

In conversation with Lavanya Chari, Global Head of Investments and Wealth Solutions at HSBC Global Private Banking and Wealth

Scaling up sustainability

Michelle Martin:

Hello and welcome. We are here to discuss some of the trends shaping the ESG investment landscape this year with Lavanya Chari. She's Global Head of Investments and Wealth Solutions at HSBC Global Private Banking and Wealth. Lavanya, great to meet you.

Lavanya Chari:

Thank you, Michelle. Very, very pleased to be here today.

Michelle:

So I hear sustainability is a topic that is close to your heart. Can you tell us why?

Lavanya:

There are a couple of main reasons. One is I feel strongly that we owe it to our future generations to leave a better planet for them.

I have two young daughters, and we talk about the issues facing the world quite a bit. A couple of years ago, when my daughter was six, I had taken her to a kid's birthday party, and there were these little cartons of apple juice with straws.

And she said, "Mama, I can't drink that because the straw is made of plastic."

And I was surprised and very happy and decided to include my children in my lifestyle pledge as well.

The second reason, Michelle, is that I genuinely believe that all of us can make an impact, and all of us can contribute to sustainability. And for me, I plan to do that, and I drive sustainability by embedding those values in my personal and professional life.

I have the privilege of leading Investments and Wealth Solutions, and one of our key priorities is ESG.

Michelle:

Given your role, Lavanya, what do you see as key trends emerging at the forefront of ESG investing this year?

Lavanya:

The first one is the fact that investor interest will continue to grow. And ESG is a hot topic for investors and will continue to remain a hot topic for investors. And that wasn't necessarily the case a few years ago.

And recently, we conducted a survey with several ultra high net worth, high net worth and affluent clients in Asia, and close to 50% of them said that they expected all their investments – their entire investment portfolio – to be made up of sustainable investments in the next three to five years. And that is a very, very big statement.

The second trend is that COP26 has driven conversations which are broader than just climate change. And climate change is an important topic and will continue to be an important topic.

But now the world is also focused on aspects like biodiversity loss, which is extremely important. And the UN recently mentioned that the loss of biodiversity is a systemic risk, and we at HSBC have a partnership with Pollination Climate Asset Management, which enables and which provides nature-based solutions to help combat biodiversity loss.

The third is the fact that the S in ESG is also becoming important. There has been a huge focus on the E, the environmental aspect, and rightly so. But the way companies behave towards communities, towards society, towards their employees is becoming increasingly important. And I want to emphasise the fact that being a socially responsible company does not come at a cost.

And recently we've launched a sustainable healthcare fund, which is focused on one of the key sustainable development goals of the UN.

Michelle:

Well, clearly it's important to invest in ESG. So how is HSBC enabling investors to get started on their ESG journey?

Lavanya:

So we're doing a lot of things, and in my opinion, sustainable investing helps our investors marry contributing to society and to environment with generating long-term returns. And that is exactly what we do for our clients.

We start with client education on ESG because almost 60% of investors say that they want to invest in ESG, but they don't quite know how to do it. So we ensure that we educate our clients with a lot of information led by our CIO thought leadership articles.

And then we ensure that we recommend and suggest the best possible products for them.

Michelle:
What are some of the opportunities that you can identify now when it comes to ESG investing?

Lavanya:
Several opportunities. So I would categorise them in three different buckets.

One of them is ESG enhanced, and this is how we will enable our clients to build a core portfolio. The second is ESG thematic investments, and clients can invest in different sectors and different themes as they see appropriate. And that includes biodiversity, includes ocean conservation, etc. And the third is impact, so clients can see direct impact on the society and on the environment as they invest.

Michelle:
How can they best navigate the many different metrics and frameworks associated with ESG?

Lavanya:
That's a good question because it is challenging, and I'm going to confess and say that the world is working towards more common terminology, more common taxonomy.

As we embark, we've embarked on this journey, so we will help our clients navigate that.

Michelle:
Thank you very much.

Lavanya:
Thank you, Michelle.