

## Independent Limited Assurance Report to the Directors of HSBC Holdings plc

HSBC Holdings plc (“HSBC”) engaged us to provide limited assurance on their cumulative sustainable financing provided and facilitated since 2020 as described below and set out in HSBC’s Annual Report and Accounts 2022 and ESG Data Pack 2022.



### Our conclusion

Based on the procedures we have performed, as described under the ‘Summary of work performed as the basis for our limited assurance conclusion’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that cumulative sustainable financing provided and facilitated since 2020 towards HSBC’s \$750bn - \$1tn Sustainable Finance commitment as set out in the table below, disclosed on page 58 of HSBC’s Annual Report and Accounts 2022 and page 1 of HSBC’s ESG Data Pack 2022, have not been prepared, in all material respects, in accordance with HSBC’s Sustainable Finance and Investment Data Dictionary, dated December 2022 (‘Reporting Criteria’).

Our limited assurance conclusion does not extend to any other information included in, or linked from, the Annual Report and Accounts 2022 or the ESG Data Pack 2022, available on HSBC’s website<sup>i</sup>.

### Subject matter information and reporting criteria

The Subject Matter Information is set out in the table below and the Reporting Criteria are as set in Appendix A.

Subject Matter Information	Value (US\$bn)
Total cumulative sustainable financing provided and facilitated progress towards HSBC’s \$750bn-\$1tn commitment	210.7

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which HSBC is solely responsible for selecting and applying.

The criteria against which the total cumulative sustainable financing provided and facilitated value was prepared is set out in HSBC’s Sustainable Finance and Investment Data Dictionary, dated December 2022

### Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter information and the methods used for determining such information. The precision of different measurement techniques may also vary.

It is generally acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of sustainability related information from third parties, resulting in reliance on proxy data.

It is anticipated that the principles and methodologies used to measure and report the Subject Matter Information will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

### HSBC’s responsibilities

As explained in the Directors’ Statement on page 45 of HSBC’s Annual Report and Accounts 2022 and the ESG Data Pack 2022, the Directors of HSBC are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to HSBC and the intended users of the Annual Report and Accounts 2022 and the ESG Data Pack 2022;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Annual Report and Accounts 2022 and the ESG Data Pack 2022, including underlying information and a statement of Directors’ responsibility, which provides accurate, balanced reflection of HSBC’s performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Annual Report and Accounts 2022 and the ESG Data Pack 2022, available on HSBC’s website<sup>i</sup>.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of HSBC.

### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’, issued by the International Auditing and Assurance Standards Board.

### Our Independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Summary of work performed as the basis for our limited assurance conclusion

In carrying out our limited assurance engagement we:

- made enquiries of HSBC’s management and those with responsibility for governance, management and reporting;
- considered the suitability in the circumstances of HSBC’s use of the Reporting Criteria as the basis for preparing the Subject Matter Information;
- obtained an understanding of the key organisational structures, systems, processes and controls for managing, recording and reporting the Subject Matter Information, including the use of third-party data;
- performed limited substantive testing on a selective basis of the Subject Matter Information, including:
  - testing the categorisation of sustainable financing activities; and
  - agreeing reported data to internal and external sources, for example, facility agreements, fund fact sheets, and third party capital markets platforms.
- considered the disclosure and presentation of the Subject Matter Information.

Our limited assurance procedures involved agreeing HSBC’s data to information maintained by third parties, however our scope did not extend to testing the completeness and accuracy of the information supplied to HSBC by those third parties.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities used by HSBC in the preparation and reporting of the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are substantially less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

<sup>i</sup>The maintenance and integrity of HSBC website (<https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre>) is the responsibility of HSBC; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on HSBC’s website.

## Other information

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The other information comprises all of the information in the Annual Report and Accounts 2022 and ESG Data Pack 2022 other than the Subject Matter Information and our limited assurance report. The directors are responsible for the other information. As explained above, our limited assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our limited assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information, or our knowledge obtained during the limited assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

## Use and distribution of our report

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This report, including our conclusions, has been prepared solely for the Board of Directors of HSBC in accordance with the agreement between us dated 26 January 2023 (the "agreement"), in order to assist the Directors in reporting HSBC's total cumulative sustainable financing provided and facilitated progress towards HSBC's \$750bn-\$1tn commitment.

Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and HSBC for our work or this report except where terms are expressly agreed between us in writing.

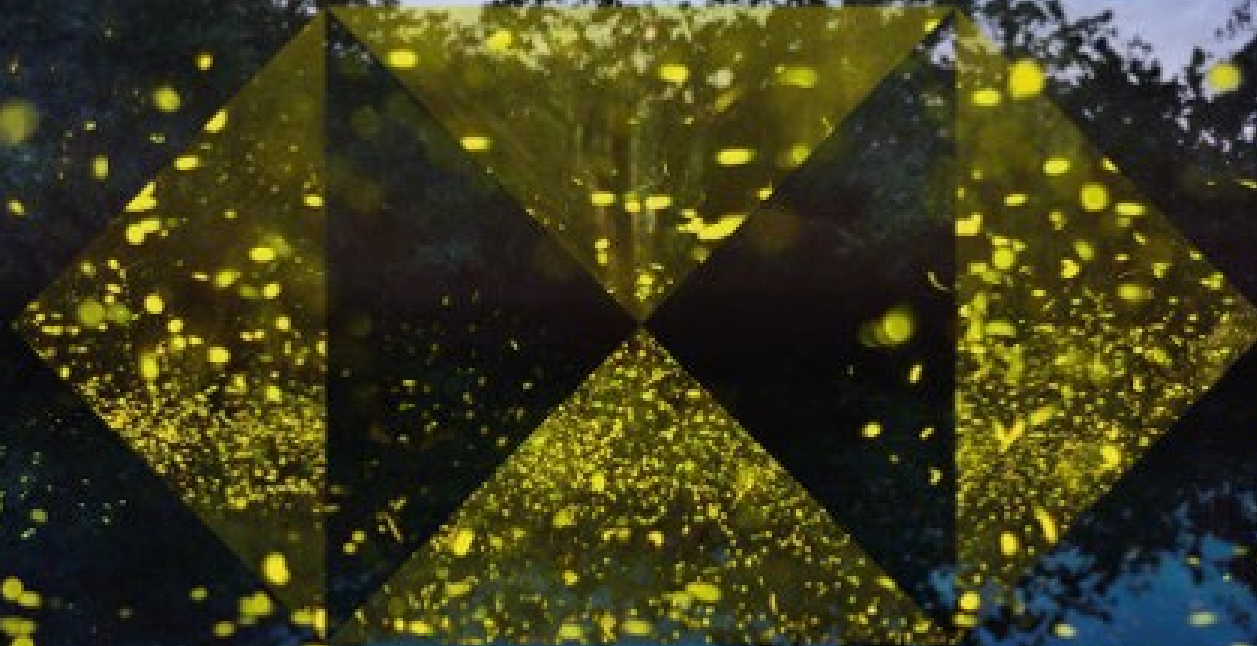


**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
**London**  
**21 February 2023**

## Appendix A: HSBC's Sustainable Finance and Investment Data Dictionary, dated December 2022

# HSBC Sustainable Finance and Investment Data Dictionary

December 2022



# HSBC Sustainable Finance and Investment

## Context and introduction

- The **transition to a low carbon, sustainable future** represents one of the **biggest opportunities and risks** for the global economy and society at large
- The financial services sector has an important role to play to help **enable the transition** of the real economy to achieve the UN's **Sustainable Development Goals**, including but not limited to the aims of the **Paris Agreement** on climate change and preserving biodiversity
- HSBC set out in October 2020 an aim to align its **financed emissions to net-zero** by 2050 or sooner
- We seek to **support our customers with an aim to provide and facilitate \$750bn to \$1tn** of sustainable finance and investment<sup>1</sup> by 2030
- **Our sustainable finance and investment activities fall within three categories of initiatives described on the right**, with further details on reporting definitions and scope set out on the following pages

## Reporting approach and definitions overview

### Sustainable finance

- ◆ Financing solutions to enable clients' shift to sustainable and low-carbon activities
- ◆ Products and services include underwriting, direct lending, and trade and receivables finance with defined use of proceeds requirements consistent with market established principles
- ◆ Also includes sustainability linked products with defined and qualifying sustainability performance targets

