

# Inside the Investor Mindset: Sustainability's Growing Influence

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Sustainability is a multi-layered consideration for investors, revealing increasing complexity across regions, strategies, asset classes, and themes. However, one constant remains: professional investors are highly committed to sustainability, with this commitment continuing to grow. Our survey of 500 global investment professionals shows they are not simply recognising environmental and social factors—they are actively restructuring portfolios and investment frameworks around sustainability principles. This evolution demonstrates a sophisticated approach, viewing ESG and sustainable investing as both a response to global challenges and a means to achieve long-term financial performance and reputational resilience.

## Key findings

- ◆ **Sustainability and financial performance go hand in hand:**  
79% respondents recognise a positive correlation between sustainability integration and long-term financial performance.
- ◆ **Increased sustainable allocations:**  
73% of respondents are reporting increased allocations to ESG and sustainable investments over the past year.
- ◆ **Impact investing on the rise:**  
46% of respondents prioritise sustainability-driven impact investing and 45% seek more innovative impact solutions.



## Sustainability remains an important consideration for professional investors

Professional investors demonstrate a strong commitment to sustainability, with climate and environmental considerations achieving remarkable prominence within investment strategies. The survey reveals that 72% of professional investors regard climate and environmental issues as very or extremely important to their overall approach. This overwhelming consensus is manifesting in concrete portfolio allocations that signal genuine commitment rather than superficial engagement. A majority of investors (52%) have allocated over one-quarter of their assets to ESG and sustainable investments, with 73% of investors reporting increased allocations over the past year alone. These tangible investment decisions provide compelling evidence of sustainability's integration into mainstream finance.

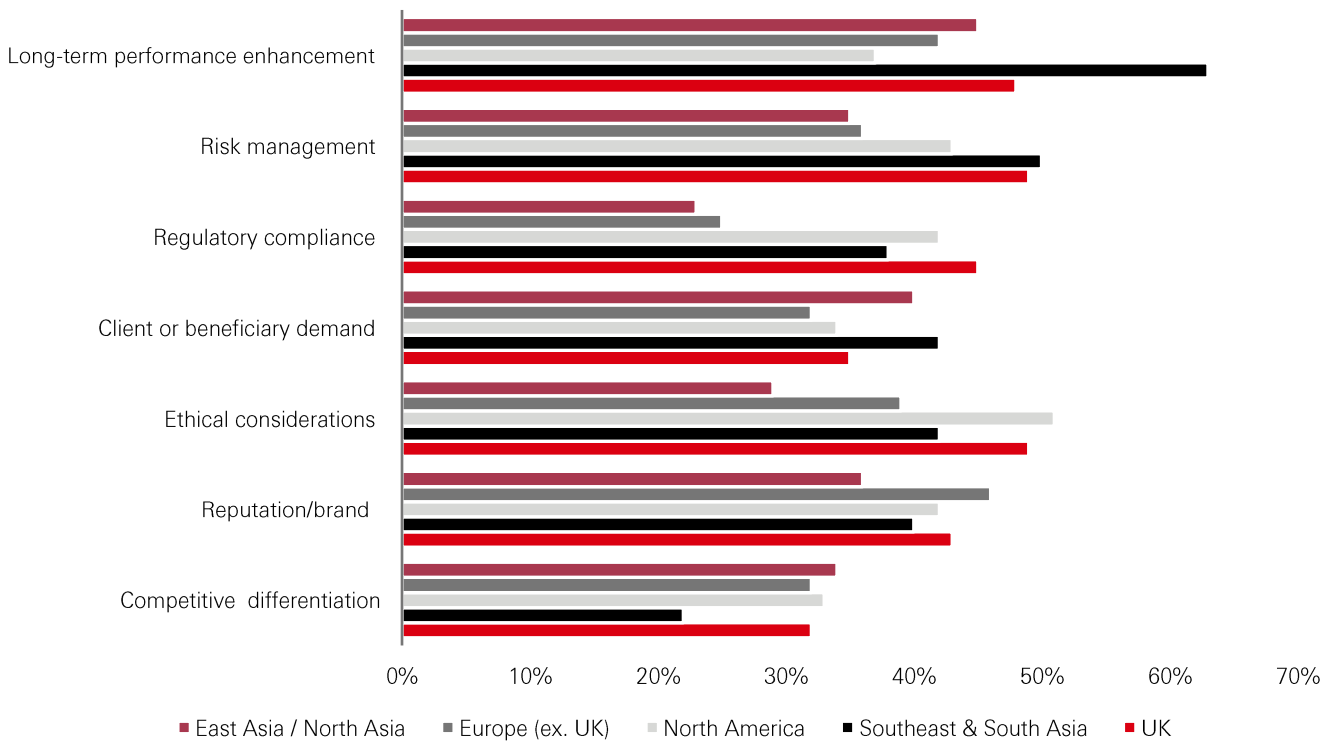


## Sustainable investing on the upswing in Asia

Regional variations in this global trend reveal important nuances in how sustainability priorities are manifesting across different markets. Southeast and South Asia emerge as particularly dynamic regions, demonstrating the strongest momentum with 80% of investors increasing sustainable assets over the past year and 47% planning further increases over the next three years.

