

HSBC Green Financing Framework

2024



1. Introduction

1.1. HSBC's approach to sustainability

HSBC is one of the largest banking and financial services organisations in the world. HSBC's global businesses serve around 42 million customers worldwide through a network that covers 62 countries and territories¹. For over 155 years, HSBC has been supporting the economic development of energy, industry and entrepreneurs, from east to west. Our customers range from individual savers and investors, to some of the world's biggest companies, governments and international organisations.

We recognise that we have an important role to play in supporting the transition to a net zero global economy. As a global organisation with a presence in the regions and sectors where most significant change is needed, we are well placed to help transition industry and catalyse the new economy to reach net zero. For further details on our approach to transition, see the HSBC Holdings plc net zero transition plan and the environmental social and governance review section of the annual report and accounts².

1.2. Green Financing Framework

This HSBC Green Financing Framework (this "**Framework**") forms a part of our sustainability strategy and helps further our aim of supporting our clients in transitioning to a net zero future.

This Framework sets out our approach to allocating amounts equivalent to the net proceeds raised through certain instruments and transactions (including, but not limited to, debt securities, deposits, and repurchase transactions issued or entered into by HSBC Holdings plc or any of its subsidiaries (together, the "**HSBC Group**" or "**HSBC**") (referred to in this Framework as "Green Financing Transactions")) against financing which has been provided by the HSBC Group towards businesses and projects that meet certain eligibility criteria as specified in this Framework (referred to in this Framework as "Eligible Assets").

This Framework has been designed to be aligned with the ICMA Green Bond Principles (GBP) 2021³ (the "**ICMA GBP**"), which are a voluntary set of standards that aim to promote transparency in the green financing market. HSBC intends to review this Framework periodically, including to consider developments in market practices and standards, which may result in amendments to this Framework and also to our reporting under this Framework over time (see Section 7 'Amendments to this Framework' for further details).

¹ As at 31 December 2023

² Available at www.hsbc.com

³ ICMA's Green Bond Principles June 2021 (with June 2022 Appendix 1); <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

This Framework sets out the approach to be taken by the HSBC Group in respect of the following matters, which are the core components of the ICMA GBP:

1. Use of Proceeds;
2. Process for Eligible Assets Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

This Framework replaces the previous HSBC Green Bond Framework (published in November 2015) and will be followed in relation to Green Financing Transactions issued or entered into following the publication of this Framework.

2. Use of Proceeds

An amount equivalent to the net proceeds of a Green Financing Transaction under this Framework is intended to be allocated against Eligible Assets (either in whole or in part).

"Eligible Assets" are assets originated by HSBC Holdings plc or any of its subsidiaries that support the financing and/or refinancing of a business or project which falls within the eligible categories and meets the eligibility criteria as described below in Section 2.1 (the **"Eligible Categories"**).


Where a business derives 90% or more of its revenues from activities within the Eligible Categories, any financing and/or refinancing to such a business, including for general corporate purposes, could be considered as an Eligible Asset, so long as the financing does not directly fund expansion into activities falling outside of the Eligible Categories (see Section 2.1 for further details).

For any Green Financing Transaction, only Eligible Assets originated (including the refinancing of any existing Eligible Assets) within the 24 months preceding the date of issue or entry into of the Green Financing Transaction will be considered for allocation against such Green Financing Transaction.

The initial allocation of an amount equivalent to the net proceeds of a Green Financing Transaction to any Eligible Asset(s) will, on a best-efforts basis, be finalised within the 24 months following the date of issuance or entry into the relevant Green Financing Transaction (see Section 4 'Management of Proceeds' for further details). For Green Financing Transactions with a maturity of less than 24 months, (but with a minimum tenor of 3 months), allocation against any Eligible Asset will be performed within the applicable shorter maturity period of the transaction.

2.1. Eligible Categories


The below table sets out the list of eligible categories together with the eligibility criteria for each category and examples of any relevant exclusions.