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### Sustainable infrastructure

- ◆ Financing and investment solutions to direct capital to support sustainable energy, transport and related infrastructure
- ◆ Products and services include event financing, investment funds and other vehicles to connect investor capital to sustainable infrastructure projects
- ◆ Also includes underwriting of project bonds and debt capital markets activities with clear use of proceeds but are not issued in a labelled sustainable bond format

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### Sustainable investment

- ◆ Investment solutions to help individuals and institutions to manage Environmental, Social and Governance (ESG) risks and invest in sustainability related opportunities
- ◆ Products and services include investment funds, structured products and other ESG related investment solutions provided by HSBC's Asset Management, Private Banking and Wealth businesses

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## Sustainable finance (1/4)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Green, Social &amp; Sustainability Bonds</b>	<p>Bond issuances labelled as green, social or sustainable (GSS) as defined by the Green Bond Principles (GBP), and/or Social Bond Principles (SBP) of the International Capital Markets Association (ICMA) or the Climate Bonds Initiative. Qualifying transactions may also include 'transition finance' issuances as set out in the Climate Transition Finance Handbook of the ICMA. The use of proceeds must align to the eligible project categories of the ICMA's GBP, SBP, or the Climate Bonds Initiative.</p> <p>This includes HSBC's own bond issuances.</p>	<p>Apportioned value of HSBC's participation in underwriting the issuance as a bookrunner in the transaction as reported by Dealogic. For private placements, apportioned value as per transaction documentation.</p>	<ul style="list-style-type: none"> <li>• <a href="#">ICMA Green and Social Bond Principles</a></li> <li>• <a href="#">ICMA Sustainability Bond Guidelines</a></li> <li>• <a href="#">Climate Bonds Initiative</a></li> <li>• <a href="#">ICMA Climate Transition Finance Handbook 2020</a></li> </ul>	Off-balance sheet
<b>Sustainability Linked Bonds</b>	<p>Bond issuances aligned with the Sustainability Linked Bond Principles of the International Capital Market Association (ICMA) in which the financial and/or structural characteristics of the issuance may vary depending on whether the issuer achieves predefined sustainability performance targets (SPTs). SPTs should be material to the issuer's core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management's control. Qualifying transactions may also include 'transition finance' issuances as set out in the Climate Transition Finance Handbook of the ICMA.</p>	<p>Apportioned value of HSBC's participation in underwriting of the issuance as a bookrunner in the transaction as reported by Dealogic. For private placements, apportioned value as per transaction documentation.</p>	<ul style="list-style-type: none"> <li>• <a href="#">ICMA Sustainability Linked Bond Principles</a></li> <li>• <a href="#">ICMA Climate Transition Finance Handbook 2020</a></li> </ul>	Off-balance sheet

## Sustainable finance (2/4)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Debt Capital Markets – Short term debt</b>	Short term debt issuances having the same characteristics as a bond, however, with a maturity date less than 18 months from the date of issuance and labelled as green, social or sustainable (GSS) as defined by the Green Bond Principles (GBP) and/or the Social Bond Principles (SBP) of the International Capital Markets Association (ICMA) or the Climate Bonds Initiative. The use of proceeds must align to the eligible project categories of the ICMA’s GBP, SBP, or the Climate Bonds Initiative.	Apportioned value of HSBC’s participation in underwriting the issuance as a bookrunner in the transaction as reported by Dealogic. For private placements, apportioned value as per transaction documentation.	<ul style="list-style-type: none"> <li>• <a href="#">ICMA Green and Social Bond Principles</a></li> <li>• <a href="#">ICMA Sustainability Bond Guidelines</a></li> <li>• <a href="#">Climate Bonds Initiative</a></li> </ul>	Off-balance sheet
<b>Green Loans</b>	Loans aligned to the Green Loan Principles (GLP) of the Loan Market Association (LMA), including any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible green projects (see notes).	Committed amount / limit booked at execution of new facilities provided. The facility terms and conditions must reflect GLP requirements with monitoring and control of the facility incorporated into HSBC’s normal credit process and annual review. The limit is sourced from HSBC’s internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Green Loan Principles</a></li> </ul>	On-balance sheet
<b>Other green qualified lending</b>	Lending which does not meet the Green Loan Principles (GLP) of the Loan Market Association (LMA), but where the use of proceeds align with the eligible categories for green projects recognised within the first pillar of the GLP. Facilities may include any type of loan, mortgage, trade or supply chain instrument made available exclusively to finance or re-finance in whole or in part, new and/or existing eligible green projects (see notes).	Committed amount / limit booked at execution of new facilities provided. Local business teams identify qualifying lending and evidence of the use of proceeds. These facilities are reviewed by HSBC’s regional and global sustainability governance forums to ensure the use of proceeds align with the eligible categories for green projects recognised within the first pillar of the GLP. The limit is sourced from HSBC’s internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Green Loan Principles</a></li> </ul>	On-balance sheet



