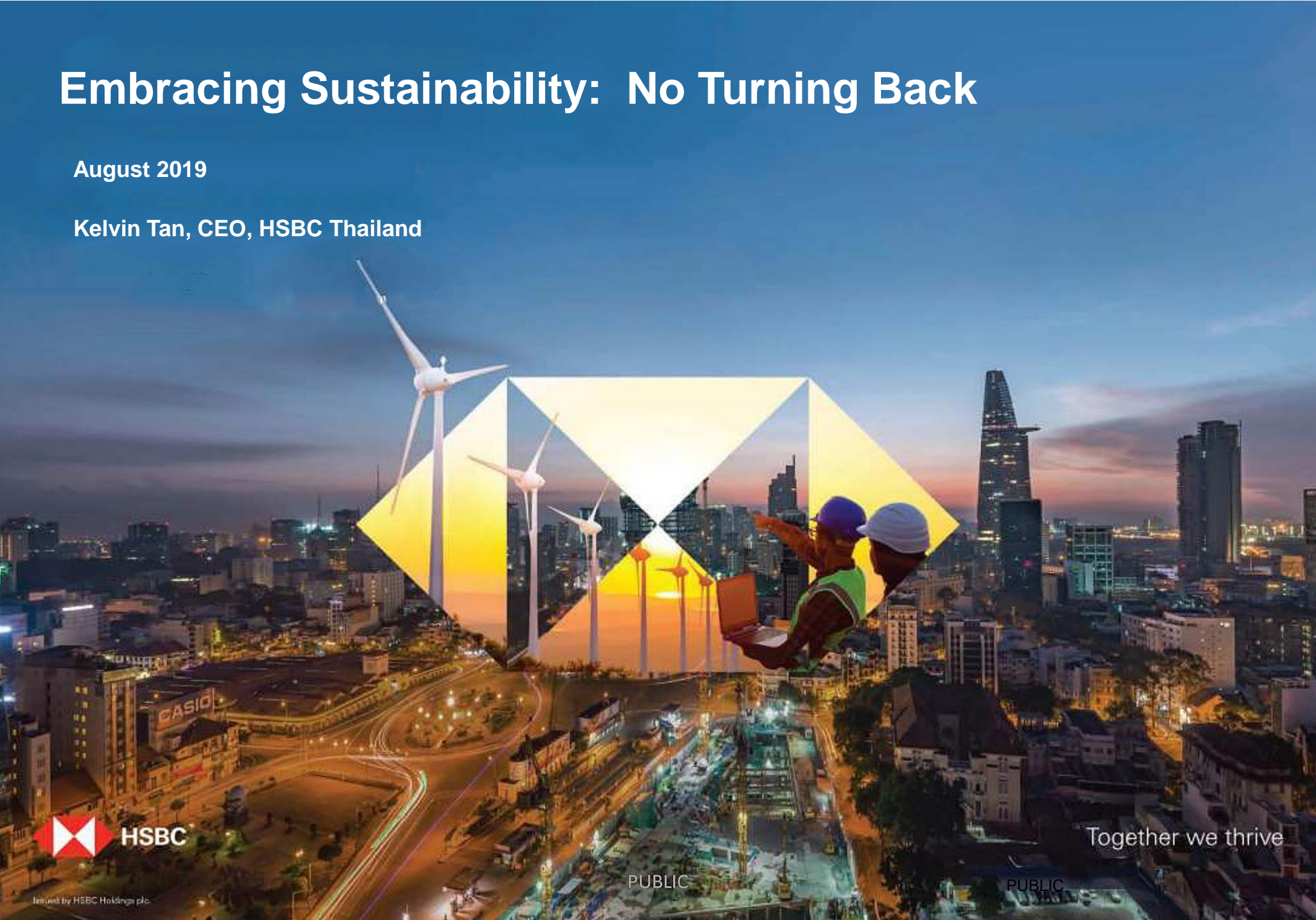


Embracing Sustainability: No Turning Back

August 2019

Kelvin Tan, CEO, HSBC Thailand



Together we thrive

PUBLIC

PUBLIC

Issued by HSBC Holdings plc

HSBC's sustainability strategy to support sustainable growth

Future Skills



Sustainable Networks & Entrepreneurship



Sustainable Finance



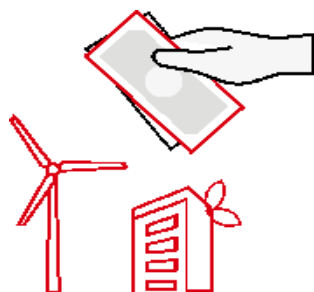
HSBC Group's commitment to sustainability

In Nov 2017, HSBC announced its five 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 (TCFD) to identify and disclose climate-related risks and opportunities across our businesses .



Lead & shape the debate around Sustainable Finance

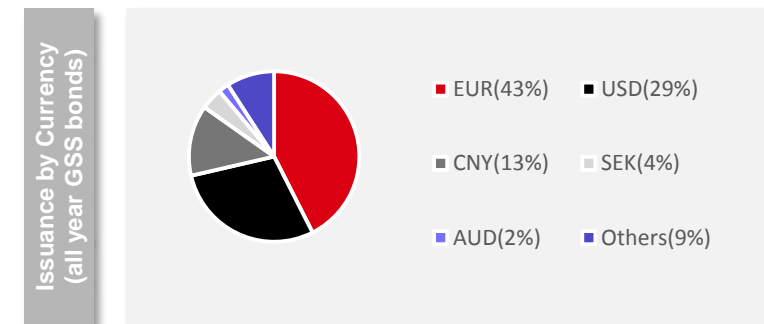
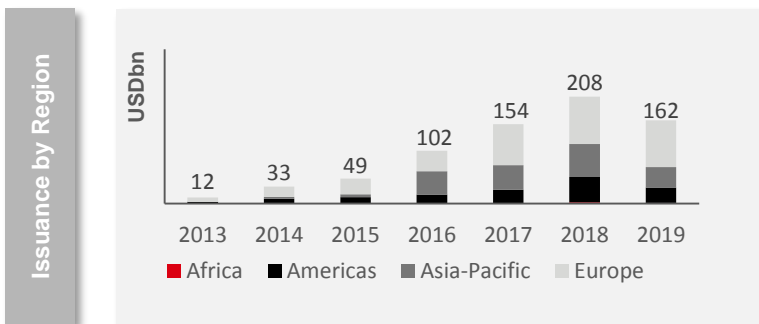
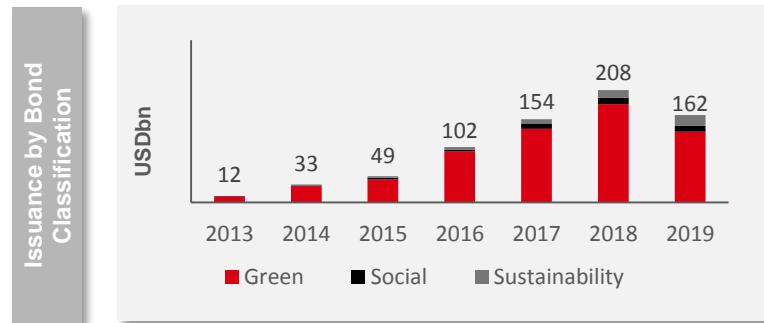
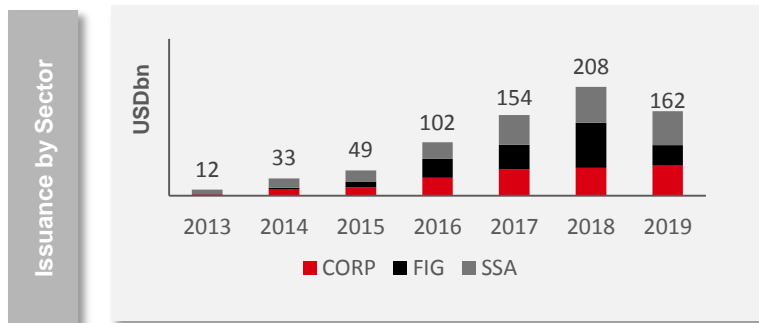
Established *HSBC Centre of Sustainable Finance* to provide thought leadership needed to unlock the capital flows required to address the world's major sustainability challenges.