Sustainable Development Goal	ICMA GBP Project Category	Eligibility Criteria	Examples/Exclusions
<p>SDG 7: Affordable and Clean Energy</p> 	<p>Renewable Energy</p>	<ul style="list-style-type: none"> ◆ Generation of energy from renewable sources ◆ Development, manufacturing, construction, operation and maintenance of renewable energy generation sources/technologies and its components ◆ Construction/expansion of associated distribution networks 	<p>Examples:</p> <ul style="list-style-type: none"> ◆ Wind (onshore and offshore), solar (solar photovoltaic and concentrated solar heat and power generation (CSP) projects), marine renewable projects for heating and cooling such as ocean thermals⁴, tidal, geothermal, hydropower, green hydrogen produced using electrolysis of water with electricity generated by renewable energy, and biomass energy <p>Exclusions, include, but are not limited to:</p> <ul style="list-style-type: none"> ◆ Projects with direct lifecycle emissions of over 100gCO₂/kWh ◆ Concentrated solar heat and power generation where less than 85 per cent of the electricity generated from the facility is derived from solar energy sources ◆ Biomass Energy: <ul style="list-style-type: none"> (i) if the production does not achieve substantial life-cycle emissions reduction of at least 65% lower than fossil-fuel baseline; in line with EU Renewable Energy Directive II criteria (ii) use of feedstock⁵ that competes with food production or decreases forestation, biodiversity, or carbon pools in soil ◆ Ocean thermal energy conversion projects where fossil fuel back up is not limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures/restart capabilities ◆ Hydropower⁶: <ul style="list-style-type: none"> (i) for new facilities: lifecycle carbon intensity above 50 gCO₂/kWh or run-of-river without artificial reservoir or low storage capacity or power density is less than 10 W/m² (ii) for facilities that became operational before 2020: lifecycle carbon intensity above 100 gCO₂/kWh or run-of-river without

⁴ Such as ocean thermals. Fossil fuel backup will be limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures and restart capabilities

⁵ In line with the HSBC Energy Policy, non-waste feedstock use criteria applies in line with the International Sustainability and Carbon Certification (ISCC), to avoid deforestation and competition with other land uses, (for example, use for food production), including the conversion of forest and peatlands




⁶ In all cases with respect to Hydropower facilities, an assessment must be performed, based on recognised best practice guidelines, of environmental and social risks and measures must be incorporated to address such risks

			<p>artificial reservoir or low storage capacity or power density is less than 5 W/m²</p> <p>(iii) additional exclusions apply if it is a pumped storage facility. The facility is:</p> <p>not purposefully built in conjunction with intermittent renewables;</p> <p>AND/ OR is not contributing to a grid with at least a 20% share from intermittent renewables OR will not increase to this level within the next 10 years;</p> <p>AND/ OR is charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged</p>
<p>SDG 7: Affordable and Clean Energy</p> 	<p>Energy Efficiency</p>	<ul style="list-style-type: none"> ◆ Development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or system(s) ◆ Improved efficiency in the delivery of bulk energy services ◆ Manufacture of components to enable energy efficiency above and result in energy savings of at least 25% where feasible 	<p>Examples:</p> <ul style="list-style-type: none"> ◆ Improved chillers, installation or upgrade to energy-efficient mechanical cooling systems with low-GWP⁷ refrigerants⁸ resulting in reduced power usage in manufacturing operations ◆ District heating/ cooling systems, smart grids, energy recovery technology, and the storage, retrofit of transmission and distribution of energy systems that results in reduced energy losses ◆ LED lights, fuel cells, smart grid meters <p>Exclusions include, but are not limited to:</p> <ul style="list-style-type: none"> ◆ Financing energy-efficient technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels, such as: i) oil or gas-fired boilers, cogeneration and Combined Heat and Power units; and ii) production processes in heavy industries, such as steel, cement, aluminium, etc. ◆ Networks running on waste heat from fossil fuel operations ◆ Fossil fuel-based district heating networks ◆ Electrical grid maintenance projects/ systems that are not supporting at least 90% renewable electricity⁹