## Sustainable finance (3/4)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Social Loans</b>	Loans aligned to the Social Loan Principles (SLP) of the Loan Market Association (LMA), including any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible social projects (see notes).	Committed amount / limit booked at execution of new facilities provided. The facility terms and conditions must reflect SLP requirements with monitoring and control of the facility incorporated into HSBC's normal credit process and annual review. The limit is sourced from HSBC's internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Social Loan Principles</a></li> </ul>	On-balance sheet
<b>Other Social qualified lending</b>	Lending which does not meet the Social Loan Principles (SLP) of the Loan Market Association (LMA), but where the use of proceeds align with the eligible categories for social projects recognised within the first pillar of the SLP. Facilities may include any type of loan, mortgage, trade or supply chain instrument made available exclusively to finance or re-finance in whole or in part, new and/or existing eligible social projects (see notes).	Committed amount / limit booked at execution of new facilities provided. Local business teams identify qualifying lending and evidence of the use of proceeds. These facilities are reviewed on a case by case basis by HSBC's regional and global sustainability governance forums to ensure the use of proceeds align with the eligible categories for social projects recognised within the first pillar of the SLP. The limit is sourced from HSBC's internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Social Loan Principles</a></li> </ul>	On-balance sheet
<b>Sustainability Linked Loans</b>	Loans aligned with Sustainability Linked Loan Principles (SLLP) of the Loan Market Association (LMA), including any type of loan, mortgage, trade or supply chain instrument for which the financial and/or structural characteristics of the instrument may vary depending on whether the borrower achieves predefined sustainability performance targets (SPTs). SPTs should be ambitious and meaningful to the borrower's business and should be tied to a sustainability improvement in relation to a predetermined performance target benchmark.	Committed amount / limit booked at execution of new facilities. The facility terms and conditions must reflect SLLP requirements with monitoring and control of the facility incorporated into HSBC's normal credit process and annual review. The limit is sourced from HSBC's internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Sustainability Linked Loan Principles</a></li> </ul>	On-balance sheet



