Investing for a sustainable future

HSBC

Global Private Banking

> The opportunities of the future will be defined by the single greatest challenge of our time – the need for everyone to make the low-carbon transition.

– Noel Quinn, Group Chief Executive

The pursuit of sustainability

We believe the needs of the present can be met without compromising the ability of future generations.

Sustainability is a well-established investment theme. Thirty-five years ago, a report entitled 'Our Common Future' was published by the United Nations. It highlights that "the pursuit of sustainability requires major changes in international economic relations."

'The world's estimated financial needs for achieving the SDGs are between US$5 trillion and US$7 trillion a year'[1].

Major changes have taken place, spurred by the UN's 17 Sustainable Development Goals encompassing issues such as energy consumption, social justice, biodiversity, and economic growth.

We help clients understand the environmental, social, and governance ('ESG') implications of investments, combining their financial objectives with their sustainability preferences. Providing expertise, tools and access to sustainable investment solutions.

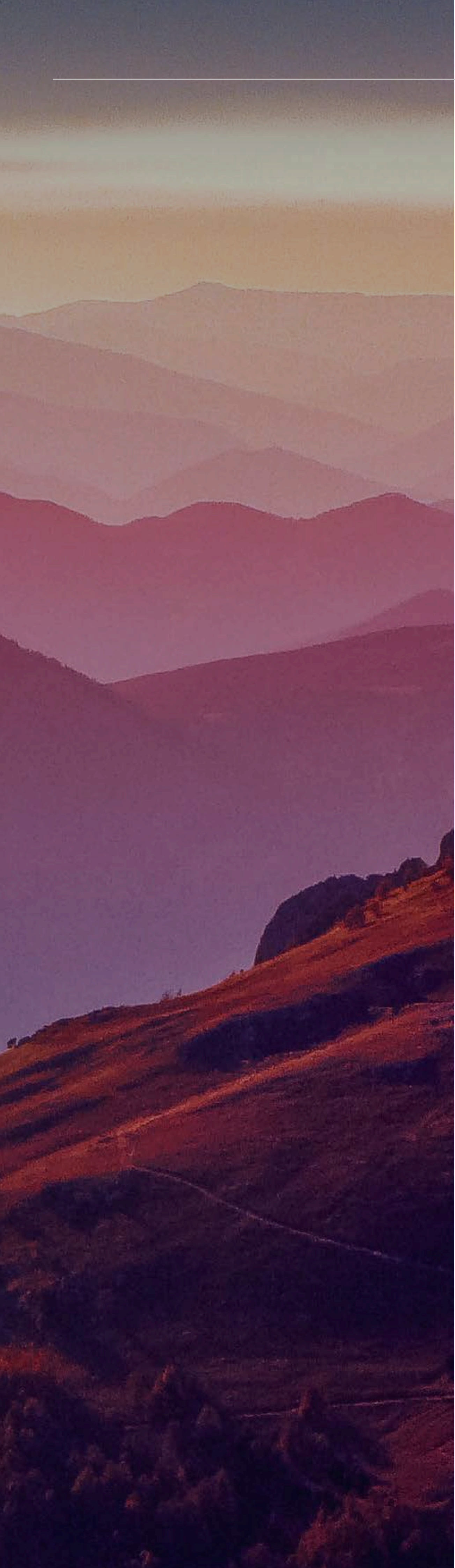
Today, sustainable investment is going mainstream, with more investors focusing on generating long-term financial returns while contributing positively to the environment and society.

There is much still to be done. We support our clients on their sustainability journey.

1 Source: UNA-UK, sustainablegoals.org.uk

Sustainability opens up a world of opportunity

Sustainable investments are no longer considered the choice of specialist investors and have become mainstream. Enjoying recent rapid growth and opening up a world of opportunity for investors who look to benefit from the long-term growth that companies with strong ESG credentials can provide.

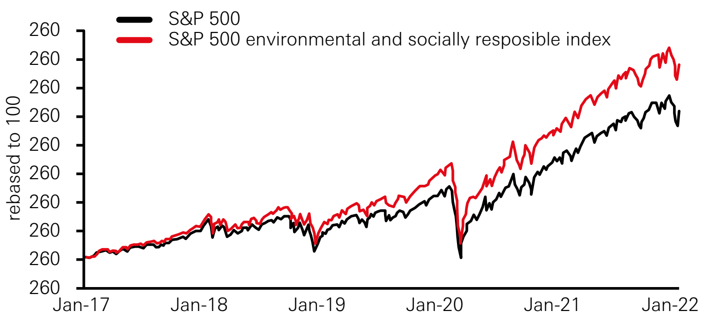


HSBC believes the transition to a sustainable economy is a multi-decade investment opportunity

Evidence shows that companies with better Environmental, Social and Governance (ESG) credentials were more likely to show high profitability.[3] Companies that manage ESG risks create value for stakeholders and are more likely to survive economic cycles.

