

November 26

HSBC REACHES A QUARTER OF ITS \$100 BILLION SUSTAINABLE FINANCE TARGET IN THE FIRST YEAR

On the first anniversary of its pledge to provide \$100 billion of sustainable finance by 2025, HSBC announces it has committed more than \$25 billion cumulatively across 35 countries.

The geographical breakdown, which reflects progress up to and including the third quarter of 2018, is split as follows: Europe 47%, Asia 33%, Americas 16% and the Middle East, North Africa and Turkey 4%.

The \$100 billion target, which demonstrates the bank's intensifying efforts to tackle the systemic risks presented by climate change, includes green loans, green, social and sustainable bonds, inflows into two newly developed low carbon investment funds and advising on certified green transactions.

A full financial breakdown will be provided in the ESG update in Spring 2019.

Daniel Klier, Global Head of Sustainable Finance, said: "We set out our \$100 billion commitment as an acknowledgement of the scale of the challenge in making the transition to a low-carbon future. As the landmark report by the UN Intergovernmental Panel on Climate Change (IPCC) recently revealed, that challenge is now urgent and unprecedented. We're therefore pleased to be making progress against our target, but recognise there is still much more to be done."

The pledge, which was one of five new commitments set out by HSBC in November 2017, has seen the bank open new markets to support clients finance a low carbon future. It is also using these new facilities to meet its own funding needs.

Selected examples include:

- As a global market leader in green and sustainable bonds, HSBC helped the Republic of Indonesia issue the first sovereign green sukuk (\$1.25 billion) and the Federal State of North Rhine-Westphalia issue the largest ever sustainability bond (€2.025 billion).
- HSBC launched a new green lending product, including market firsts in Singapore, Hong Kong and Greater China.
- HSBC Global Asset Management launched two lower carbon funds. Both aim to address climate-related investment risk by using carbon data to achieve a lower carbon portfolio. Combined inflows total \$132 million.
- As part of the UAE's clean energy drive, HSBC launched green auto loans to encourage customers to buy hybrid or electric vehicles (EVs).

- HSBC became the world's first private sector entity to raise funds (\$1 billion) linked to the United Nations' Sustainable Development Goals (SDGs). HSBC Amanah Malaysia issued the world's first United Nations SDG-linked Islamic bond (\$120 million in sukuk format).

HSBC has adopted the recommendations of the Task Force on Climate related Financial Disclosures ('TCFD') and made its first disclosure in the 2017 Annual Report and Accounts. The 2018 TCFD disclosure, published in February 2019, will include quantification of exposure to high transition risk sectors and qualitative discussion on transition lending.

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Note to editors:

HSBC's five pledges to combat climate change

1. Provide \$100 billion in sustainable financing and investment by 2025. The goal is one of five new commitments that HSBC is making to tackle climate change and support sustainable growth in the communities it serves.
2. Source 100 per cent of its electricity from renewable sources by 2030, with an interim target of 90 per cent by 2025. By signing long-term agreements with suppliers, HSBC aims to support the development of new renewable power facilities
3. Reduce its exposure to thermal coal and actively manage the transition path for other high-carbon sectors. This includes discontinuing financing of new coal-fired power plants in developed markets and of thermal coal mines worldwide
4. Adopt the recommendations of the Task Force on Climate-related Financial Disclosures to improve transparency. In its next two Group annual reports, HSBC will give more details on its approach to climate-related risks and opportunities
5. Lead and shape the debate about sustainable finance and investment. This includes promoting the development of industry-wide definitions and standards

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,603bn at 30 September 2018, HSBC is one of the world's largest banking and financial services organisations.