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HSBC SETS OUT AMBITION TO BUILD A NET ZERO ECONOMY

**HSBC to align its portfolio of financed emissions to the Paris Agreement goal to
achieve net zero by 2050**

HSBC to target net zero in operations and supply chain by 2030

HSBC today announced an ambitious plan to prioritise financing and investment that supports the transition to a net zero global economy, citing a landmark opportunity to build a thriving, resilient future for society and businesses.

The bank is committing to align its financed emissions – the carbon emissions of its portfolio of customers – to the Paris Agreement goal to achieve net zero by 2050 or sooner. HSBC has both the scale and global reach to play a leading role in guiding its customers through this transition and helping them to achieve this ambitious goal. The bank also aims to be net zero in its operations and supply chain by 2030.

HSBC pledged to work with its customers in all sectors to develop tailored solutions to reduce emissions. The bank will increasingly prioritise financing and investment that contributes to the low carbon transition and will apply a climate lens to financing decisions. HSBC's ambition is to support customers with between USD750bn and USD1 trillion of finance and investment by 2030 to help with their transition.

To achieve this ambition, HSBC aims to:

- Align its business activities to the goals of the Paris Agreement and a pathway to net zero by 2050 or sooner
- Enhance its support for customers in their transition to low carbon, providing dedicated financing support and advice for their unique transition journeys
- Unlock new climate solutions by creating one of the world's leading natural capital managers, creating a USD100m venture debt fund for CleanTech innovation, and launching a philanthropic programme to donate USD100m to bring new solutions to viability and scale
- Work in partnership with its peers, customers, regulators, governments and wider society to effect change across the financial system

HSBC is well-established as a leading player in the transition to a low carbon economy. In 2017, the bank committed USD100bn of sustainable finance by 2025, and has since launched a number of award-winning products, and been recognised as a leading bank for sustainable finance. However, the bank recognises that achieving the Paris Agreement goal will require extra effort, at a faster pace, and plans to use its scale and global reach to seek to accelerate the transition to net zero.

Group Chief Executive Noel Quinn said:

“HSBC has long been committed to opening up opportunities for our customers and the communities we serve. As we enter a pivotal decade of change, we have a landmark opportunity to accelerate our efforts to build a healthier, more resilient and more sustainable future. Our net zero ambition represents a material step up in our support for customers as we collectively work towards building a thriving low carbon economy.”

HSBC Bank Malaysia Berhad

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HSBC Malaysia Chief Executive Officer Stuart Milne said:

“Our new ambitious plan will allow HSBC in Malaysia to play a key role in building a net zero economy in the country, leveraging on our leadership and contributions in recent years to help clients transition to a low-carbon business mode. Our aim to be a leading partner in the transition to a low-carbon world will allow us to accelerate our efforts to deliver the Group’s first sustainable banking entity with our Islamic banking subsidiary HSBC Amanah and more broadly support Malaysia’s climate ambition. We will continue to work with our customers to support them to thrive through this transition by offering industry leading sustainable product offerings, while embedding sustainability in everything that we do.”

More information about HSBC Malaysia’s sustainability credentials

- HSBC’s First ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk of MYR260 million for Leader Energy, arranged by HSBC Amanah, to fund two solar photovoltaic power projects in Kedah
- HSBC Amanah’s MYR200 million landmark transaction for a leading Sustainability-Linked Financing for a leading energy solutions provider, allowing the client to benefit from improved pricing upon achieving agreed sustainability performance targets.
- HSBC Amanah’s introduction of the first-in-the-market ESG Islamic Structured Product in Malaysia in 2019, The product enables customers to obtain potential return that is linked to the performance of an ESG related index, providing them an opportunity to invest in a product that matches their values when it comes to environment and social causes.
- In 2018, HSBC Amanah issued the world’s first UN SDG Sukuk, the second SDG issuance from a HSBC entity globally, following HSBC plc’s USD1.0bn SDG bond in 2017.
- Earlier this year, HSBC Amanah won the Islamic ESG Bank of the Year award as part of The Asset Triple A Islamic Finance Awards 2020. The accolade is testament to the Bank’s ability to not only create greater value and impact but

HSBC’s commitments in detail

1. Becoming a net zero bank
 - **Align our financed emissions – the carbon emissions of our portfolio of customers – to the Paris Agreement goal to achieve net zero by 2050 or sooner.**
 - Use the **Paris Agreement Capital Transition Assessment Tool (PACTA)** to develop **clear, measurable pathways to net zero.**
 - Make **regular, transparent, TCFD-aligned disclosures** to communicate our progress, and encourage our customers to do the same.
 - Work with our peers, central banks and industry bodies to mobilise the financial system around a **globally consistent, future-proofed standard to measure financed emissions**, and a **functioning carbon offset market.**
 - **Aim to achieve net zero in our operations and supply chain by 2030** or sooner.
2. Supporting our portfolio of customers to thrive through transition
 - **Work with our portfolio of customers to support them on their journey** to lower carbon emissions, bringing together our dedicated ESG Solutions team, our award-winning products, and experts across the bank to develop tailored solutions for our customers.
 - Prioritise financing and investment that supports our customers in all sectors to transition to lower carbon emissions. Our ambition is to **provide between USD750bn and USD1 trillion of financing and investment** for this purpose over the next 10 years.
 - **Increase our portfolio of transition finance solutions** to help enable even the most heavy-emitting sectors to progressively decarbonise, while helping to ensure a just and stable transition to maintain economic stability.
 - **Apply a climate lens to our financing decisions**, taking into account the unique conditions for our clients across developed and developing economies.

