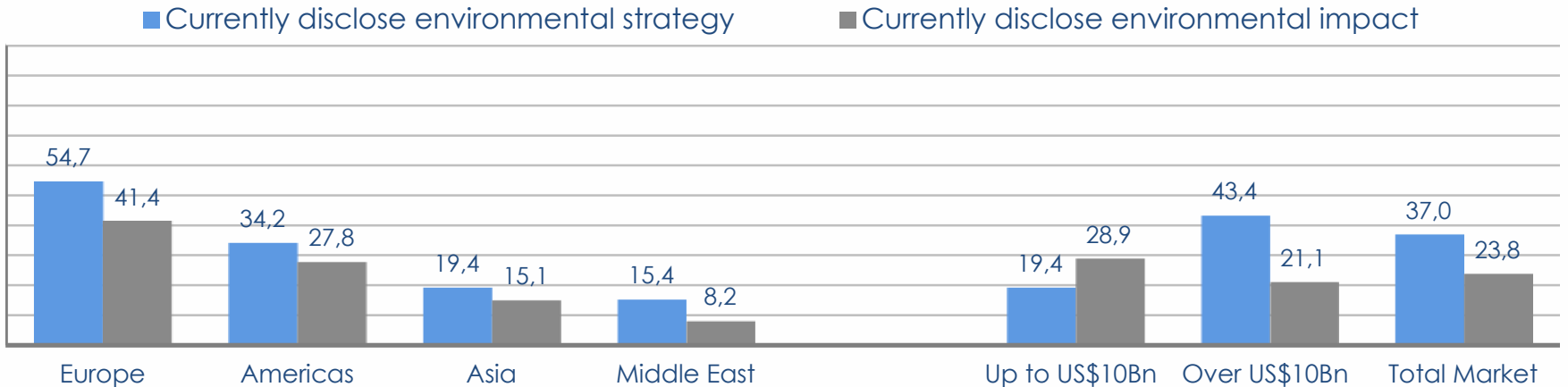
Strategy currently in place for reducing environmental impact
% of Total



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Disclosure: Corporate Issuers

Current and future plans to disclose environmental strategy and impact
% of Regional Total