⁷ GWP (Global Warming Potential) of a refrigerant is its global warming impact relative to the impact of the same quantity of carbon dioxide over a 100-year period

⁸ Including those that promote robust refrigerant leak control, detection and monitoring, while ensuring recovery, reclamation, recycling or destruction of refrigerants at end of life

⁹ In the case that integration to the grid is less than 90% but the percentage of renewables is expected to increase, a pro-rata approach will be applied to determine the green allocation to grid maintenance

<p>SDG 7: Affordable and Clean Energy</p>  <p>SDG 9: Industry, Innovation and Infrastructure</p> 	<p>Green Buildings</p>	<ul style="list-style-type: none"> ◆ Acquisition or new construction of building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which:¹⁰ <ul style="list-style-type: none"> • meet recognised environmental standards such as LEED – gold, BREEAM – very good, HQE – excellent, CASBEE – A (very good)/S (excellent) or equivalent, BEAM Plus gold/platinum, BCA Green Mark gold/platinum, EPC11 A or B and/or • are evidenced to be performing in the top 15% of buildings at the national or regional level in terms of operational primary energy demand (PED) ◆ Retrofit¹² of existing buildings achieving at least 25% energy efficiency improvement and/or carbon emission reduction after retrofit against baseline consumption levels 	<p>Exclusions include, but are not limited to:</p> <ul style="list-style-type: none"> ◆ Buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels
<p>SDG 9: Industry, Innovation and Infrastructure</p> 	<p>Clean Transportation</p>	<ul style="list-style-type: none"> ◆ Low energy or emission transportation assets, systems, infrastructure, components and services 	<p>Examples:</p> <ul style="list-style-type: none"> ◆ Rail Tram, Metro, Bus Rapid Transit systems, Passenger trains, Electric Vehicles, Biofuels (sourced from a sustainable feedstock¹³), manufacture of batteries and sourcing of raw materials for the key components of the batteries for clean energy vehicles, infrastructure for clean energy vehicles, including charge points <p>Exclusions include, but are not limited to:</p> <ul style="list-style-type: none"> ◆ Freight rail systems with emissions greater than 25 grams of CO₂/t-km¹⁴ and freight transport primarily used for transporting fossil fuels

¹⁰ The relevant label and certificate will be followed according to the market practice of the relevant jurisdiction

¹¹ EPC refers to an Energy Performance Certificate, a report that assesses the energy efficiency of a property.

¹² Retrofit activity will be financed and not the asset value of the entire building, unless the refurbishment results in an eligible certification

¹³ In line with HSBC Energy Policy, sustainable sourcing of biofuels follows International Sustainability and Carbon Certification (ISCC), to avoid deforestation and competition with other land uses, (for examples, uses such as food production), including the conversion of forest and peatlands.

¹⁴ The carbon intensity is measured based on the Worldwide Harmonized Light-Duty Vehicles Test Procedure (WLTP).