3. Unlocking next-generation climate solutions

- Build one of the **world's leading natural capital managers** – to mainstream natural capital as an asset class, and invest in activities that preserve, protect and enhance nature over the long-term. For this purpose, we have created **HSBC Pollination Climate Asset Management**.
- Set up a dedicated unit and tailored proposition to support **CleanTech innovation companies and target USD100m CleanTech investment within our technology venture debt fund**.
- Launch a **philanthropic programme to donate USD100m** to scale climate innovation ventures, renewable energy, and nature-based solutions between now and 2025.
- Help transform **sustainable infrastructure into a global asset class, and create a pipeline of bankable projects**, leading the FAST-Infra initiative together with the OECD and the World Bank.

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Note to editors:

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,923bn at 30 June 2020, HSBC is one of the world's largest banking and financial services organisations.

HSBC's History of Sustainable Finance

The bank's ambitious climate declaration builds on its leadership in sustainable finance and addressing climate change.

- In 2017, HSBC pledged to provide USD100bn in sustainable financing and investment by 2025.
- In 2020, HSBC was named the World's Best Bank for Sustainable Finance by Euromoney, which noted that "across every sector and region HSBC stands out for its commitment to developing partnerships and products that will bring finance at scale to create a more sustainable and resilient planet."
- Last month, The Banker named HSBC as Investment Bank of the Year for Sustainability in its 2020 awards, praising "an impactful and holistic approach to environmental, social and governance (ESG) issues across many geographies, products and services and for a range of clients".
- HSBC is ranked the number one global bookrunner of green, social and sustainability bonds for the year to the end of September, according to Dealogic.
- HSBC has been ranked a leading research house in ESG (Environmental, Social and Governance) for the past five years, according to external surveys that include Extel and Institutional Investor.
- HSBC is a member of RE100, committed to sourcing 100% of our own electricity consumption from renewable sources

HSBC's Recent Innovative Green Solutions

- The bank acted as Green Structuring Advisor and Lead Manager on the world's first plastic waste reduction bond for German consumer goods firm Henkel in July.
- HSBC played a major role in a USD743m green loan for the Viking Link interconnector project in June that will allow the UK and Denmark to share renewable energy via an underwater cable.
- The bank helped both Burberry and Chanel launch their inaugural sustainability bonds in September, the first luxury brands to enter the green bond market.
- HSBC Global Asset Management launched the Real Economy Green Investment Opportunity (REGIO) last year that enables investors to align their financial objectives with real economy impact to deliver against the Paris Agreement and Sustainable Development Goals.
- The bank has pioneered sustainable supply chains, including its partnership with US retail giant Walmart and a Sustainable SCF facility for sports brand Puma globally covering suppliers in 17 countries.

Terms and definitions

- Our ambition to provide between USD750bn to USD1 trillion in finance and investment to support our customers in their transition to net zero extends our 2017 commitment to provide USD100bn of sustainable finance by 2025.
- The ambition includes HSBC's financing, facilitation and investment activities, and reflects an aggregation of financial flows (volume) where sustainability criteria are applied to the financing, facilitation or investment activities enabled through HSBC's businesses and client relationships.
- Updated definitions will be published on HSBC.com

Cautionary statement

This communication contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements may be identified by the use of terms such as 'may,' 'intends,' 'aims,' 'ambition,' 'plan,' 'target,' 'will,' 'should,' 'potential,' 'reasonably possible' or 'anticipates' or the negative thereof or similar expressions, or by discussions of strategy. These forward-looking statements include statements relating to becoming a net zero bank, supporting our customers in the low carbon transition, and unlocking next-generation solutions in particular.

Achieving these aims is inherently uncertain and is subject to a number of risks and uncertainties, including the efficacy of government, customer, and HSBC's actions in managing and mitigating climate change; societal shifts in customer financing and investment needs; delays to the pace of change; development and use of new technology; ability to exploit growth or investment opportunities; changes in public expectations and other changes to business conditions; adverse changes in regulatory capital and tax regimes; and the other risks, uncertainties and assumptions about us, as described under 'Cautionary statement regarding forward-looking statements' and 'Risk factors' contained in the HSBC Holdings plc Annual Report on Form 20-F for the year ended 31 December 2019, filed with the SEC on 19 February 2020 (the '2019 Form 20-F'), and in other reports on Form 6-K furnished to or filed with the SEC subsequent to the 2019 Form 20-F ('Subsequent Form 6-Ks'). HSBC Holdings plc undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. Additional information, including information on factors which may affect the HSBC Group's business, is contained in the 2019 Form 20-F and Subsequent Form 6-Ks.

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