The motivations driving ESG and sustainability integration vary across geographies, yet one factor stands out globally: long-term financial performance. 79% respondents recognise a positive correlation between sustainability integration and long-term financial performance, making it a primary driver. Asian investors demonstrate particularly strong conviction in this performance link, with 54% citing long-term performance enhancement as a key motivator (vs. 47% global average). Beyond performance, regional priorities diverge in meaningful ways. Investors in the Americas are notably driven by ethical considerations, with 49% citing this as a key motivator (vs. 43% global average). European and UK investors, meanwhile, show heightened sensitivity to reputational implications, with 45% motivated by brand and reputation concerns (vs. 40% globally). These regional differences suggest that whilst sustainability has achieved global relevance, the pathways to integration remain culturally and contextually specific.

### Primary motivations for incorporating climate and environmental issues into investment strategy



## Institutional investors continue to show strong climate commitment

Examining sustainability commitment by investor type also reveals that some demonstrate particularly strong engagement with climate issues. Sovereign funds, central banks, and development banks lead with 83% regarding climate issues as extremely or very important to their investment strategies (vs. 72% global average). Notably, venture capital and hedge funds, traditionally associated with different investment horizons and risk profiles, demonstrate nearly equivalent commitment at 82% each, suggesting that sustainability considerations have permeated diverse investment philosophies and time horizons.

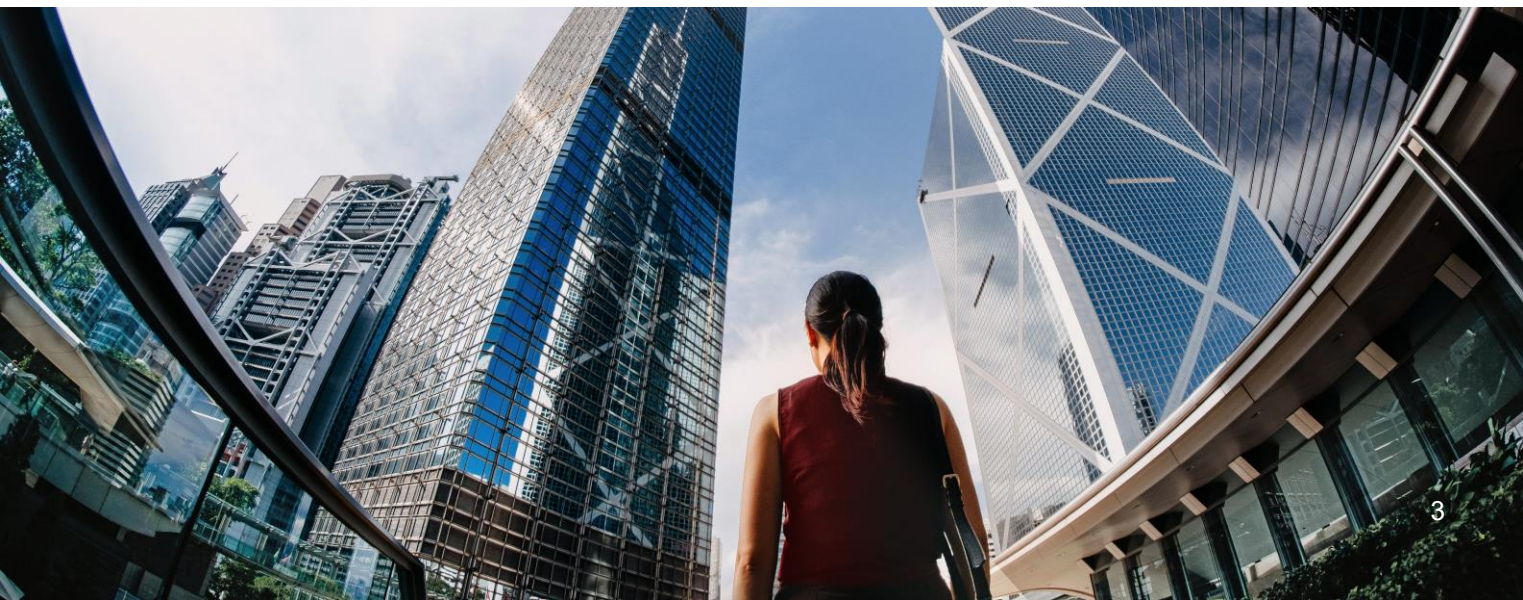


## Why implementing sustainability remains difficult

Despite widespread commitment to sustainability, investors confront operational and strategic challenges in implementing sustainability-focused strategies. Data quality emerges as the predominant operational hurdle, cited by 46% of respondents. This challenge underscores the critical importance of trusted technology and data solutions capable of providing reliable, comparable, and decision-useful sustainability information.