The graph below shows the relative performance of the S&P 500 compared to the S&P 500 environmental and socially responsible index over the five-year period to January 2022.

ESG equity index outperformed the wider market



Source: Bloomberg, HSBC Global Private Banking as at 2 February 2022. Past Performance is not a reliable indicator of future performance.

3 Source: NYU Stern: Centre for Sustainable Business: ESG And Financial Performance: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies Published between 2015 – 2020

Integrating ESG in a diversified portfolio

Our sustainable investment approach starts with understanding your financial objectives.

We see three main ways to embed sustainability into an investment portfolio, which can be applied across portfolio allocations:

ESG Enhanced
Invest in companies based on relative ESG performance

Thematic
Focus on themes and sectors dedicated to resolving climate and sustainability challenges

Impact
Focus on a direct, positive and measurable impact on society and/or the environment

To support our clients in their sustainability journey, we offer a full range of sustainable and impact investing solutions:

Managed Solutions
Sustainable investment funds, ETFs, discretionary mandates & Impact Alternative investments

Capital Markets
Fixed Income (such as Green, Social Sustainability-Linked bonds), Equities, Structured Products

Research & Insights
Comprehensive coverage of ESG insights publications

Group Solutions
Access to commercial banking, global markets and asset management capabilities.

Some services are not available in certain locations.

Next steps

Speak to your Relationship Manager to find out more about HSBC Sustainable Investments.

Visit: **www.privatebanking.hsbc.com**

Industry initiatives

2001 Joined the UK Sustainable and Finance Association

2006 Signatory to the Principles for Responsible Investment

2007 Joined Institutional Investors Group on Climate Change

2015 Signatory to the Montreal Carbon Pledge

2017 Launched ClimateAction100+ initiative in collaboration with other investors

2019 Founding member of One Planet Asset Manager Initiative supporting the One Planet Sovereign Wealth Fund Working Group

2020 Founding signatory of the Finance for BiodiversityPledge

2021 Founding member of Finance to Accelerate the Sustainable Transition infrastructure (FAST-Infra) Signatory of the Net Zero Asset Managers Initiative

Awards & recognition

HSBC is committed to publishing regularly updated information on its approach to ESG. The achievements have been recognised in receipt of awards including:

HSBC Global Research: award winning Climate Change Centre of Excellence

'**Middle East's Best Bank for Sustainable Finance**' (Euromoney, 2019, 2020, 2021)

Improved MSCI ESG rating to AA ('ESG Leader'), recognising our strong corporate governance and commitment to sustainable finance (2021)

Western Europe's Best Bank for Sustainable Finance' (Euromoney, 2020)

'**World's Best Bank for Sustainable Finance**' (Euromoney, 2019, 2020)

Five '**Lead Manager of the Year**' awards across social, sustainability and green bond categories (Environmental Finance, 2020)

'**Asia's Best Bank for Sustainable Finance**' (Euromoney, 2019, 2020, 2021)

Important information about sustainable investing

"Sustainable investments" include investment approaches or instruments which consider environmental, social, governance and/or other sustainability factors (collectively, "sustainability") to varying degrees. Certain instruments we include within this category may be in the process of changing to deliver sustainability outcomes.

There is no guarantee that sustainable investments will produce returns similar to those which don't consider these factors. Sustainable investments may diverge from traditional market benchmarks.

In addition, there is no standard definition of, or measurement criteria for sustainable investments, or the impact of sustainable investments ("sustainability impact").

Sustainable investment and sustainability impact measurement criteria are (a) highly subjective and (b) may vary significantly across and within sectors.

HSBC may rely on measurement criteria devised and/or reported by third party providers or issuers. HSBC does not always conduct its own specific due diligence in relation to measurement criteria. There is no guarantee: (a) that the nature of the sustainability impact or measurement criteria of an investment will be aligned with any particular investor's sustainability goals; or (b) that the stated level or target level of sustainability impact will be achieved.

Sustainable investing is an evolving area and new regulations may come into effect which may affect how an investment is categorised or labelled. An investment which is considered to fulfil sustainable criteria today may not meet those criteria at some point in the future.

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