## Sustainable finance (4/4)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Green Trade Finance</b>	Global Trade and Receivables Finance (GTRF) lending facilities aligned to the Green Loan Principles (GLP) of the Loan Market Association (LMA) and made available exclusively to finance or re-finance eligible green trade activities as evidenced by underlying transaction documents. Refinancing in the same calendar year will be excluded. Relevant GTRF products include: (i) trade loans; (ii) receivables finance; (iii) import / export finance; distribution and commodity structured trade finance (CSTF).	Committed amount / limit booked at execution of new facilities provided. The facility terms and conditions must reflect GLP requirements with monitoring and control of the facility incorporated into HSBC's normal credit process and annual review. The limit is sourced from HSBC's internal risk systems. Relevant GTRF facilities will be recognised when the four pillars of the GLP are met.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Green Loan Principles</a></li> </ul>	On-balance sheet
<b>Sustainable Trade Instruments</b>	Global Trade and Receivables Finance (GTRF) contingent liability facilities aligned to HSBC's internal Sustainable Trade Instrument Principles (STIP) which are based on the Green Loan Principles (GLP) of the Loan Market Association (LMA) and reference the United Nations Sustainable Development Goals (SDGs). GTRF contingent liability products include (i) guarantees; (ii) standby letter of credit; and (iii) documentary credit.	Limit amount booked at deal execution of new facilities provided. The facility terms and conditions must reflect STIP requirements with monitoring and control of the facility incorporated into HSBC's normal credit process and annual review. The limit is sourced from HSBC's internal risk systems and/or GTRF systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Green Loan Principles</a></li> <li>• <a href="#">UN Sustainable Development Goals</a></li> </ul>	On-balance sheet
<b>Sustainable Supply Chain Finance</b>	Supply chain finance (SCF) programme through which the characteristics of funding provided to the client's suppliers may vary based on predefined sustainability performance metrics and thresholds in order to promote the sustainability objectives of the client in its supply chain. The metrics applied should be material to the client's core sustainability and business strategy and address relevant environmental, social and/or governance challenges within its supply chain.	Committed amount / limit booked at execution of new facilities provided. The SCF programme must apply sustainability performance metrics to the funding provided to the client's suppliers. Monitoring and control of the facility is incorporated into HSBC's normal credit process and annual review. The limit is sourced from HSBC's internal risk systems and/or GTRF systems.	<ul style="list-style-type: none"> <li>• <a href="#">LMA Sustainability Linked Loan Principles</a></li> <li>• <a href="#">UN Sustainable Development Goals</a></li> </ul>	On-balance sheet

# Sustainable infrastructure (1/1)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Debt Capital Markets (DCM)</b>	Corporate or project bond issued by a company or project vehicle classified as sustainable energy (e.g. wind, solar), low carbon transport or water infrastructure according to the activities listed under the energy, transport and water sections of the EU Sustainable Finance Taxonomy (see notes).	Apportioned value of HSBC's participation in underwriting the issuance as a bookrunner in the transaction as reported by Dealogic. For private placements, apportioned value as per transaction documentation.	<ul style="list-style-type: none"> <li>• <a href="#">EU Sustainable Finance Taxonomy</a></li> </ul>	Off-balance sheet
<b>Equity Capital Markets (ECM)</b>	Corporate or project equity issued by a company or project vehicle classified as sustainable energy (e.g. wind, solar), low carbon transport or water infrastructure according to the activities listed under the energy, transport and water sections of the EU Sustainable Finance Taxonomy (see notes).	Apportioned value of HSBC's participation in underwriting the issuance as a bookrunner in the transaction as reported by Dealogic.	<ul style="list-style-type: none"> <li>• <a href="#">EU Sustainable Finance Taxonomy</a></li> </ul>	Off-balance sheet
<b>Project Finance</b>	Project loan, other type of lending, trade instrument or supply chain facility structured to finance a project where one of the use of proceeds requirements are classified as sustainable energy (e.g. wind, solar), low carbon transport or water infrastructure according to the activities listed under the energy, transport and water sections of the EU Sustainable Finance Taxonomy (see notes).	Committed amount / limit booked at execution of new facilities provided. Facilities are managed and monitored by HSBC's Global Banking & Markets business. The limit is sourced from HSBC's internal risk systems.	<ul style="list-style-type: none"> <li>• <a href="#">EU Sustainable Finance Taxonomy</a></li> </ul>	On-balance sheet

## Sustainable investment (1/2)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>ESG Enhanced</b>	<p>Investment funds and other investment products which intentionally invest in companies based on relative ESG performance.</p> <p>Common approaches include:</p> <ul style="list-style-type: none"> <li>• <b>ESG Improvers:</b> Strategies that focus on enhancing alpha by targeting ESG improving companies.</li> <li>• <b>ESG tilt:</b> Strategies that focus on delivering a specified outcomes (compared to benchmark) by enhancing portfolio exposure to strong performing ESG companies.</li> <li>• <b>ESG best-in-class:</b> High-conviction strategies that aim to invest in companies that are relatively more advanced in managing ESG risks/opportunities, across sectors.</li> </ul>	Net new flows for investment products provided by HSBC Asset Management, and 3rd party products and related investments distributed through HSBC's Insurance, Private Banking and Wealth businesses.	n/a	Investments
<b>Thematic</b>	<p>Investment funds and other investments products which actively invest in ESG related growth areas and trends by seeking out companies or sectors that align with specific sustainable outcomes, including strategies that provide exposure to transformative industry trends.</p> <p>Examples of themes related to the environment include low carbon transition readiness, clean energy, responsible consumption, natural capital.</p> <p>Examples of themes related to social issues include gender equality, health and education.</p>	Net new flows for investment products provided by HSBC Asset Management, and 3rd party products and related investments distributed through HSBC's Insurance, Private Banking and Wealth businesses.	n/a	Investments

