

Survey on ESG and Asia

Insights collected at PRI in Person event 2023



For professional clients and institutional investors only

Over the course of the PRI in Person conference, we engaged with 56 attendees including investment managers and asset owners, and inquired into their views on sustainable transition and investment in Asia through a survey. The following are the survey results and our interpretations.

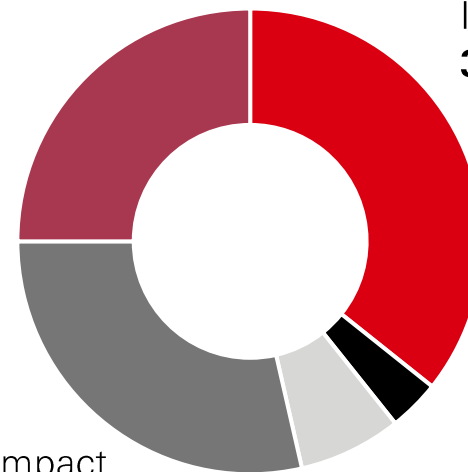
Questions on investment managers

Q: Which of the following approaches should investment managers prioritise in the next 3 -5 years if they intend to **expand sustainable investments** (SI) in Asia?

Integration of ESG factors is often seen as the first step to sustainable investing. With this being the top choice (36%), it can be assumed that most respondents believe there is still **room for improvement** in this area (e.g. in terms of consistency, asset class coverage). The development of sustainable investment solutions, impact and thematic strategies included adds up to 36% as well, while 'education of Asian investors' is the bottom choice, suggesting that investment managers can enhance their product offerings before moving onto investor education.

Active stewardship through voting and engagement **25%**

Integration of ESG factors **36%**



Development of impact investment strategies **29%**

Education of Asian investors on SI topics **4%**

Development of thematic investments **7%**

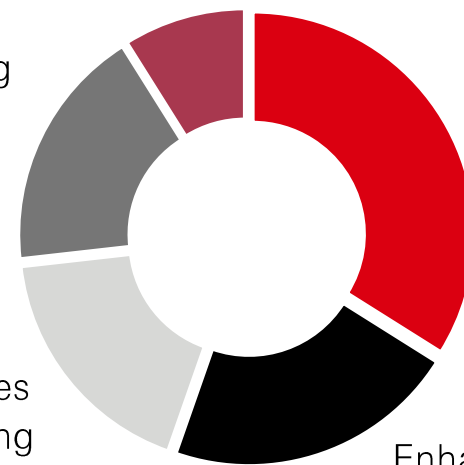
Q: Listed below are some steps an investment manager may need to **implement within their organisation to build a robust SI capability** in Asia. According to you, which action should they prioritise?

Incorporating sustainability metrics into investment professionals' scorecards is perceived as the most important, while increasing SI related headcounts is the least favoured choice. As the 5th Edition of the HSBC ESG Sentiment Survey¹ suggests, respondents may think that enough specialists have been hired. Now investment managers are at a stage to integrate ESG into business decisions by making it an **objective part of their assessment and remuneration**.

Increase headcounts and new hires with expertise related to SI **9%**

Invest in improving ESG data quality **18%**

Integrate ESG factors into remuneration of investment professionals **34%**



Improve governance structures and policies to avoid greenwashing **18%**

Enhance internal and external communication on SI related topics **21%**

Questions on other stakeholders

43% of respondents advocate for **real economy businesses** in Asia to prioritise the **transition**

to a net-zero business model to support sustainable economic growth. Decarbonisation has also been ranked top among other environmental issues that investors will focus on in the HSBC ESG Sentiment Survey². The next choices - preserve biodiversity and natural capital, adapt to extreme weather conditions, improve corporate governance, and support equality and worker's rights – are of similar importance. But, if we single out answers from respondents that work for organisations operating in Asia, 'preserve biodiversity and natural capital' drops to zero, indicating that this are relatively less important topics at this stage.

34% of respondents express their belief that **governments and public agencies** in Asia should

facilitate the early and responsible closure of GHG-intensive assets to support a **just transition**.

This does not come as a surprise with the world's largest coal producers and consumers being China and India³. It is acknowledged that efforts of Asian governments in reducing their countries' reliance on fossil fuels underpins the success of a global just transition. 'Develop and improve access to affordable, environmentally sustainable energy', 'provide policy support and tax incentives for green products and services', and 'support "green" jobs growth and skills development' come next with similar polls.