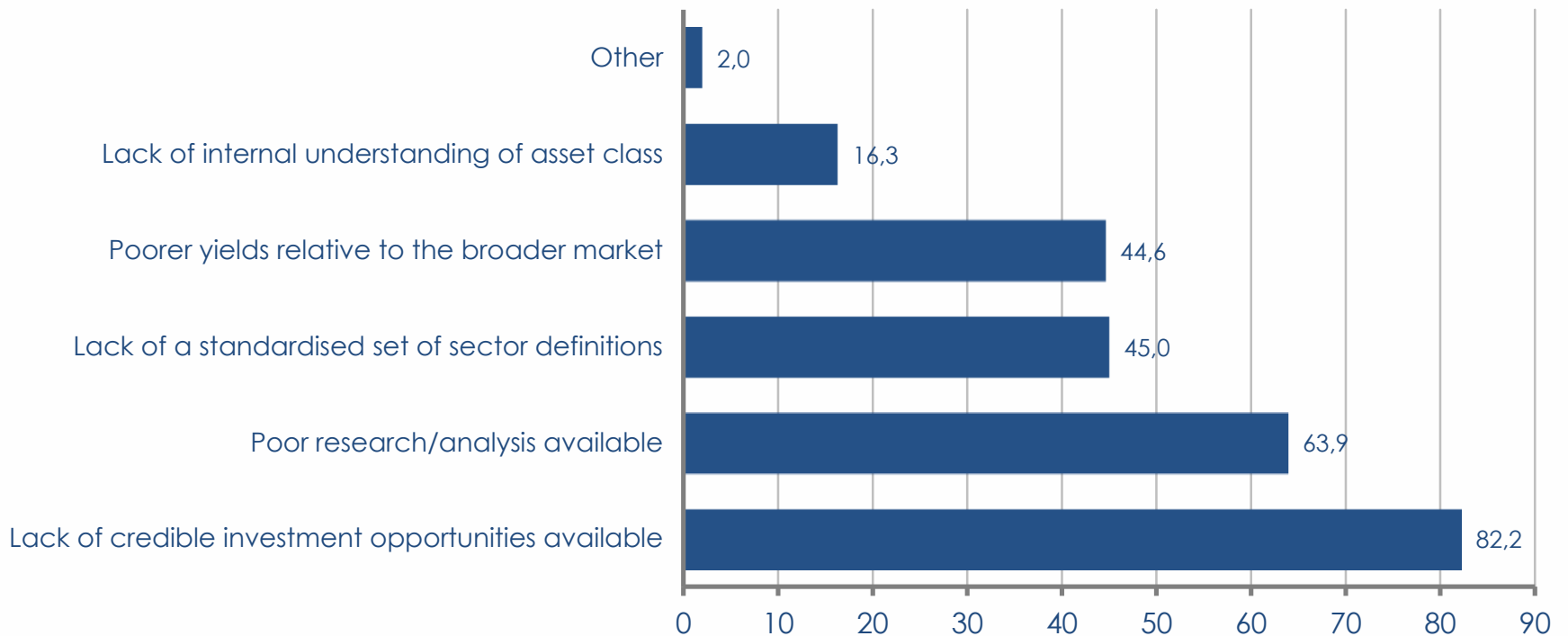


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Disclosure: Institutional Investors

Barriers to increasing climate related/low carbon investments
% of Total

- 65.2% of investors plan to increase low carbon investments however three quarters (73.9%) of all investors encounter barriers

