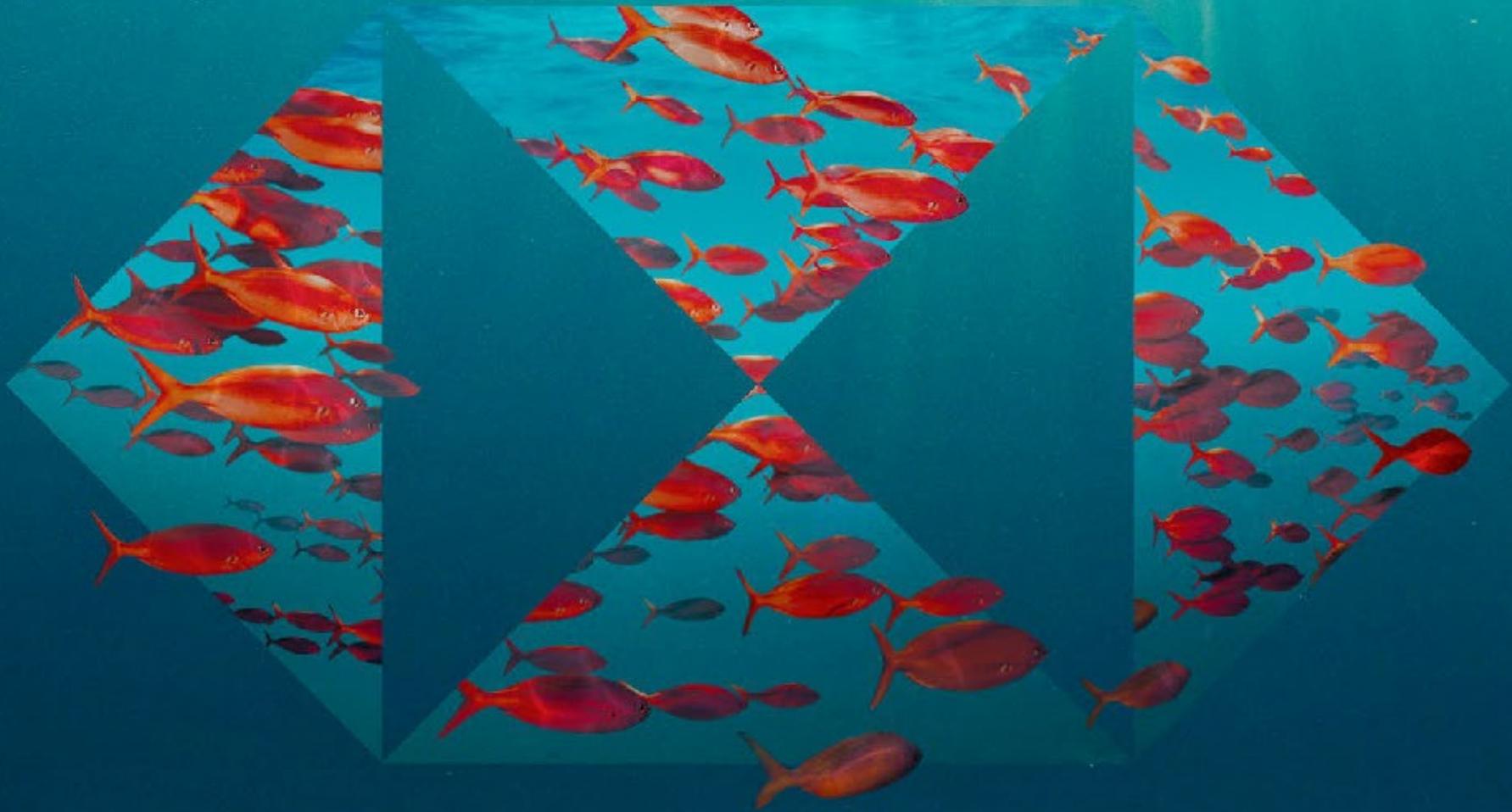

Helping you build a more sustainable business



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Why Sustainability is good for your business

Each and every one of us has a stake in developing a sustainable economic system. It is the combined responsibility of all members of society to respond to climate change, rapid technological change and continuing globalisation to secure a prosperous future. Meanwhile, governments, shareholders and consumers are placing businesses' Sustainability performances under ever greater levels of scrutiny and accountability.

