



Global Investor Survey 2022 – Mainland China/ Hong Kong takeaways

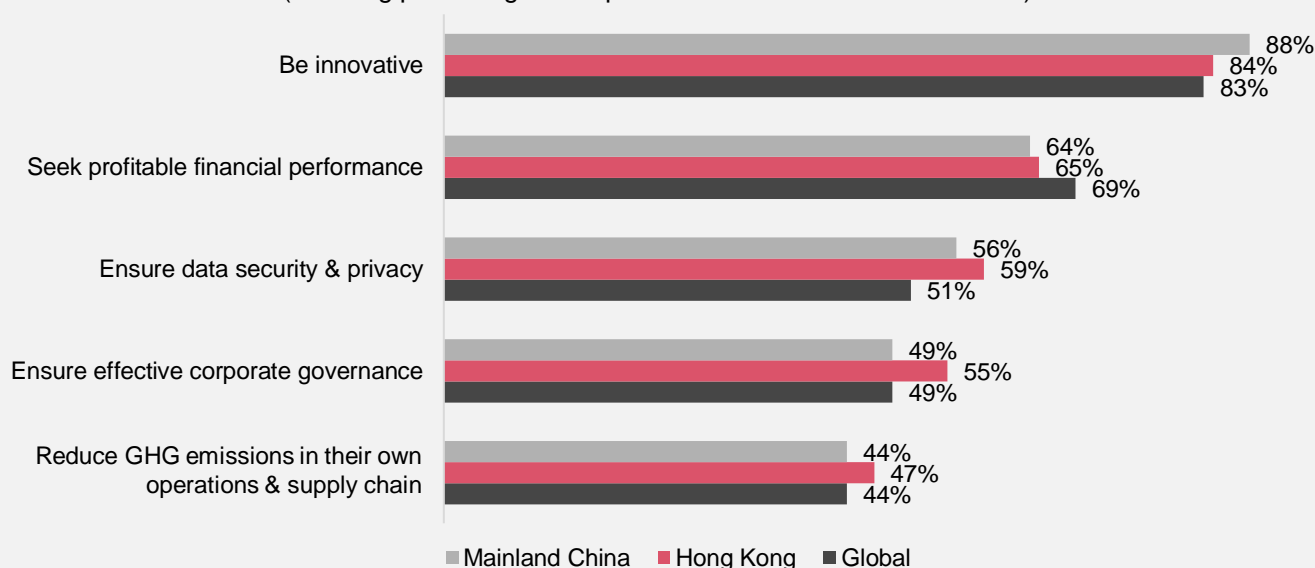
Why ESG matters in the age of uncertainty

Investors' lens: What is being valued in companies' sustainability efforts

In the PwC Global Investor Survey 2022, we look at how economic uncertainty, political upheaval, and environmental and social concerns weigh upon investors' decisions and gain insights on how this might play out. The study sheds light on actions that business leaders can take to guide their ESG initiatives. Our 2022 global survey captures the insights of 227 investors and analysts across 43 territories, of which 121 professionals in Mainland China and Hong Kong have also been covered.

The Mainland China / Hong Kong findings in general followed the global pattern that sustainability is considered as a priority for companies, and call for financial discipline and greater transparency. The view on the level of importance of priority outcomes is consistent across investors around the globe, with Hong Kong investors in particular, attach greater importance on data security & privacy, corporate governance, as well as greenhouse gas emissions reduction than their counterparts. In Mainland China, more investors view “being innovative” as key priority for business to help deliver.

Outcomes that investors see as top priorities for business to help deliver
(Showing percentage of respondents who chose each outcome)





Ample room for ESG investments to grow

While institutional investors have incorporated ESG lens in evaluating businesses, close to half of them have invested less than 1% of their total assets under management (AUM) in ESG- or sustainability-themed products. There are valid drivers to push for greater adoption, such as client demand, societal interest, and regulatory risk management. Yet, greenwashing concern is a global issue – 89% of investors in Mainland China and 92% in Hong Kong (global: 87%) believe corporate reporting contains unsupported sustainability claims. Companies need to step up to alleviate such concern and to strengthen investors’ trust, thereby attracting capital flow into the business.

To ensure the quality of financial statements and note disclosures is a top priority, as investors rely heavily on those in their investment assessment. But to foster trust, it is essential to go beyond genuine reporting of fundamental data. Of equal importance, companies should make strategic plan for each of the ‘E’, ‘S’, and ‘G’ aspect, execute well, properly track and communicate the progress so that the performance can be captured in third party data sources and manifested in form of alternative data – which have been used by Mainland China and Hong Kong investors more often in company analysis compared to global peers.