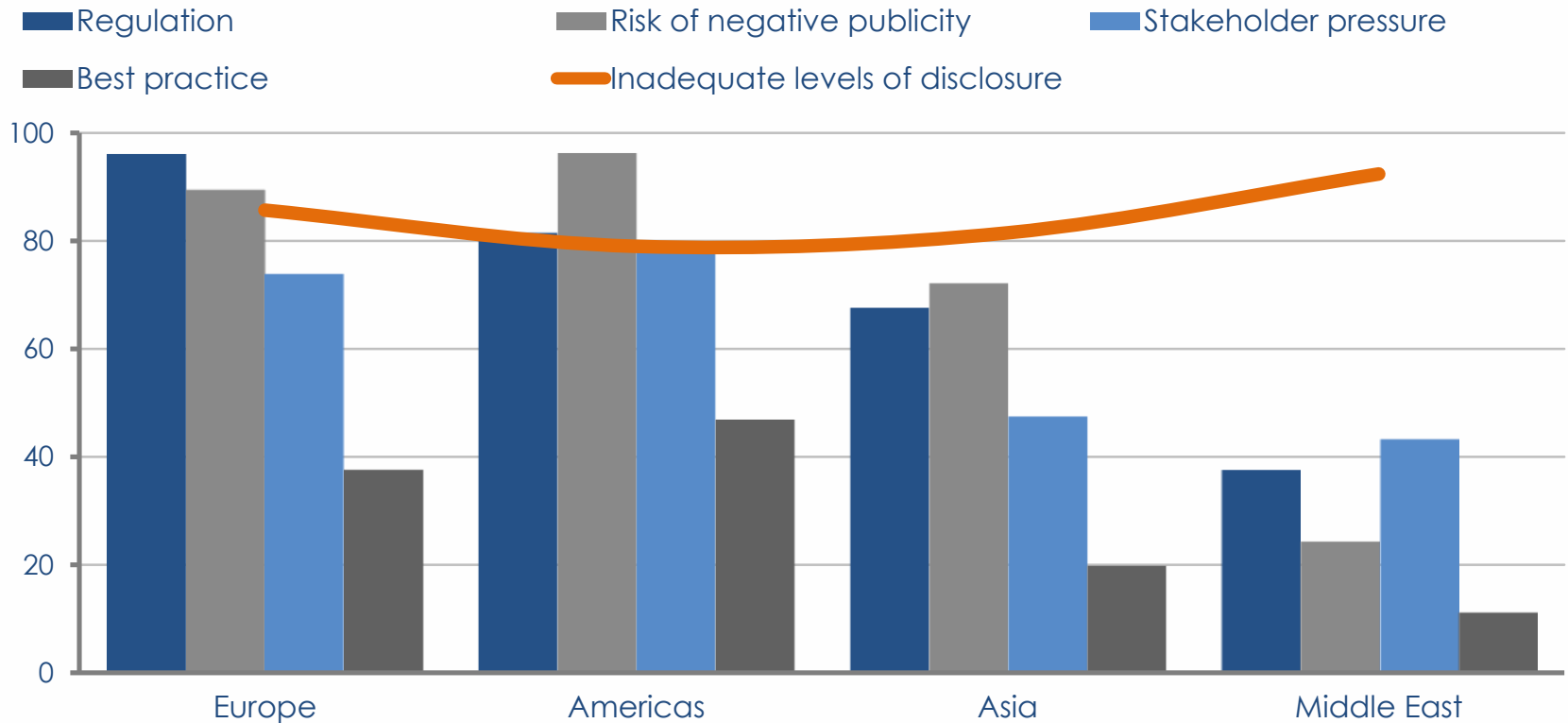


Sums to over 100 per cent due to multiple responding allowed

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Disclosure: Institutional Investors

