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HSBC Survey: Sustainable Finance gaining steam among issuers and investors, but mismatch in investment opportunities

**** Sustainable supply chains important for Canadian respondents ****

**** Social issues not yet a priority ****

All but 2% of Canadian issuers are already factoring sustainability into their activities, according to a new survey conducted by HSBC among issuers and investors. But while they can find common ground on investment opportunities in infrastructure investment, such as energy-efficient buildings, sustainable public transport, and renewable energy sources, the two groups grow apart in clean power technology.

The HSBC Sustainable Financing and Investing Survey – which polled 182 Canadian companies from a variety of industries and sizes in September 2020 – revealed that:

- While issuers and investors are particularly concerned by pollution, the transition to lower emissions is still at quite an early stage: only 14% of issuers say they have a plan to reach full sustainability.
- Over 80% of Canadian issuers report no obstacles to investing in the country's green and sustainable economy.
- Investors are more cautious: around half (48%) report obstacles like lengthy funding commitments and a third do not factor sustainability into their decision-making. However, nearly 60% of those investors intend to start doing so.
- Issuers; however, are more confident: 59% say investing in Canada's green and sustainable economy is relevant to them, and they will be able to put money to work in these opportunities now or in the future.

"Sustainability is increasingly reflected in Canada's capital markets, with environmental questions in particular now a core element in their thinking about financing and investing. Most interesting, however, is the difference in challenges faced by issuers and investors. A lack of consistent regulatory environment, inconsistent disclosures and insufficient communications about investment opportunities are most often-cited as barriers for investors in sustainability initiatives," said Dan Leslie, Senior Vice President & Deputy Head of Commercial Banking for HSBC Bank Canada.

Investment opportunities: issuers and investors see them very differently

The change to a more sustainable economic model will create substantial new investment opportunities, with Canadian market participants already attracted to a wide range of them.

"Issuers and investors see potential in infrastructure investment, such as energy-efficient, sustainable public transport, and renewable energy sources. Solar power is the top investment opportunity among issuers, but ranks at the bottom among investors. It is the exact opposite when looking at hydrogen as an investment opportunity, indicating a mismatch between issuers and investors," added Leslie.

One theme that unites both issuers and investors, however, is their appetite for guidance on sustainability considerations. While the topics on which they seek insight vary — issuers seek assistance in marketing their sustainability stories, investors want to learn more about financial products like social bonds and green deposits — both are strikingly keen for external help.

Sustainable supply chains important for Canadian respondents

The COVID-19 pandemic swiftly highlighted how supply chains can become vulnerable, and in doing so also drew attention to the importance of making them sustainable. Responses to this survey also confirm that Canadian market participants see this as an important issue. Sustainability of supply chain is important to both issuers and investors, but the vast majority do not have clear governance process on it: only 8% of Canadian companies (issuers) currently rate their suppliers on ESG.

“Looking ahead, despite the COVID-19 pandemic, social issues do not yet appear to have gained as much focus. As environmental initiatives are gaining steam, the next stage for Canadian market participants is likely to be devoting more attention to social issues in their financing and investing approaches,” added Leslie.

The full report can be accessed [here](#)

The full Global can be accessed [here](#)

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Note to editors:

About this survey

The HSBC Sustainable Financing and Investing Survey is unusual in questioning issuers and investors at the same time, an approach designed to give a rounded understanding of the present conditions in the field. GlobalCapital, the capital markets newspaper, and Euromoney Data designed and conducted the survey of investors and capital markets issuers in Canada in September 2020. The study was designed to cover a wide diversity of organisations, by size and type of activity.

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