## Sustainable investment (2/2)

Product	Definition	Reporting scope	Primary reference frameworks	Financing type
<b>Impact</b>	<p>Investment funds and other investments products seeking to deliver a direct, positive and measurable impact on society and/or the environment.</p> <p>Examples include investments in green and sustainable bonds, renewable energy, companies delivering positive outcomes through their products/services and projects or loans ring-fenced around social and/or environmental activities.</p>	Net new flows for investment products provided by HSBC Asset Management, and 3rd party products and related investments distributed through HSBC's Insurance, Private Banking and Wealth businesses.	n/a	Investment

# Governance

We define **sustainable finance and investment** as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and advisory activities that support the achievement of the United Nations Sustainable Development Goals (SDGs), including but not limited to the aims of the Paris Agreement on climate change. We only include facilities as sustainable finance once they have been identified and validated by the relevant governance forums, that they qualify in accordance with the data dictionary.

## Product Design

- ◆ Product teams check that labelled sustainable finance and investment products adhere to
  - Our definitions
  - Available internal standards and relevant industry guidelines where appropriate
  - General product governance

## Origination and approval

- ◆ Labelled on-balance sheet sustainable finance products require approval by sustainable finance forums to ensure alignment to internal standards and relevant industry guidelines
- ◆ Sustainability performance targets (SPTs) for on-balance sheet sustainability linked products are reviewed by sustainable finance forums to assess the level of ambition and the relevance to the issuer's ESG strategy
- ◆ The forums include representatives with relevant expertise from: corporate sustainability, reputational and sustainability risk, product specialists and business management
- ◆ Labelled sustainable finance debt products facilitated by HSBC are reviewed by governance forums to ensure that they are in line with sustainability risk appetite. The forums include representatives from: sustainable product specialists, reputational and sustainability risk, and business management

## Tracking and monitoring

- ◆ Qualifying transactions and investments are recorded and tracked through HSBC systems
- ◆ Labelled on-balance sheet and debt sustainable finance products are monitored and controlled as part of annual client review processes to help ensure adherence to conditions and covenants applied to the relevant facility
- ◆ On-balance sheet sustainable finance products are tracked via internal systems and are reconciled with facilities approved by sustainable finance forums
- ◆ Capital market transactions are validated against external market data for labelled issuances

## External Disclosure

- ◆ Internal validation and assurance is undertaken
- ◆ Disclosures follow internal review governance
- ◆ External assurance is provided on our annual disclosures