Inadequate levels of current disclosure by issuers and what investors see driving increased disclosures
 % of Regional Total



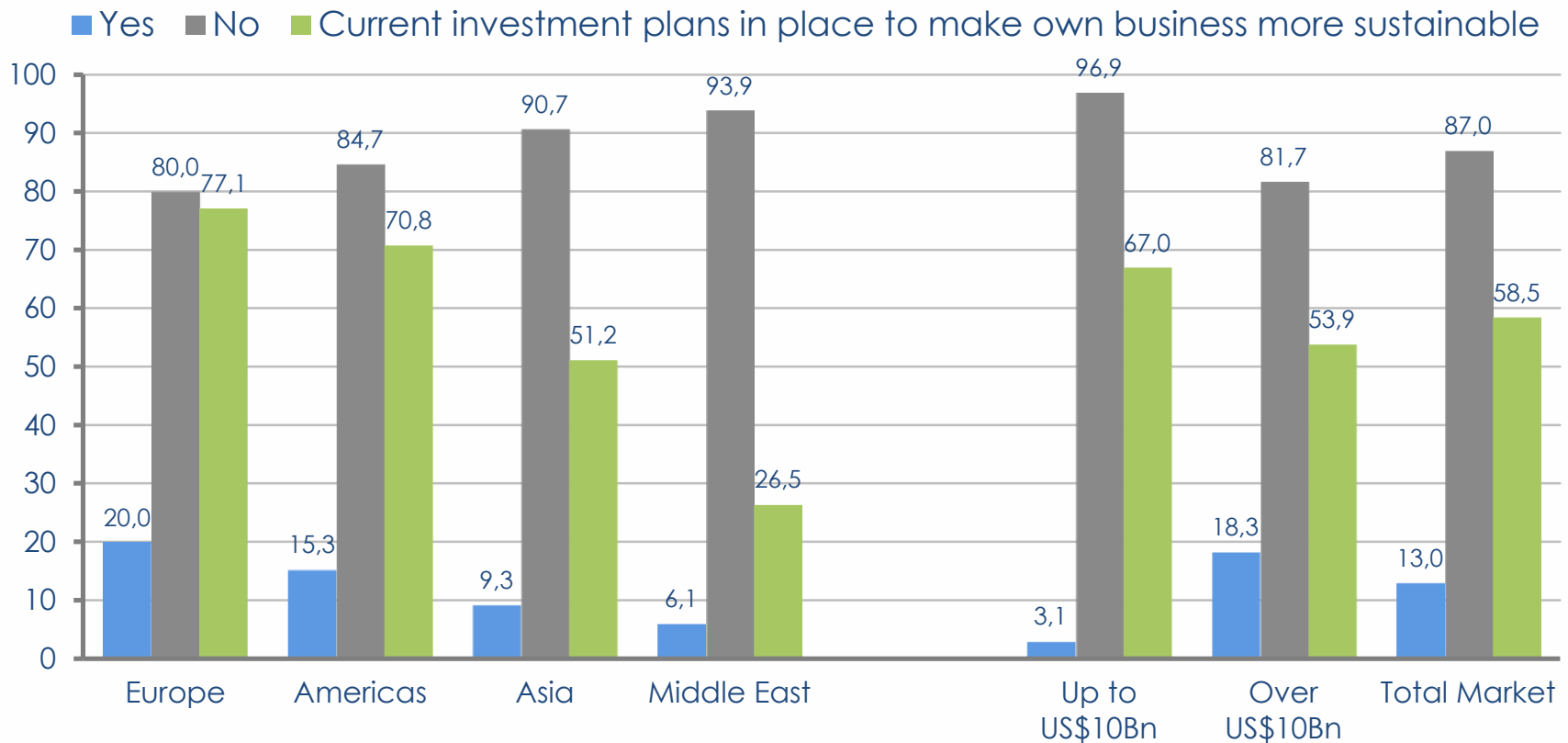
Sums to over 100 per cent due to multiple responding allowed

