News Release

Investors in the Americas show soaring demand for green investments but barriers still remain: HSBC survey

December 8, 2016 – New York – Appetite for sustainable investments is picking up across the Americas as investors want to put more capital into low carbon and climate-related investments, according to a new survey by HSBC Group. In spite of rising demand, barriers around transparency of information and disclosure are hampering investors' ability to follow through on green opportunities.

The survey included insight from nearly 300 institutional investors and almost 300 corporations from from 14 sectors across Europe, the Americas, Middle East and Asia.

Investors keen to go green, but obstacles remain
According to the research, investors in the Americas are seeking more green investment opportunities, with nearly three quarters (74%) planning to increase their climate related or low carbon exposure.

Kurt Vogt, Managing Director, Sustainable Financing for HSBC Securities (USA) Inc., said: "Companies increasingly face pressure from their customers, employees and investors to align their investments and business models with a low carbon and sustainable economy."

"While sustainability is top of mind for companies we surveyed, increased awareness doesn't necessarily materialize into a flood of investment opportunities," he said.

Indeed, the report revealed that the vast majority of investors in the Americas (82%) believe a lack of credible opportunities is the largest obstacle to making green investments. Furthermore, 79% of the same investors cited moderately or highly inadequate disclosures as a top barrier to making green investments.

Nearly three quarters (72%) of surveyed companies in the Americas do not disclose their environmental impact, making it hard for analysts and investors to assess and compare how green they are – and only about 1-in-6 (15%) have sustainable financing strategies in place.

"To mainstream sustainable finance in the capital markets, banks, policymakers and regulators must come together to tackle these barriers," Vogt said.

"As an industry, we need to promote more actionable and standardized disclosure of firms' environmental impact and provide more compelling incentives for companies to issue sustainable financing instruments like green bonds."

The future looks green for investors and companies
Despite the barriers, momentum is building for green investments both among companies and the market.

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The research reveals an expected up-tick in sustainable commitment among Americas companies, with 33% of those not yet disclosing planning to do so in the next 12 months, resulting in potentially more market transparency and credibility.

Vogt said: “It’s no surprise companies are increasing their sustainable disclosures. With rapid urbanization across Latin America and the focus on urban infrastructure renewal programs in North America, market demand is on the rise.”

Vogt concluded: “Good progress has been made, and the direction of change is encouraging, but more must be done to shift to a low-carbon economy. We need to create a strong ecosystem for sustainable finance that provides tools and incentives for companies and investors alike to allocate capital towards projects with environmental benefits."

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About the HSBC Global Sustainable Financing report

The HSBC Global Sustainable Financing report was compiled by East & Partners in November of 2016. Respondents included 277 companies from 14 sectors, 276 institutional investors and 40 NGOs across Europe, the Americas, Middle East and Asia. Average turnover of companies surveyed was US$18.6 billion, and average Funds Under Management of investors surveyed was US$13.9 billion, and average annual budget of surveyed organizations: US$0.8 billion.

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