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## **European capital markets issuers and investors world-leading in their zero-carbon commitments**

*HSBC survey finds 97% of European companies plan to start transition to ESG-friendly business models within five years*

(London) – In the global drive towards carbon neutrality, European companies that raise finance in the global capital markets are leading their peers – 24% of issuers (16% globally) have already made a net zero commitment, according to HSBC’s Sustainable Financing and Investing Survey 2021.

The vast majority of issuers in Europe (97%) and across the world (94%) are planning to start transitioning away from environmentally and socially-challenged business models within the next five years, the survey shows.

European investors are demanding that companies make these changes, with almost all of them (99.6%) saying it’s either “important” or “vitaly important” for entities they invest in to be preparing for the effects of climate change. Almost 11% (23% globally) of those who deem it vital say they will divest themselves of companies that don’t have credible transition plans.

In their commitment to carbon neutrality, European investors are world leading themselves – 38% have already made a net zero pledge, compared with 17% of investors globally. 91% of European investors (43% last year) say they have a firm-wide policy on responsible investing or ESG issues, marking the highest percentage of any region.

27% of issuing companies in Europe say their businesses are already being impacted by climate change, compared with 50% globally. 72% of European issuers state they are considering reducing or exiting some business activities which could be vulnerable to climate change, the highest percentage of any region globally.

At the same time, 68% of all surveyed companies in the region are considering starting or ramping up businesses that will benefit from climate change.

Colin Bell, CEO of HSBC Bank plc and HSBC Europe, said: “While the drive towards greater sustainability is a global movement, European investors and issuers are at the forefront of it, demonstrating across many areas what change can look like. The transition to a net-zero global economy will require collaborative and consistent efforts across our economies and societies, with sustainable finance playing a key role. We will continue to support our customers in achieving their growth and sustainability goals.”

Simon Vaughan Johnson, HSBC Malta CEO, said: “Sustainability is a key element of our safe growth strategy and we are committed to providing our customers in Malta with sustainable investment choices. With a full range of Euro denominated Responsible Investment Funds, which offer investment opportunities to develop a functioning carbon-offset market, we aim to help build a thriving and resilient future for investors and the wider community in Malta.”

An increasing number of European investors say there is now nothing holding them back from pursuing Environmental, Social and Governance (ESG)-based investing – (88% compared to 54% last year). With the global average at 64%, this marks the highest percentage of any region. Of the 12% who see themselves being held back, 43% say that is down to a shortage of expertise or qualified staff.

European investors still think issuers need to improve their environmental disclosures with 38% branding them “inadequate”. They are also concerned about greenwashing, or false claims of environmental benefits, with 66% saying it is a concern.

There are initiatives to create labelling systems to show that certain issues are independently verified as sustainable, for example in sustainable infrastructure. 64% of European investors said they would be much more confident about investing in sustainable infrastructure if such labelling system was implemented, the survey shows.

**Download full report here**

<https://www.gbm.hsbc.com/en-gb/feed/sustainability/sfi-survey-europe-report>

***HSBC Sustainable Financing and Investing Survey 2021***

The HSBC Sustainable Financing and Investing Survey 2021 is an annual global survey of 2,000 capital market issuers and institutional investors. The survey was run during May and June and was designed and executed by Euromoney Institutional Investor PLC. Respondents were split evenly between issuers, from across 19 industries, and institutional investors, including asset allocators and asset owners. In total, respondents were based in 34 territories across the regions of Americas, Europe, Middle East, Asia-Pacific, and Asean.

The global report and regional reports for Asia Pacific, Americas and Middle East can be accessed here: <https://www.gbm.hsbc.com/en-gb/campaigns/sfi-survey>

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