1. Reference to Question 20 in the HSBC ESG Sentiment Survey 5th Edition (July 2023). For the full report, please visit <https://www.research.hsbc.com/R/51/tNPtIcm>

2. Reference to Question 5 in the HSBC ESG Sentiment Survey 5th Edition (July 2023). For the full report, please visit <https://www.research.hsbc.com/R/51/tNPtIcm>

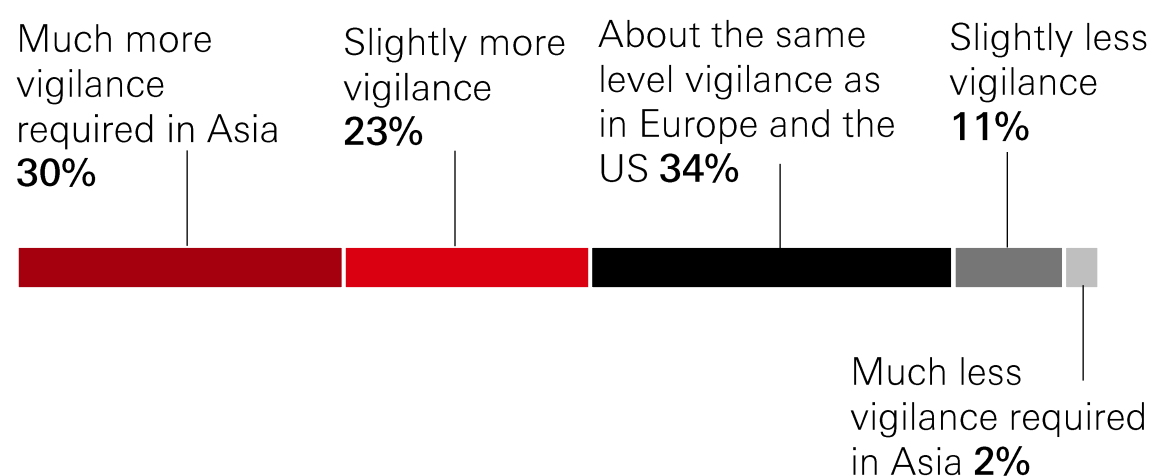
3. International Energy Agency 'Coal 2022'. For the full report, please visit <https://iea.blob.core.windows.net/assets/91982b4e-26dc-41d5-88b1-4c47ea436882/Coal2022.pdf>

Source: HSBC Asset Management and Morningstar, data as of October 2023. The information contained in this publication is not intended as investment advice or recommendation.

Questions on Asia compared to other regions

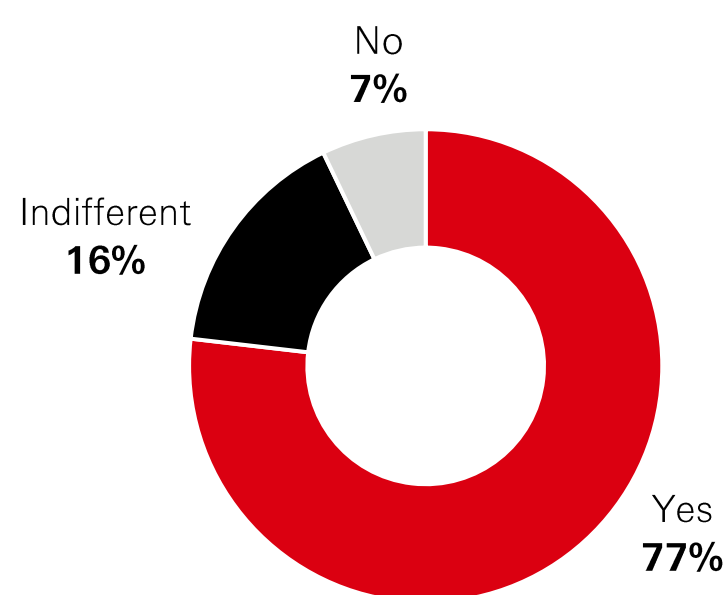
Q: Compared to Europe and the US, how much vigilance do you think is required to **avoid the risk of greenwashing** when investing in SI in Asia?

While **53%** of respondents mention that **greater vigilance is required when investing in SI in Asia**, 47% also believe it should stay the same or lower. As such, there is a polarised view and the slight skew towards having more vigilance could be due to the greenwashing concerns making headlines in Europe and America.



Q: Do you support the gradual **alignment of SI related regulations in Asia towards European standards**?