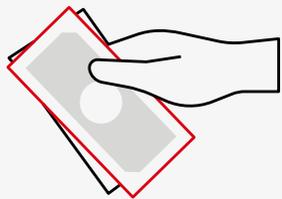
Doing good is also good for your business

There is an **increasing push** on companies to adopt sustainable practices **today**; this is being driven by broad stakeholder pressures, including from governments, and growing regulation.¹

However, being sustainable can also help businesses save money and create long-term business value:

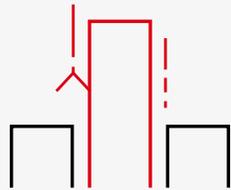
Consumer demand

According to a 2015 Nielsen study, 66% of consumers are willing to pay more for sustainable brands².



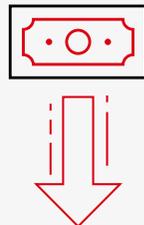
Brand stand out

Sustainable businesses enjoy greater differentiation in their marketplace.



Reduced costs

Sustainable business models tend to have lower costs and increased labour efficiencies.



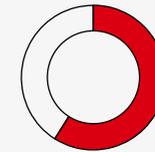
Innovation

The drive to Sustainability stimulates product innovation.



An HSBC commissioned survey also supports this...

A HSBC survey of leaders at mid-market enterprises in 14 countries further supports this³:



59%

believe sustainable practices will improve growth and profitability

And although just

18%

of smaller firms rated Sustainability actions as important to their business today...



...46%

said it would be important to them over the next three years, representing a big sea-change



¹ Examples include, but not limited to, G20's Task Force on Climate-related Financial Disclosures (TCFD) recommendations; France's Climate Risk Reporting Law, Article 173; and the UK's Clean Air Act.

² <https://www.nielsen.com/content/dam/niensenglobal/dk/docs/global-Sustainability-report-oct-2015.pdf>

³ <http://www.business.hsbc.com/-/media/examplemedia/pdfs/hsbc-hidden-impact-mme-2017.pdf>

HSBC's commitment to Sustainability

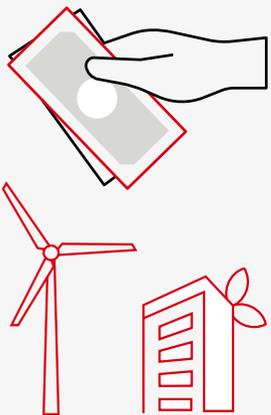
HSBC is committed to leading the way to a sustainable future. We recognise the critical role that finance has to play in creating sustainable growth. As one of the world's largest banking and financial services organisations HSBC aspires to be a leading global partner in financing, managing and shaping the transition to a low carbon future.

At HSBC we want to partner with companies to build a climate-friendly economy, and are helping them find efficiencies in their supply chains or adapt their business model so they can reap the benefits of going green.

Noel Quinn, Chief Executive, Global Commercial Banking

In Nov 2017, HSBC publicly announced its commitments to the Sustainability agenda:

Provide
USD 100bn
of sustainable financing & investment by 2025



Help reduce
emissions

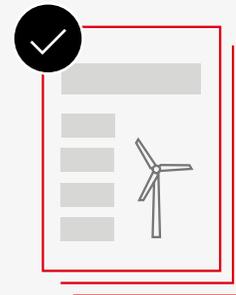
We will reduce our exposure to thermal coal and engage with clients to actively manage the transition path for other high carbon sectors.



Commit to source
100%
of our electricity from renewable sources by 2030

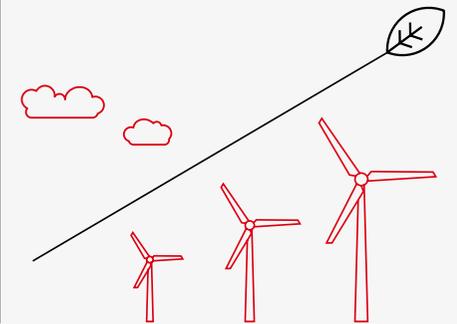
Increase
transparency
and disclosure

We'll adopt the recommendations of the Task Force Climate-related Financial Disclosures report 2018. This will help us identify and disclose climate-related risks and opportunities across our businesses.