Green, Social & Sustainability Bond Market Snapshot

2019 issuance stands at USD162bn YTD

- 2019YTD issuance across Green/Social/Sustainable bonds has reached USD162bn from 486 deals, +49% by volume and +56% by number of deals vs YA
- Issuance from institutions across 48 countries in FY2017-18



- HSBC Green, Social, Sustainability Bond database – based on Dealogic, CBI, Bloomberg, as of 5th July 2019
- Based on the weighted average ratings from Moody's, S&P and Fitch (where available). *The data presented above is to the best of our knowledge and may not be fully representative of the SRI market*
- SSA is Sovereigns, Supranationals and Agencies, including any sovereign, sub-sovereign, multilateral issuers, agencies (eg. KfW, Agence Française de Développement, CDC) and government-owned entities.

Republic of Indonesia – Inaugural Green Sukuk Issuance Green Bond and Green Sukuk Framework (1/2)



Eligible Sector	
1 Renewable Energy	5 Waste to Energy and Waste Management
2 Sustainable Transport	6 Sustainable Management of Natural Resources
3 Energy Efficiency	7 Green Tourism
4 Resilience to Climate Change for Highly Vulnerable Areas and Sectors/ Disaster Risk Reduction	8 Green Buildings
	9 Sustainable Agriculture



Second Party Opinion

- The Republic of Indonesia's Green Bond and Green Sukuk Framework provides a robust structure for climate-aligned investment. The framework is in alignment with the **Green Bond Principles**, the **ASEAN Green Bond Standards**, and the **new regulations of the Republic of Indonesia Financial Services Authority for green bonds (December 2017)**.
- CICERO finds the management of proceeds to be in compliance with the **Green Bond Principles**.
- The framework explicitly excludes new fossil fuel-based electric power generation capacity and expenditure related to the improvement in the efficiency of fossil fuel-based electric power generation, which is a clear strength.

Source: <http://www.djppr.kemenkeu.go.id/uploads/files/dmodata/in/6Publikasi/Offering%20Circular/Second%20Opinion%20on%20ROI%20Green%20Bond%20and%20Green%20Sukuk%20Framework.pdf>

Republic of Indonesia (2/2)

Dual tranche USD1.25b 5 year Green Sukuk/ USD1.75b 10 year Sukuk



Summary of Terms and Conditions

Sukuk Issuer	Perusahaan Penerbit SBSN Indonesia III
Obligor	The Government of the Republic of Indonesia, represented by the Ministry of Finance
Issuer Ratings	Baa3 Pos (Moody's) / BBB- Stb (S&P) / BBB Stb (Fitch)
Issue Ratings	Baa3 (Moody's) / BBB- (S&P) / BBB (Fitch)
Status	Senior Unsecured
Format	144A / Reg S
Tenor	5-Years 10-Years
Settlement Date	1 March 2018
Issue Size	US\$1.25bn US\$1.75bn
Launch Yield	3.750% 4.400%
Profit Rate	Fixed, S/A, 30/360
Reoffer Price	100.00 100.00
Listing	Singapore Stock Exchange and NASDAQ Dubai
Governing Law	English / Indonesian Law
Denominations	US\$200k x US\$1k
HSBC's Role	Joint Lead Manager and Joint Bookrunner, Sole Green Structuring Advisor