# Notes and additional references

## Notes:

1. We define sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and advisory activities that support the achievement of the United Nations Sustainable Development Goals (SDGs), including but not limited to the aims of the Paris Agreement on climate change.
2. The data dictionary is reviewed annually to take into account the evolving standards, taxonomies and practices we deem appropriate. This includes updates to our product definitions, addition/deletion of qualifying products, enhancements to our internal standards, reporting and governance.
3. Apportioned value is calculated as the total issuance value divided by the number of bookrunners participating in the transaction. This methodology is recognised as the industry standard for debt capital markets reporting and league table positioning. Dealogic is an independent third party reporting platform.
4. We began tracking sustainable finance and investment in 2017, and continue to reflect new products in our reporting consistent with developments in the market and our own products and propositions. Additions since 2017 include Sustainability Linked Bonds (2020); Transition Bonds (2020); Green Loans (2018); Green Trade Finance (2019); Sustainable Trade Instruments (2020); and Social Loans (2021). Prior year values are not restated to reflect new products, which are reported only from the time they are introduced. In 2022, we have excluded Green Deposits and Structured Green Deposits from the data dictionary as part of our annual review process. Transition Bonds are included within the category of Sustainability Linked Bonds. Products which are excluded from the data dictionary as part of the annual review process are removed from the cumulative total reporting, including their contribution reflected in prior year values.
5. Sustainability Linked Loans and Sustainable Supply Chain Finance were introduced in 2018, however not previously included in the scope of reporting. These were added from 2020 in order to reflect more fully our activities.
6. Green Loans, Sustainability Linked Loans, other lending activity, and labelled debt products are reviewed by internal committees to validate that transactions meet agreed definitions and standards. Reporting is supported by committees of sustainability experts and controlled by Group Finance.
7. We continue to work together with industry bodies such as ICMA and LMA, with civic society and investor groups, to help build a robust set of standards and frameworks that govern sustainability linked facilities and help ensure their integrity.
8. The EU Sustainable Finance Taxonomy is used as a reference framework only with regard to the classification of activities provided within the Taxonomy. Transactions are not necessarily reviewed against metric and threshold criteria and “do no significant harm” requirements also set out in the EU Sustainable Finance Taxonomy.
9. Amounts are converted to USD at the time of recording the transaction as they are a point in time measurement and are not restated to adjust for any changes in FX rates. For investments, conversion to USD is done at the time of reporting.
10. All assets under management of HSBC Global Asset Management (HGAM) are subject to ESG integration and corporate engagement as per HGAM’s responsible investing policy.
11. Where we refer to ‘new facilities’ in this document, that includes qualifying refinancing facilities. Qualifying refinancing facilities include any of the following situations, where (i) an existing green/social-labelled facility is refinanced to support a new qualifying project; (ii) a standard facility is refinanced as a green/social-labelled facility with appropriate amendments to the terms and conditions; or (iii) the structure or product type is changed for a qualifying facility that had not previously been recorded as green/social qualified lending. Extensions to existing facilities that do not meet any one of the conditions stated above will not be counted toward the ambition.

## References:

- **HSBC How we do business**  
[www.hsbc.com/our-approach/how-we-do-business](http://www.hsbc.com/our-approach/how-we-do-business)
- **HSBC Green and Sustainability Bonds**  
<https://www.hsbc.com/investors/fixed-income-investors/green-and-sustainability-bonds>
- **HSBC Global Asset Management – Responsible investing**  
[www.global.assetmanagement.hsbc.com/about-us/responsible-investing](http://www.global.assetmanagement.hsbc.com/about-us/responsible-investing)
- **International Capital Markets Association – Sustainable Finance**  
<https://www.icmagroup.org/sustainable-finance>
- **Loan Market Association – Sustainable Lending**  
[www.lma.eu.com/sustainable-lending](http://www.lma.eu.com/sustainable-lending)
- **Climate Bonds Initiative**  
[www.climatebonds.net](http://www.climatebonds.net)

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### **Important notice**

The information, statements and opinions set out in this document are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

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### **Forward-looking statements**

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 ‘expects,’ ‘targets,’ ‘believes,’ ‘seeks,’ ‘estimates,’ ‘may,’ ‘intends,’ ‘plan,’ ‘will,’ ‘should,’ ‘potential,’ ‘reasonably possible’ or ‘anticipates,’ variation of these words, the negative thereof or similar expressions. HSBC has based the forward-looking statements on current plans, information, data, estimates, expectations and projections about future events, and therefore undue reliance should not be placed on them. These forward-looking statements are subject to risks, uncertainties and assumptions about us, as described under ‘Cautionary statement regarding forward-looking statements’ and ‘Additional cautionary statement regarding ESG and climate-related data, metrics and forward-looking statements’ contained in the HSBC Holdings plc Annual Report on Form 20-F for the year ended 31 December 2022, expected to be filed with the Securities and Exchange Commission (‘SEC’) on or around 22 February 2023 (the ‘2022 Form 20-F’) and in other reports on Form 6-K furnished to or filed with the SEC subsequent to the 2022 Form 20-F (‘Subsequent Form 6-Ks’). HSBC 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 Group’s business, is contained in the 2022 Form 20-F and Subsequent Form 6-Ks.