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Sustainability Investment Plans and Financing Strategy - Issuers

Do you have a green/sustainable financing strategy to raise capital for green initiatives/ investments?

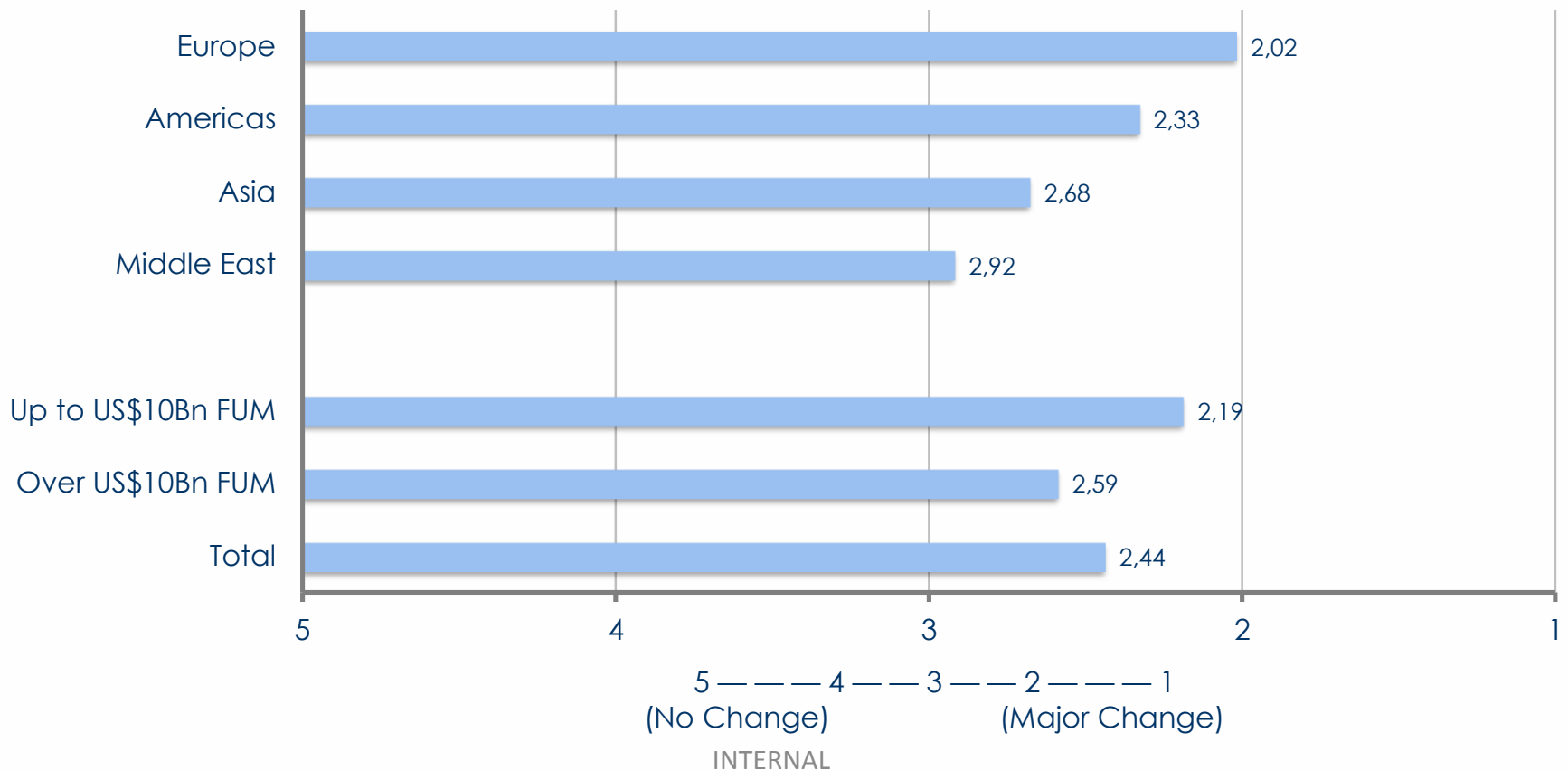