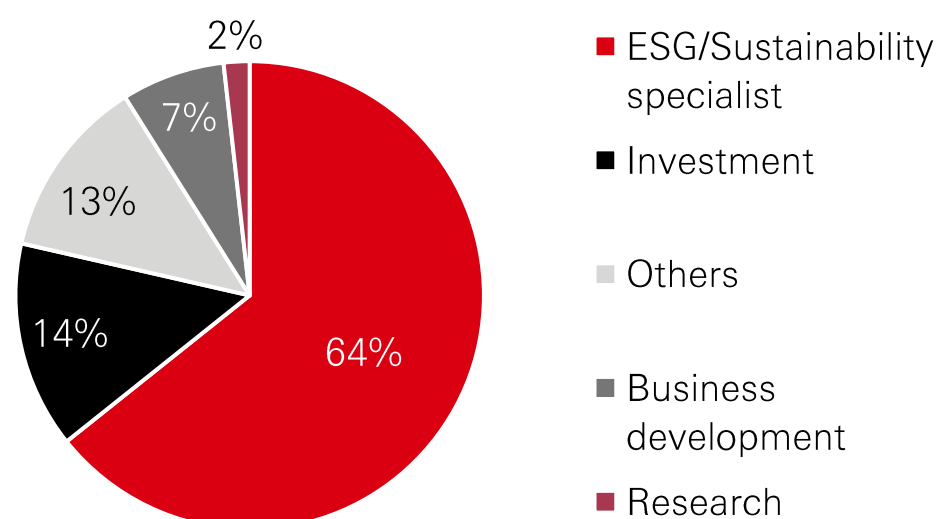
An overwhelming **77%** of respondents support the **gradual convergence of SI related regulations in Asia with European standards**. Again, even if we only look at answers from Asia, the distribution is still the same. Global alignment of disclosures and regulatory frameworks has been a recurring theme at this year's PRI in Person conference, where we observed **consensus on promoting convergence, consistency and interoperability of policies** across jurisdictions.



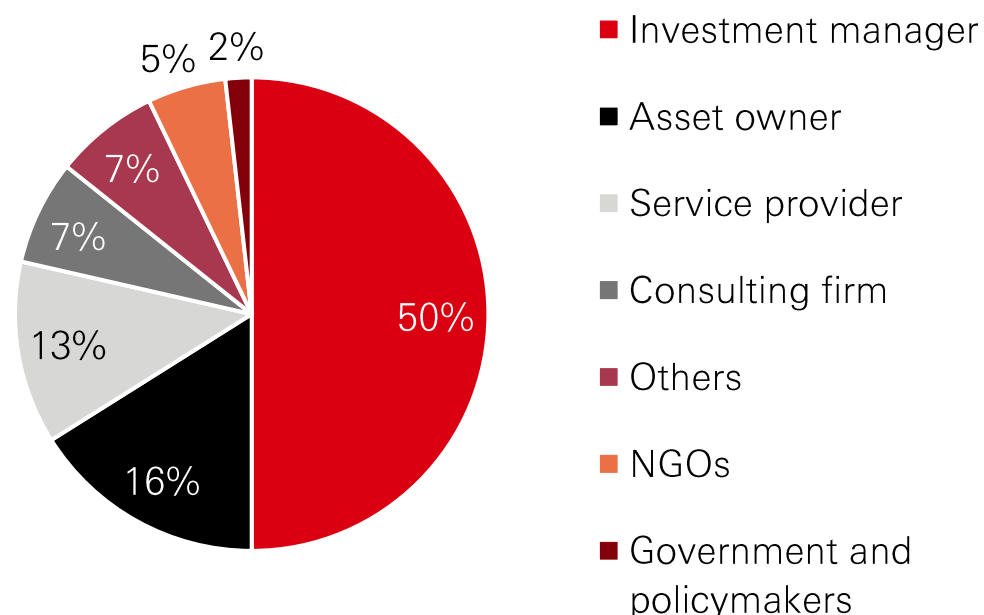
Profile of respondents

The profiles of the 56 respondents in terms of company type, job role and region are summarised in the following graphs. All participants responded to all 6 questions in the survey. By asking the question 'In which region does your organisation/ company operate?', we intend to isolate respondents who may provide an Asian perspective when completing the survey. However, this group may be underrepresented as respondents working in companies/ organisations with global coverage but physically based in Asia are not taken into account.

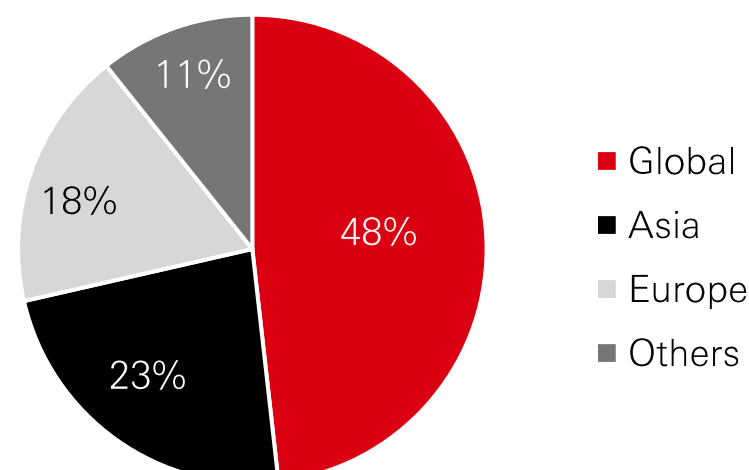
Which area do you work in?



What type of organisation/ company do you work for?



In which region does your organisation/company operate?



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