			<ul style="list-style-type: none"> ◆ Systems and infrastructure used primarily for the transportation of fossil fuels ◆ Passenger rail systems with emissions greater than 50 grams of CO₂/p-km ◆ Hybrid buses with Carbon intensity of over 50gCO₂e/p-km ◆ Passenger cars and commercial vehicles with tailpipe emission intensity over 50 gCO₂/km ◆ For battery manufacturing and sourcing of raw materials for its key components: Mining, extraction, refining and processing of key or critical minerals, such as cobalt, nickel, lithium, etc., ◆ Investments in: i) new construction and existing road infrastructure retrofits, including roads and, bridges, etc.; ii) parking facilities; and iii) fossil fuel stations or other assets that prolong the fossil fuel lock-in
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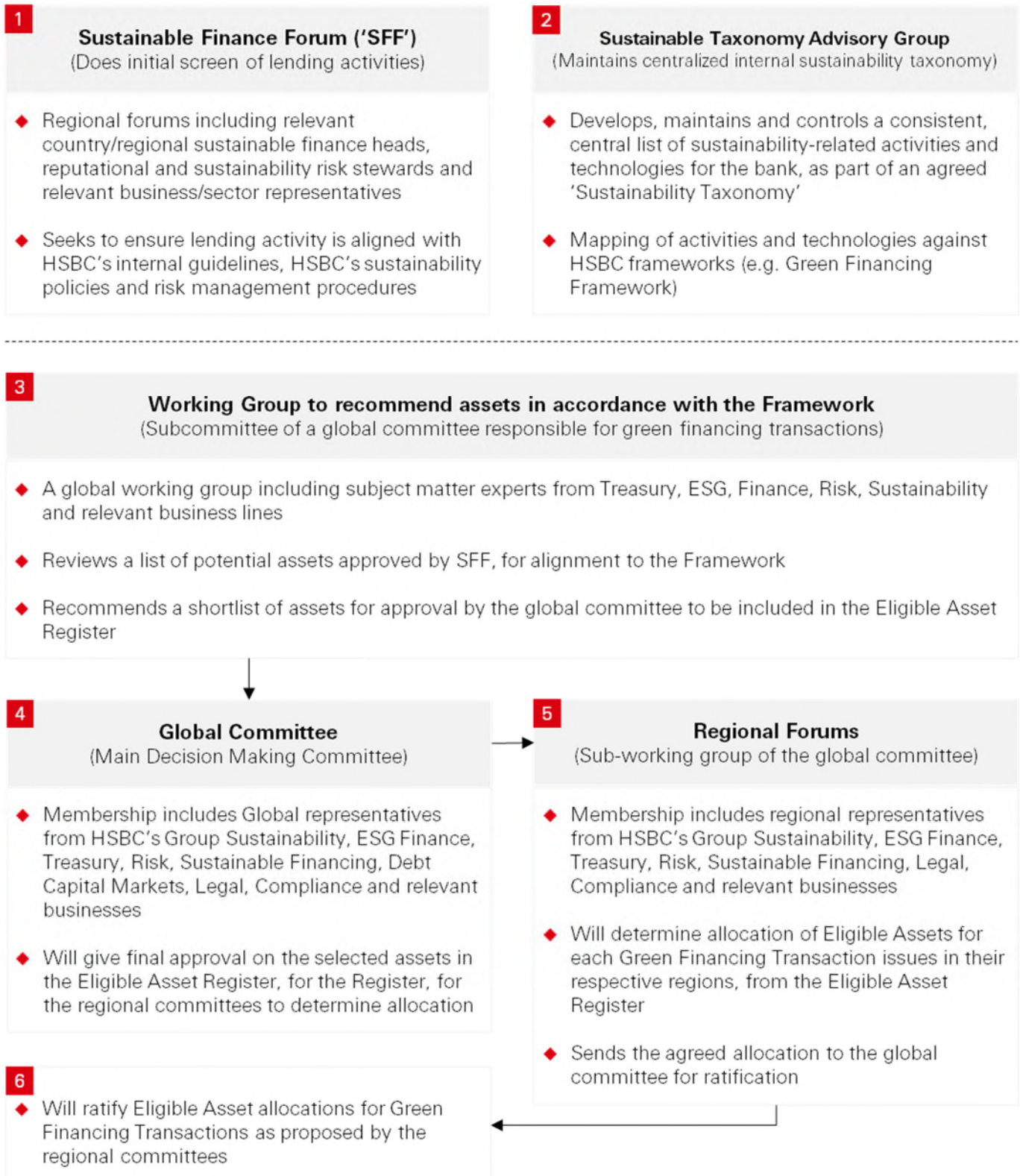
All Eligible Assets will, to the extent applicable, adhere to the HSBC Group's specific sustainability risk policies, including those covering agricultural commodities, chemicals, energy, forestry, mining and metals, thermal coal phase out, UNESCO World Heritage Sites and Ramsar-designated wetlands. We also apply the Equator Principles when financing relevant projects.