Looking forward, investors anticipate an evolving challenge landscape that extends beyond operational concerns to encompass broader systemic risks. Future concerns include geopolitical backlash against sustainability initiatives, which worries 26% of investors, regulatory pressures cited by 28%, and widespread greenwashing concerning 22%. This anticipated shift from operational to strategic challenges suggests that as technical implementation issues are gradually resolved, investors expect to navigate increasingly complex political, regulatory, and credibility landscapes.

### The biggest challenges in integrating sustainability into investment strategy





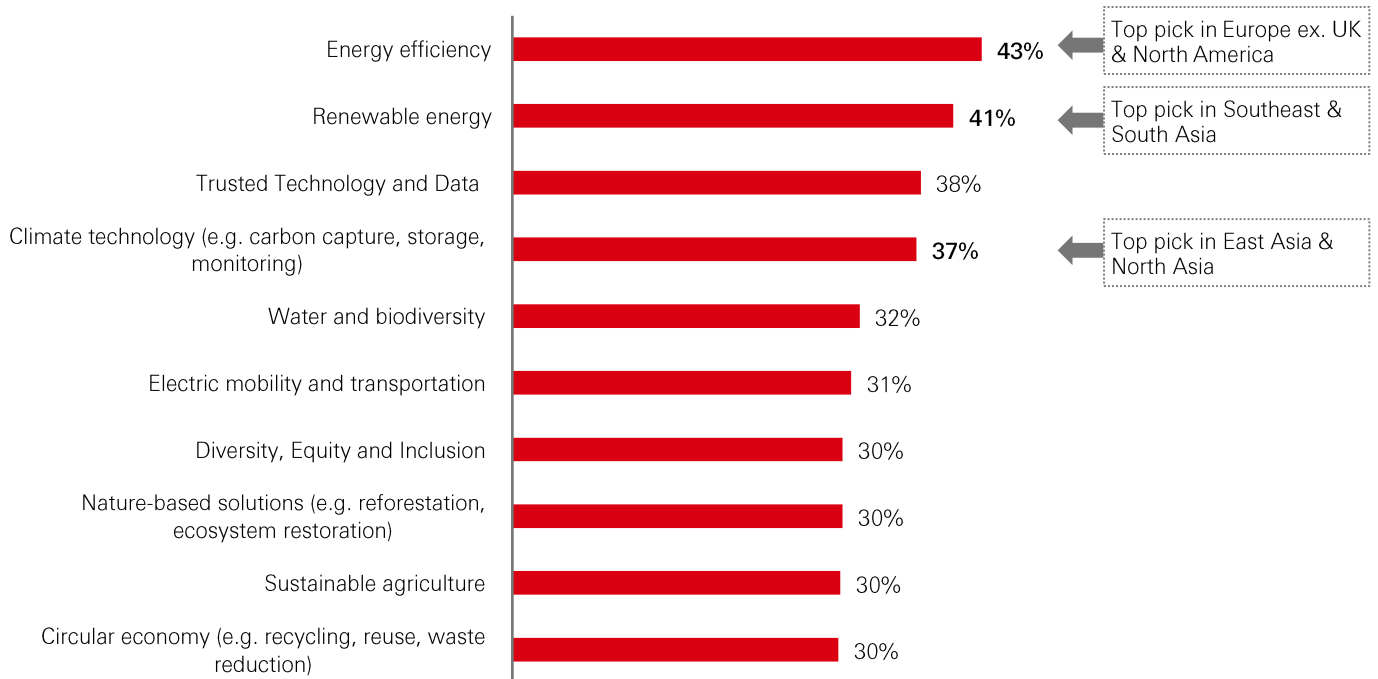
## Sustainability priorities and interests are broadening

The thematic priorities emerging within sustainable investing reveal a broadening scope that extends well beyond climate considerations alone. Whilst climate change and net zero pathways remain central, cited by 45% as a priority, inclusion themes have achieved equivalent prominence at 45%, with even 30% viewing it as a promising sustainable investment over the next three years. Human rights issues similarly command attention from over two in five investors at 44%, indicating that social and governance dimensions of sustainability are achieving parity with environmental concerns.