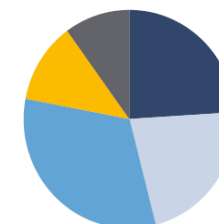
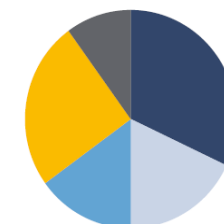
- On 23 February 2018, HSBC acted as Joint Lead Manager, and Joint Bookrunner, for The Republic of Indonesia's dual tranche US\$ 1.25 billion 5-year and US\$ 1.75 billion 10-year.
- The 5-year Green Sukuk represents the first offering under the Republic's newly established Green Bond and Green Sukuk Framework. HSBC acted as the Sole Green Structuring advisor for the transaction.
- The world's 1st ever Sovereign Green Sukuk issuance
- The 1st ever international Green Offering by an Asian Sovereign
- The 1st ever issuance under the Republic's newly established Green Bond and Green Sukuk Framework

Distribution by geography

% of allocation

USD 5-year

USD 10-year

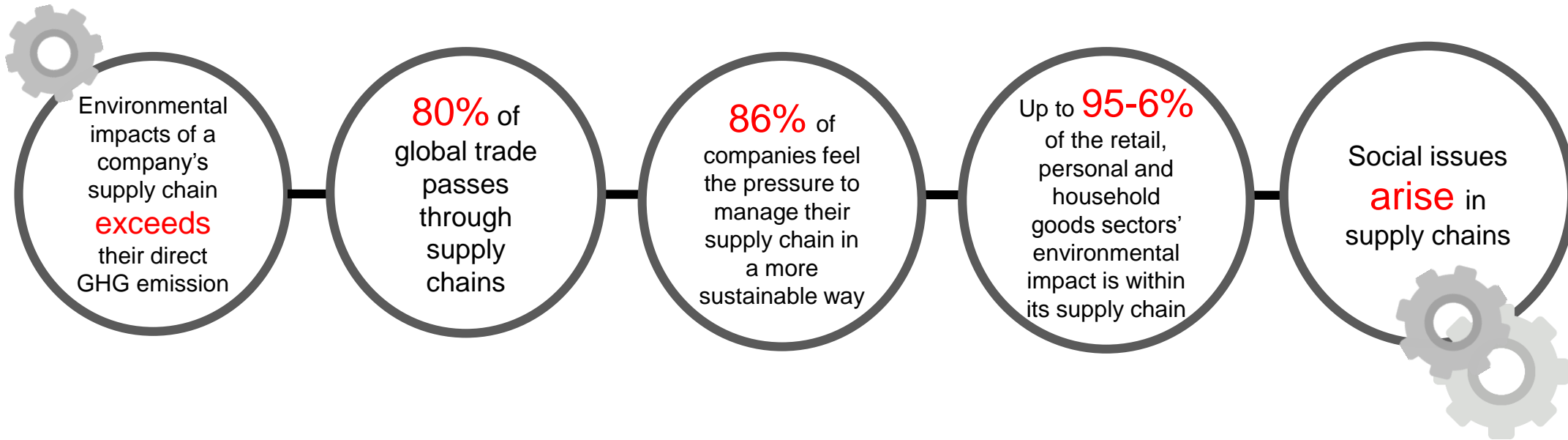


■ Islamic (ME+KL)
■ US
■ Europe
■ Asia (excl Indo+KL)
■ Indonesia

■ Islamic (ME+KL)
■ US
■ Europe
■ Asia (excl Indo+KL)
■ Indonesia

Sustainable supply chain commitments

Overview of Global Supply Chain



1. HSBC Holding plc. (2018), Environmental, Social, and Governance (ESG) Update – Supporting sustainable growth, p31. Retrieved from <https://www.hsbc.com/news-and-insight/2018/hsbc-publishes-new-esg-update>