Create a
Centre of Sustainable Finance

We aim to provide the thought leadership needed to unlock the capital flows required to address the world's major Sustainability challenges.



How HSBC can provide a holistic offering

At HSBC, we can utilise our **global presence (50+ markets)** and the strong **relationships** we have with our **large customer base (1.7m)**, from the smallest to largest of companies, to provide **bespoke Sustainability solutions** for your business

1. Demonstrating thought leadership

Our business – Executing on these commitments to improve our internal operations, including procurement policy

Industries/Communities – Partnering with NGOs and other organisations to enable wider-scale sustainable change

2. Provide guidance and assistance

Leveraging our global network and **expertise internally/externally** via partnerships, to support your business as you transition to a low Co2 economy

3. Facilitate funding needs

Whether this is via **financing** using HSBC's balance sheet (e.g. working capital, term lending or FX); or facilitating financing through **advisory services** (M&A) or providing access to **Capital Markets** – Institutional capital is increasingly focused on Sustainability issues and HSBC is able to support with the structuring and issuance of Green, Social and Sustainability Bonds¹.

¹ If you would like further information, we would be happy to introduce you to our Debt Capital Markets (DCM) team.

How HSBC can help your business with financing

We are passionate about playing our part in this global movement towards greater Sustainability and have recently worked with the Loan Market Association globally who published their Green Loan Principles on 21 March:

The Green Loan Principles (GLP)

- ♦ Green Loans reference loans that have characteristics aligned with the **four components of the Green Loan Principles** (please refer to the Green Loan Principles factsheet).
The key pillar is that loans are made available for the finance or re-finance, in whole or in part, of new/existing eligible Green Projects
- ♦ Given the loan market is traditionally relationship-driven, where lenders have a good understanding of the borrower, **self-certification** may be permitted by the borrower providing there is alignment to the key features of the GLP

“

We welcome these clear green loan principles and are pleased to have been part of their development ... There's growing demand for financial products that support sustainable economic, social and environmental activity and HSBC is committed to using all forms of sustainable finance to support clients make the transition to a low carbon economy.

Daniel Klier, Group Head of Strategy and Global Head of Sustainable Finance

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HSBC Current Developments

Sustainable Finance | Facilitation of Funding directly to the borrower

Following the launch of the principles, HSBC is working on a Green Loan Approach that follows the spirit of the Loan Market Association recommendations, to ensure projects provide clear environmental benefits that can be assessed, and where feasible, quantified, measured and reported on. Some scenarios of green loans could be, but are not limited to:

- ✓ Use of Proceeds for companies in any sector, for example, making environmental improvements to their internal operations, such as changing their commercial fleet to hybrid/electric vehicles
- ✓ Project Finance for infrastructure projects e.g. Smart Meter rollout or Clean Transportation
- ✓ Financing of a green asset via leasing arrangement e.g. hybrid bus, water treatment facility
- ✓ Loans to Pure-Play Green companies (where 90% or more of their activities are considered to offer environmental benefits) e.g. Renewable Energy & Waste Companies

Sustainable Supply Chains | Facilitation of Funding to the key Suppliers of our large Buyers

Large Buyers are today aware that over 90% of their environmental footprint rests in their supply chain¹. Many are now setting clear Sustainability targets for their Suppliers.

At HSBC, our global network across 50+ countries and the largest range of customer size, enables us to engage and influence the Sustainability practices of businesses in the supply chain. We are currently piloting a **preferential funding solution**:

Term lending | Provision of **preferential** Term Lending direct to the Buyer's supply chain to address their CapEx needs, through a **programme of lending**

Supply Chain Financing | Addressing **Working Capital** needs through a bespoke, **incentivised pricing solution** based on the **Buyer's own mechanism** for measuring Supplier performance on Sustainability metrics

As the world's leading trade bank, HSBC is well placed to help businesses manage global supply chains in sustainable ways



¹ <https://www.unglobalcompact.org/take-action/action-platforms/decent-work-supply-chains>

All offers of financing, products and services are subject to credit adjudication, qualification and prior approval. Other conditions or restrictions may apply.