Looking forward, investors aim to enhance sustainability reporting and focus more intensively on impact investing, with 44% identifying these as priorities. Impact investing has emerged as an area of focus, with 46% of investors prioritising sustainability-driven impact investing and 45% seeking more innovative impact solutions. This emphasis on measurable positive outcomes alongside financial returns represents an evolution beyond negative screening or risk management towards proactive value creation through sustainability.

Investment theme preferences vary notably by region: renewable energy demonstrates particularly strong appeal in Southeast and South Asia (51%), North America (46%), and the UK (40%) as a promising investment over the next three years. However, this theme generates comparatively less enthusiasm in Europe (35%) and East and North Asia (28%). Other regionally differentiated priorities include climate technology such as carbon capture, storage, and monitoring in East and North Asia (45%), energy efficiency in North America (48%) and Europe (42%), and trusted technology and data solutions in the UK (40%).

### Top 10 most promising themes and sectors for sustainable investment over the next 3 years



## Conclusion

The insights presented reveal that sustainability has moved from aspiration to necessity for our survey respondents. The direction is clear. Investors are seeking more sophisticated sustainability solutions, credible impact measurement and transparent reporting. This consideration of sustainability credentials indicates that asset managers cannot treat sustainability as optional or peripheral but must demonstrate genuine integration into their organisational identity and investment processes to support long-term value creation.



## Supporting our clients' climate investment objectives

With climate and environmental issues remaining of high importance to clients, at HSBC AM we seek to drive climate implementation as follows:

- ◆ **Assessing issuer net zero alignment** with forward-looking indicators.
- ◆ **Targeted engagement** with high-emitting issuers to support their transition.
- ◆ **Directing capital** towards climate solutions tailored to client objectives.
- ◆ **Screening out issuers** not aligned with our policies and product guidelines.

We developed our internal climate product framework<sup>1</sup> to help further define our sustainability offering. In support of HSBC Group's net zero ambition we have a policy to phase-out from thermal-coal fired power and thermal coal mining (collectively 'thermal coal') by the end of 2030 in EU / OECD markets and by the end of 2040 in all markets, and a phase-down energy policy<sup>2</sup>. Our approach is designed to support different client needs, and our framework includes key characteristics that should be applied to our ESG and sustainable investing solutions, should customers want to mitigate risk or seek value creation through considering climate factors in their investment horizon.

Good governance is designed to be at the core of how we conduct business in support of our clients' objectives. Our sustainability governance framework is structured to provide ongoing strategic oversight and accountability, effective decision making, assurance and delivery across the key components of our responsible investment activities, including climate-related policies and commitments.

We remain committed to providing innovative solutions tailored to meet the diverse investment objectives of our clients. This approach supports progress towards achieving our interim target of reducing scope 1 and 2 financed emissions intensity by 58% between 2019 and 2030 for the in scope assets under management, consisting of listed equities and corporate fixed income managed within our major investment hubs.

### Methodology

The results in this report are based on an online survey with n=500 professional investors, which ran from the 22nd to the 26th of September 2025. We surveyed respondents globally and derived regional insights from five key locations: East Asia / North Asia (n=80), the UK (n=75), Europe (excluding the UK) (n=84), North America (n=67), and Southeast & South Asia (n=107). The respondent base spans across different types of professional investors including sovereign wealth funds, treasuries, family offices, hedge funds, insurance, pension funds, private banks and wealth management firms, who manage assets from less than US\$100 million to over US\$1 trillion.

1. HSBC Asset Management applies a climate product framework for the internal classification of climate-related strategies. The framework is used to promote consistent standards across asset classes where relevant. Strategies within the climate product framework may not necessarily be marketed as sustainable externally, depending on the relevant regulatory regime for sustainable investment disclosure where there may be differences in requirements. The climate product framework should not be relied on to assess the climate-related characteristics of any given product; please refer to the relevant product literature for further information.
2. Our current policies including their application can be found here: <https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies>



Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>

Our lead entity HSBC Global Asset Management Ltd has an interim target of reducing scope 1 and 2 financed emissions intensity by 58% between 2019 and 2030 for the in-scope assets under management (AUM), consisting of listed equities and corporate fixed income managed within its major investment hubs. As of 31 December 2019, in-scope assets amounted to USD193.9 billion, equating to 38% of global AUM. The target remains subject to consultation with stakeholders including investors and fund boards on whose behalf it manages the assets. The 58% reduction target is based on assumptions for financial markets and other data, including the IEA's 2021 Net Zero Emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO<sub>2</sub>e/USD Million invested), where emissions are scaled by enterprise values including cash.

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