Walmart Sustainable SCF Case Study

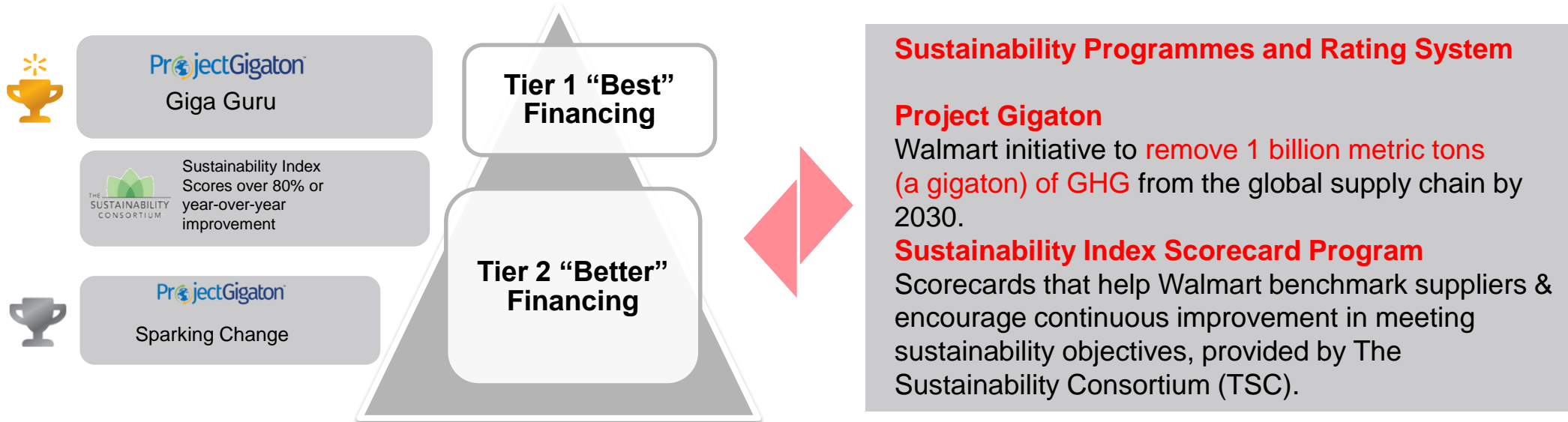


Project Gigaton
Walmart's initiative to avoid 1 billion metric tons (a gigaton) of GHG emission from the global supply chain by 2030.

- Provide tiered pricing to Walmart's suppliers to drive their achievement of sustainability goals set out in **Project Gigaton & Sustainability Index Scorecard Program**
- Support supplier communications relating to Sustainable SCF features and benefits
- Establish and administer a **supplier financing program** linked to suppliers' ranking in Walmart's sustainability programmes
- **Tiered pricing** model tied to suppliers' sustainability ratings & based on Walmart's credit relationship with HSBC
- Establish global programme for all Walmart's suppliers

1. Deloitte, 2018. <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/about-deloitte/global-powers-of-retailing-2018.pdf>
2. Walmart, 2019. <https://corporate.walmart.com/our-story/our-business>
3. Bloomberg, 2019. <https://www.bloomberg.com/quote/WMT:US> accessed on 08 May 2019
4. Please note the sustainability programs and all ratings are administered by Walmart. HSBC is not responsible for establishing or maintaining such programs or ratings.

Walmart Sustainable SCF Case Study



How to Participate in Project Gigaton

- Step 1: Set a Goal** Set an emission reduction goal; all goals should be SMART goals: Specific, Measurable, Achievable, Relevant, Time Limited
- Step 2: Sign Up** Sign up to Walmart Sustainability Hub/ update the goals
- Step 3: Bank your Impact** Report impact each year and get recognition for the progress. Results will be reported through supplier’s Project Gigaton Account.
- Step 4: Bank your Impact** Walmart will review suppliers’ goals, reach out for additional information & assess their eligibility for recognition.

Giga-Gurus suppliers

- Have set a SMART goal.
- Agreed to share it publicly.
- Reported avoiding emissions in the most recent reporting year.

Sparking Change suppliers

- Have set a SMART goal
- Agreed to share them publicly, OR
- Have reported avoiding emissions in the most recent reporting year.