These policies can be found on HSBC's website (<https://www.hsbc.com/our-approach/risk-and-responsibility/sustainability-risk>).

3. Eligible Assets Evaluation and Selection Process

The Eligible Assets evaluation and selection process seeks to ensure that an amount equivalent to the net proceeds of any Green Financing Transaction is allocated to assets qualifying as Eligible Assets.

The below diagram sets out the governance processes supporting the evaluation and selection of Eligible Assets, and management of proceeds.



The global working group referred to above is responsible for maintaining the register of Eligible Assets on an on-going basis.

As part of HSBC's financing approval process, the initial screening by the Sustainable Finance Forum (step 1 in the diagram above) will assess the asset(s) and endorse/approve the categorisation/labelling of the transactions in accordance with the HSBC Group's internal

framework for classifying financing and investments as sustainable¹⁵ and the relevant principles issued by the Loan Market Associations (LMA, APLMA, LSTA¹⁶). HSBC has developed an internal single, bank-wide sustainability taxonomy, to assist in the determination of whether a technology or activity is eligible to be classified as green or sustainable. The Sustainable Taxonomy is based on international standards and best practice, for example the Climate Bonds Taxonomy. The categorisation of activities as green or sustainable is conditional on certain criteria being met, and it also allows for regional variations.

Only approved assets are then considered as a potential Eligible Asset for allocation against a Green Financing Transaction under this Framework.

Alignment of the relevant asset with the Eligible Categories is reviewed at origination and on an ongoing basis. Compliance conditions may be stipulated in loan documentation with a dedicated system in place to help track the necessary information. Non-adherence to the required eligibility criteria or any other potential declassification event is to be notified to the appropriate internal governance forum to determine whether a declassification event has occurred.

The global and regional committees, on at least a quarterly basis, review the allocation of the amount equivalent to the net proceeds from the Green Financing Transactions against the Eligible Assets, and determine if any changes are necessary (for instance, in the event that an Eligible Asset has been cancelled, sold or repaid). In the case of a divestment of an Eligible Asset, or if an Eligible Asset fails to ensure continued compliance with the eligibility criteria, or if early/final repayment of an Eligible Asset occurs, the regional committee will be responsible for determining the replacement of the allocated amount with another Eligible Asset(s) as soon as reasonably practicable, for as long as the relevant Green Financing Transactions are outstanding.

The global and/or the regional committees will also review the management of the applicable proceeds relating to each Green Financing Transaction (as described in Section 4, 'Management of Proceeds') and facilitate reporting (as described in Section 5, 'Reporting').

The businesses and projects that are financed or refinanced by Eligible Assets may benefit the environment and society in important ways but also degrade it in others. HSBC has specific sustainability risk policies covering various sectors (see <https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk> for further details) which seek to ensure that the financial services we provide to our customers to support economic development do not result in an unacceptable impact on people or the environment. HSBC's assessment of environmental and societal benefits will consider the balance of impacts in determining overall net benefit. Moreover, HSBC will exercise its professional judgement, discretion and sustainability knowledge in determining the eligibility of assets.

¹⁵ <https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre>

¹⁶ Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications and Trading Association

4. Management of Proceeds

Management of proceeds and reporting (as described in Section 3, 'Eligible Assets Evaluation and Selection Process' and Section 5, 'Reporting') in accordance with this Framework are governed through the global and regional committees. For HSBC Holdings plc Green Financing Transactions, an amount equivalent to the net proceeds will be downstreamed to the relevant entities or regional entity groups where the Eligible Assets are booked.

Where a Green Financing Transaction is issued or entered into by an operating subsidiary within the HSBC Group, an equivalent amount to the net proceeds of such Green Financing Transaction will be allocated to Eligible Assets on such entity's own balance sheet.

Upon settlement of any Green Financing Transaction, no specific accounts or segregation will be created and the net proceeds of the Green Financing Transaction will be credited to the relevant entity's treasury account and incorporated into its general liquidity pool.