% of Regional Total



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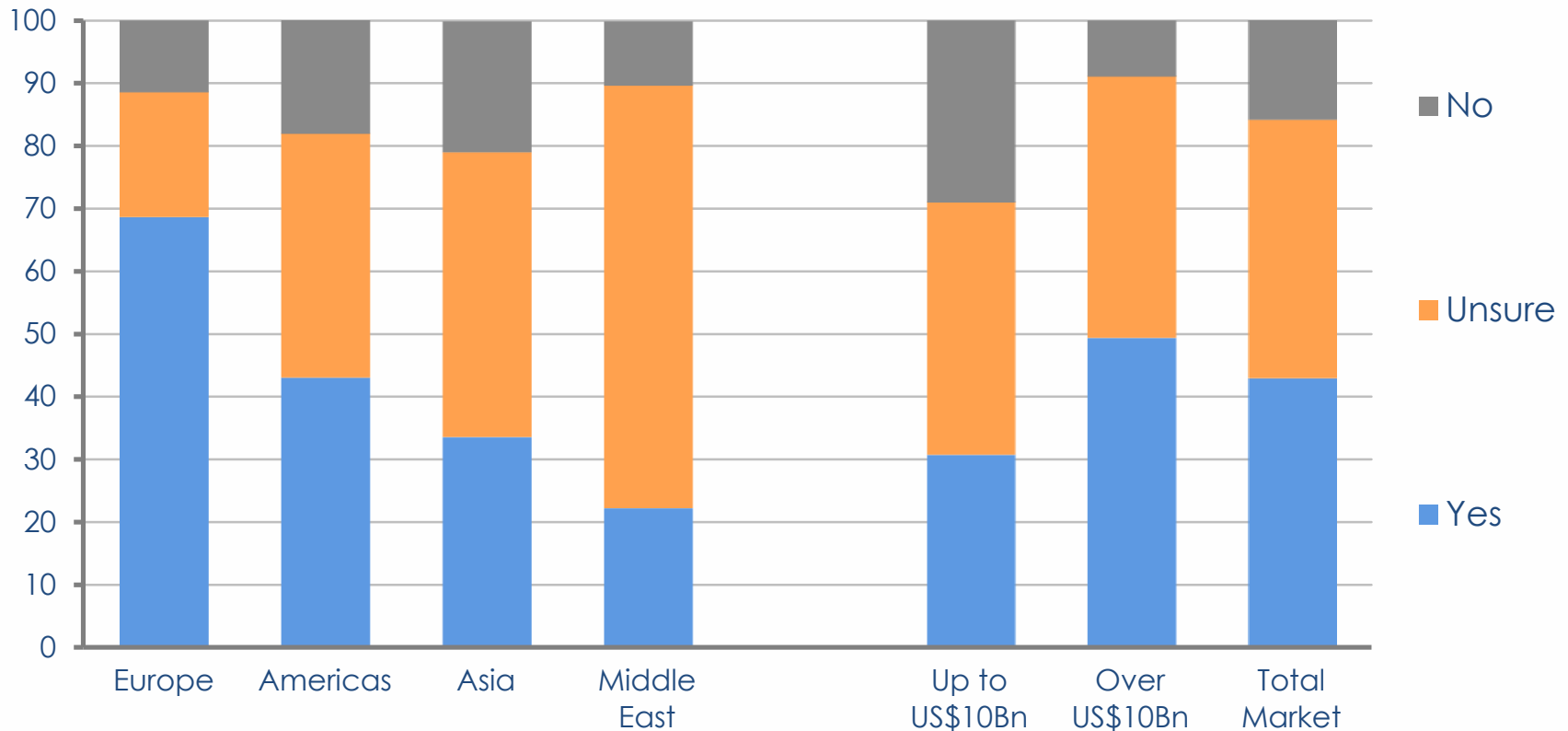
Impacts of the Paris Agreement - Investors

Changes in holdings as a direct results of the Paris Agreement to limit climate change to two degrees