1. Deloitte, 2018. <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/about-deloitte/global-powers-of-retailing-2018.pdf>
 2. Walmart, 2019. <https://corporate.walmart.com/our-story/our-business>
 3. Bloomberg, 2019. <https://www.bloomberg.com/quote/WMT:US> accessed on 08 May 2019
 4. Please note the sustainability programs and all ratings are administered by Walmart. HSBC is not responsible for establishing or maintaining such programs or ratings.

Sustainability Rating Agencies & Index Providers

Investors nowadays consider *sustainability criteria* when making investment decisions, apart from key financial indicators. Analyses and ratings, produced by specialized sustainability rating agencies & index providers which assess companies according to their ESG criteria, provide guidance and serve as a point of reference.



- **The Sustainability Consortium Group (TSC)** – Provides sustainability measurement & reporting system for **consumer products** to improve sustainability. Translate the science of sustainability into quantifiable metrics and practical tools for buyers/suppliers to address sustainability issues in their supply chains (e.g. Walmart Sustainability Rating Index).



- **Marine Stewardship Council (MSC)** - Recognizes efforts to protect oceans and safeguard **seafood supplies** to ensure the long-term viability of global fish population.

- **Sustainalystics** – Provides research & ratings for the sustainability of listed companies based on their **ESG performance and Corporate Governance**.  SUSTAINALYTICS

- **Dow Jones Sustainability Indices (DJSI)** - Serve as benchmarks for investors who integrate sustainability considerations into their portfolios & tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria.



- **Leadership in Energy and Environmental Design (LEED)** - Most widely used **green building** rating system globally under the US Green Building Council. LEED certification is a globally recognized symbol of sustainability achievement & provides a framework that can be applied to create healthy, highly efficient and cost-saving green buildings.



Disclaimer

IMPORTANT NOTICE

This document is issued by The Hongkong and Shanghai Banking Corporation Limited (HSBC). The information contained herein is derived from sources we believe to be reliable, but which we have not independently verified. HSBC makes no representation or warranty (express or implied) of any nature nor is any responsibility of any kind accepted with respect to the completeness or accuracy of any information, projection, representation or warranty (expressed or implied) in, or omission from, this document. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this document. Any information (including market data, prices, values or levels) contained here are indicative only and any examples given are for the purposes of illustration only and may vary in accordance with changes in market conditions. The opinions in this document constitute our present judgment, which is subject to change without notice. We are not obliged to enter into any actual trade with you based on the any information contained herein. This document does not constitute an offer for, or advice that you should enter into, the purchase or sale of any security, commodity or other investment product or investment agreement, or any other contract, agreement or structure whatsoever This material is intended for distribution to, or use by, Professional Investors only, as defined in the Hong Kong Securities and Futures Ordinance. The document is intended to be distributed in its entirety. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient, you should conduct relevant due diligence and analysis, and seek necessary independent professional advice. Unless governing law permits otherwise, you must contact a HSBC Group member in your home jurisdiction if you wish to use HSBC Group services in effecting a transaction in any investment mentioned in this document. This document, which is not for public circulation, must not be copied, transferred or the content disclosed, to any third party and is not intended for use by any person other than the intended recipient or the intended recipient's professional advisers for the purposes of advising the intended recipient hereon.

HSBC does not provide legal, tax, accounting, regulatory or other specialist advice and you should make your own arrangements in respect of such matters accordingly. You are responsible for making an independent assessment and obtaining specialist professional advice in relation to the merits of the proposals contained herein. In particular, this document may contain certain references to regulation. HSBC makes no representation that the references to regulation, if contained herein, are exhaustive. There could be other references to regulation that may also be relevant to the proposals. HSBC does not give advice on regulation. You should consult your own advisers on regulation.

Copyright. The Hongkong and Shanghai Banking Corporation Limited 2018. ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of The Hongkong and Shanghai Banking Corporation Limited.