Sources of information investors use for company assessment

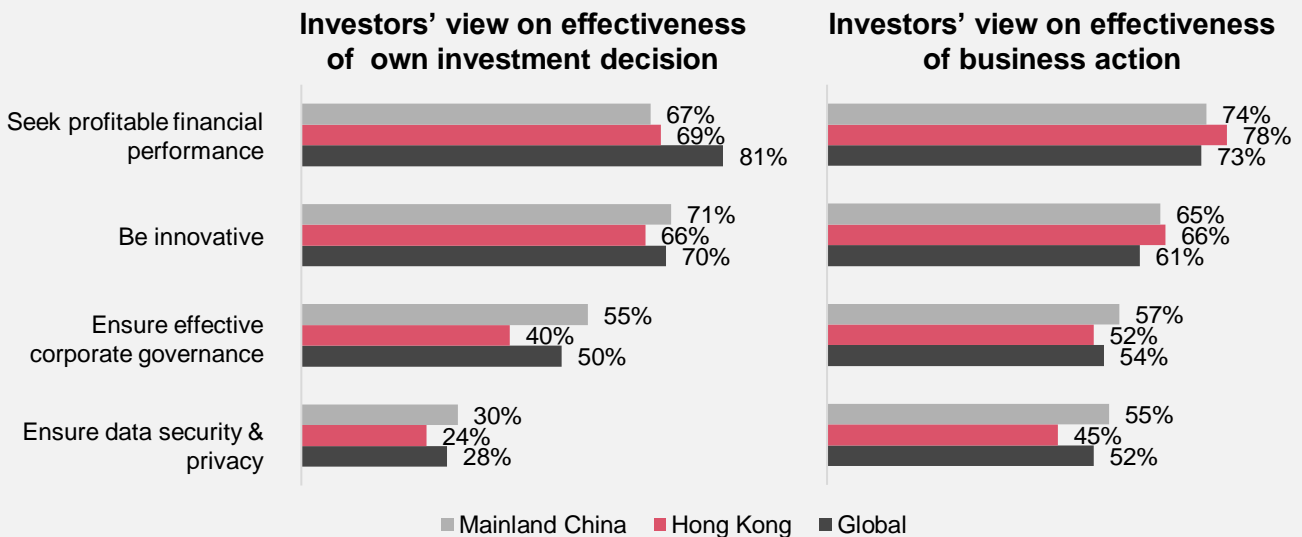
(Showing percentage of respondents who chose ‘to a large extent’ or ‘to a very large extent’)

	Global	Mainland China	Hong Kong
Financial statements & note disclosures	66%	64%	70%
Dialogue with the company	62%	51%	47%
Narrative reporting aside from sustainability disclosures	51%	46%	49%
Third party data sources	43%	55%	59%
Materiality assessment disclosures	39%	36%	37%
Sustainability disclosures relating to environmental & social issues	29%	25%	26%
News media	30%	22%	18%
Ratings & scores from ESG ratings providers	22%	25%	28%
Alternative data	17%	20%	22%



Mindful about technology disruption

Hong Kong investors who took our survey have shown relatively lower confidence than global peers that they are effective at allocating capital to support businesses in achieving their priority outcomes. This is more likely a result of the negative sentiment built against geopolitical tensions and macroeconomic uncertainty, rather than loss of confidence as to the actions taken by companies and the effectiveness of their reporting. Companies should take note though, only 45% of the city’s investors think businesses have been effective in tackling data security & privacy, and 13% think information on data security and privacy has been effectively reported. However, the challenge of technology disruption has added complexity in addressing the issue.



The response from investors from Mainland China and Hong Kong recognised that progress has been made for corporates in the region on ESG and sustainability practices. However, it is apparent that additional progress is needed to catch up with its global incumbents.

Contacts



Amy Cai

ESG Managing Partner
PwC China
amy.cai@cn.pwc.com
+86 (21) 2323 3698



Loretta Fong

GBA and Hong Kong
ESG Services Leader
PwC Hong Kong
loretta.wh.fong@hk.pwc.com
+852 2289 2267



Qing Ni

ESG Markets Leader
PwC China
qing.ni@cn.pwc.com
+86 (10) 6533 2599



Loretta Ng

Climate & Sustainability Partner
PwC Hong Kong
loretta.ng@hk.pwc.com
+852 2289 2503



Mendy Wang

Climate & Sustainability Partner
PwC China
mendy.wang@cn.pwc.com
+86 (21) 2323 2887