Business Impact of 2015 Paris Agreement - Issuers

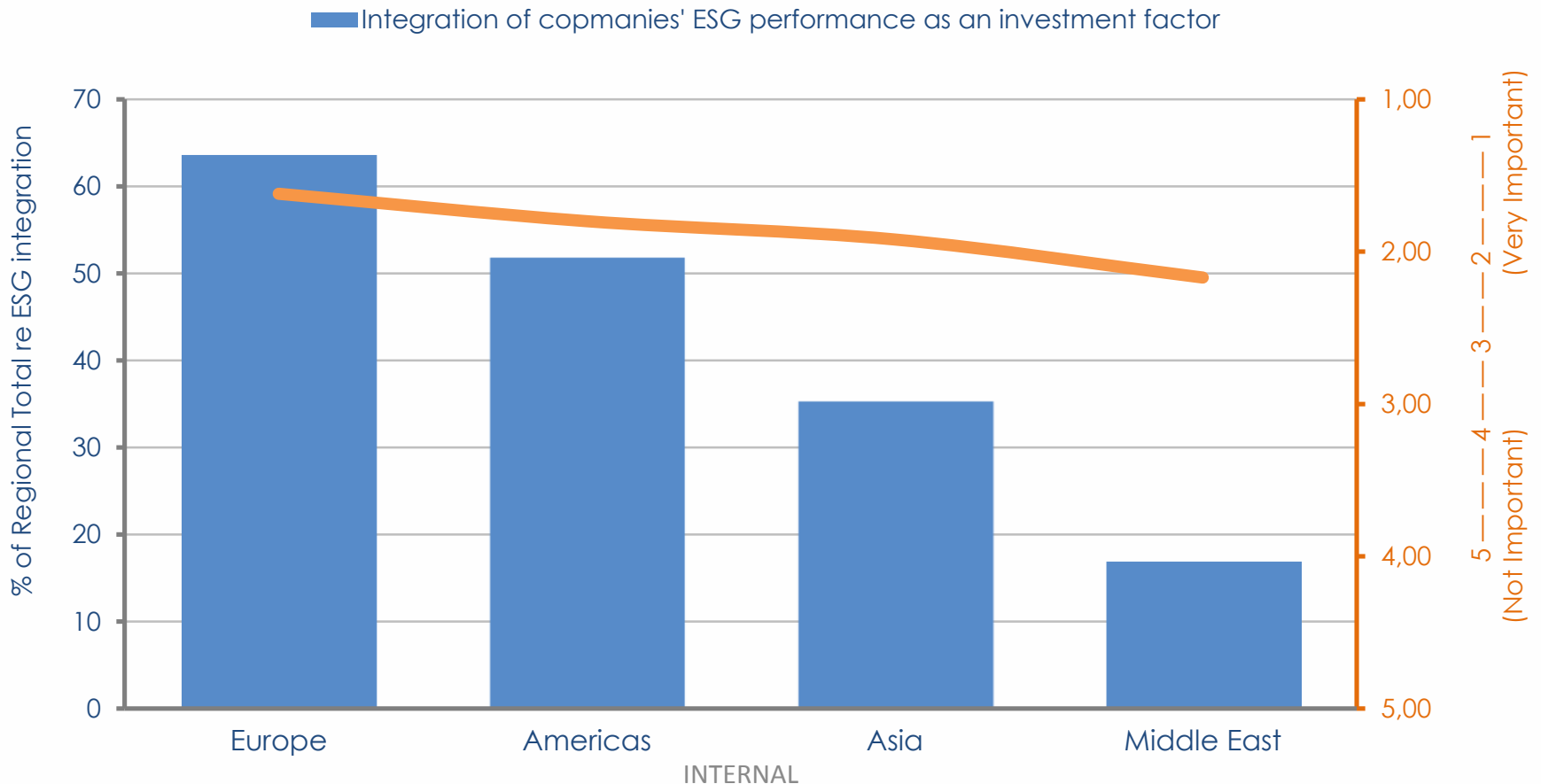
Do you believe the Paris Agreement will result in loss of value for certain types of economic activity or assets in your industry?
 % of Regional Total



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Awareness and Engagement

Investors are more likely to integrate ESG performance into their portfolio when they believe they play an important role in the transition to a '2 degrees' economy



Awareness and Engagement

- **+/- 98%:** very high interviewee participation rates
 - East & Partners' participation rates usually sit above industry standards at +/- 85%
 - Evidence of high level of engagement with sustainable finance as a subject
- European issuers and investors much more aware and engaged with green finance compared to global counterparts – Are European governments more vocal in support?
- The Middle East has to date been relatively slow to engage with sustainable finance solutions – have companies been using Islamic Finance to fund similar initiatives or are they hesitant due to a traditional reliance on fossil fuels?

Awareness and Engagement

- “We’ve been evaluating and investing in this sector for several years as part of our ‘responsible investment platform’ and feel we’re more advanced than most firms – actually well ahead of the game in our understanding of these”, Chief Investment Officer, GBP15Bn London institutional investor
- “Need to be very careful in selecting specific investments in the sector as there’s a lot of sub-par opportunities being presented; one of the reasons we don’t actually disclose even though we have a sizeable portion of the portfolio committed”, Portfolio Head, US\$28Bn, Hong Kong asset manager
- “Very keen to get into green issuance, having trialled Shariah financing recently as a way of diversifying our debt funding; we think we have some special projects that will appeal to the markets”, CFO US\$12Bn US resource company
- “Have found it hard finding quality advice on issuing paper into the ESG sector; demand seems to be high but getting a proposition together for a first try has been challenging”, Group Treasurer, US\$13Bn European manufacturer

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