

Investing for a sustainable future



HSBC

Opening up a world of opportunity

PUBLIC

**Global
Private
Banking**

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 year¹.

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

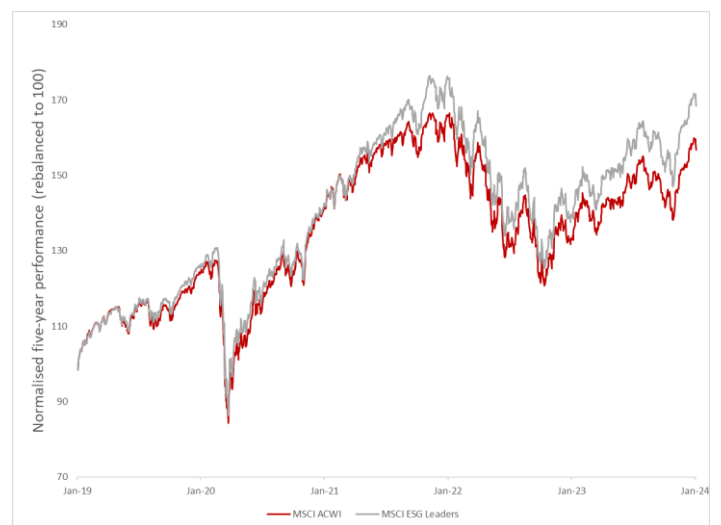
Sustainable investing is no longer considered the choice of specialist investors and has become mainstream. Enjoying recent rapid growth and opening up a world of opportunity for investors who look to benefit from the long-term growth that companies with strong ESG credentials can provide.

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.² 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 MSCI ACWI index compared to the MSCI ESG leaders index over the five-year period to Jan 2024.

ESG equity index outperformed the wider market



Past performance is not a reliable indicator of future performance. Source: Bloomberg, HSBC Global Private banking and wealth, Jan 2024

² 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 investing 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: Investment products that follow specific ESG criteria

Range of investment products: Funds/ETFs, Discretionary, Alternatives, Equities and Corporate Bonds, Sustainability Linked Bonds, Structured Products.

For example, a carbon related managed strategy, a minimum 30% improvement in carbon related metric compared to non-ESG benchmark or initial investment universe; or a financial instrument that has a top ESG score ranking within the sector.



Thematic: Investment products that focus on ESG related growth areas by identifying companies aligned to specific sustainable themes

Range of investment products: Funds/ETFs, Discretionary, Alternatives, Equities, Structured Products.

For example, a financial instrument or an investment product that focuses on sustainability themes such as renewable energy, energy transition, gender equity and diversity, with relevant criteria that outline how the investment would align to the theme. This can be assessed based on their revenue exposure or operational-related metrics.



Impact: Investment products that aim to have a direct, positive impact on society, environment or both. There are clearly pre-defined measurable impact targets and are subject to periodic impact reporting

Range of investment products: Funds/ETFs, Discretionary, Alternatives, Structured Products, Green, Social and Sustainability bonds.

For example, impact investing requires identification of the positive impact intent (e.g. the use of proceeds is defined for green bonds) and the metric(s) must be clearly linked to a sustainability-focused outcome.

Note: Subject to product availability by markets

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



Managed Solutions

Sustainable investing funds, ETFs, discretionary mandates & alternatives investments



Capital Markets

Fixed Income (such as Green, Social, Sustainability, 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

Note: Some services are not available in certain location

Contact us

A woman in a plaid shirt is holding a laptop, and a man in a jacket is walking away from the camera in a field at sunset. The scene is silhouetted against a bright orange and yellow sky.

Speak to your Relationship
Manager to find out more
about HSBC ESG and
Sustainable Investing

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 ESG performance. The achievements have been recognised in receipt of awards including:



HSBC Global Research
Award winning Climate Change
Centre of Excellence



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



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



**Asia's Best Bank for
Sustainable Finance**
(Euromoney, 2019, 2020,
2021, 2022, 2023)



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



**ESG Investing Product/Services
Excellence Award**
(Bloomberg Bizweek 2022, 2023)



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



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

Important information about sustainable investing

In broad terms "ESG and sustainable investing" products include investment approaches or instruments which consider environmental, social, governance and/or other sustainability factors to varying degrees. Certain instruments we classify as sustainable may be in the process of changing to deliver sustainability outcomes. There is no guarantee that ESG and Sustainable investing products will produce returns similar to those which don't consider these factors. ESG and Sustainable investing products may diverge from traditional market benchmarks. In addition, there is no standard definition of, or measurement criteria for, ESG and Sustainable investing or the impact of ESG and Sustainable investing products. ESG and Sustainable investing and related impact measurement criteria are (a) highly subjective and (b) may vary significantly across and within sectors. HSBC may rely on measurement criteria devised and 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 ESG / 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 ESG / sustainability impact will be achieved. ESG and Sustainable investing is an

evolving area and new regulations are being developed which will affect how investments can be categorised or labelled. An investment which is considered to fulfil sustainable criteria today may not meet those criteria at some point in the future."

"When we classify an investment product or service against our ESG and Sustainable Investing (SI) categories described in this document: ESG Enhanced, Thematic or Impact, this does not mean that all individual underlying holdings in the investment product or portfolio will meet the relevant SI criteria. As such, an SI classification does not mean that all underlying holdings in a fund or discretionary portfolio meet the relevant sustainable investment criteria. Similarly, where an equity or fixed income investment is classified under an ESG Enhanced, Thematic or Impact category this does not mean that the underlying issuer's activities are fully sustainable. Not all investments, portfolios or services are classifiable under our SI categories. This may be because there is insufficient information available or because a particular investment product does not meet HSBC's SI classifications criteria".

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of performance statistics, however, they have a negative impact on it. If, for

example, the initial investment is 1.000 EUR, and the transactions costs for buying and selling are 1,00 % each time, and the custody fee is 0,50 % per year (for our actual fee structure please see our schedule of prices & services), the performance over a 5-year-investment-horizon would be reduced 45 EUR

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