If the total equivalent amount of net proceeds of a Green Financing Transaction cannot be allocated to Eligible Assets, or if, for any reason, the aggregate amount in the Eligible Assets portfolio (which is the pool of Eligible Assets allocated against outstanding Green Financing Transactions issued under this Framework) is less than the total outstanding amount of Green Financing Transactions, an amount equivalent to the unallocated amount will be integrated into the entity's treasury liquidity reserve without segregation and invested (at the bank's own discretion) according to normal liquidity practices.

5. Reporting

On an annual basis, HSBC will publish a consolidated allocation report and impact report, including key performance indicators on Eligible Assets to which an amount equivalent to the net proceeds of Green Financing Transactions is allocated, as detailed below. This reporting will be updated annually whilst HSBC continues to have any Green Financing Transactions outstanding. The report will be made publicly available on HSBC's website.

The allocation of short-term Green Financing Transactions to Eligible Assets will be reported on a quarterly basis, to reflect shorter tenor transactions; impact reporting will follow the annual impact reporting referred to above.

In all cases, information with respect to clients and their businesses and projects will be subject to permitted disclosure in accordance with applicable law and regulation.

5.1. Allocation Reporting

HSBC will provide information on the Eligible Asset portfolio. The information will contain at least the following details:

1. Aggregate amounts allocated to each of the Eligible Categories, together with, to the extent possible, a description of the types of businesses and/or projects financed through the Eligible Assets and the geographic location of the HSBC entity providing the financing for the Eligible Asset.
2. The balance of unallocated proceeds at the reporting period end.

5.2. Impact Reporting

The impact reporting intends to include details on expected and/or actual environmental performance of the Eligible Asset portfolio on an aggregated basis. HSBC intends to align, on a best-efforts basis, the impact reporting with the approach described in the ICMA “Handbook - Harmonised Framework for Impact Reporting (June 2023)”¹⁷.

Depending on the type of Eligible Asset, the impact reporting will differ and may not be available for all Eligible Assets. However, indicative examples of impact reporting metrics are outlined below.

Environmental Impact Indicators

Project Category	Impact Reporting Metrics
Clean Transportation	<ul style="list-style-type: none"> ◆ GHG¹⁸ Emissions avoided (tCO₂e) ◆ Percentage of electric vehicles in total portfolio (%) ◆ Air pollutants reduction (PMO/NO_x/SO_x, in %)
Renewable Energy	<ul style="list-style-type: none"> ◆ Renewable energy produced (MWh) ◆ Renewable energy capacity (MW) ◆ GHG emissions avoided/reduced (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> ◆ Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) ◆ Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Green buildings	<ul style="list-style-type: none"> ◆ Level of certification by property ◆ Estimated avoided GHG emissions (tCO₂eq) ◆ Annual energy savings (MWh pa)

¹⁷ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

¹⁸ GHG – Greenhouse gases (also known as HGHs) are gases in the earth's atmosphere that trap heat.

6. External Review

6.1. Second Party Opinion

HSBC has appointed Sustainalytics to provide a second party opinion on this Framework, and confirm its alignment with the ICMA GBP. If there are material updates to this Framework, HSBC will seek to obtain an updated second party opinion. The second party opinion will be made available on the HSBC investor relations webpage, found through www.hsbc.com.

6.2. Post transaction external verification

HSBC's Eligible Asset register and allocation reporting will also be subject to stand-alone independent limited assurance by an external auditor, covering the following areas:

- ◆ That each Eligible Asset does support the financing and/or refinancing of a business or project which falls within the Eligible Categories as described in Section 2.1;
- ◆ The amount equivalent to the net proceeds of the Green Financing Transactions that has been allocated against Eligible Assets;
- ◆ The management of the proceeds from the Green Financing Transactions, including any unallocated amount; and
- ◆ Impact reporting related disclosures.

The external auditor's limited assurance report will be published on the HSBC investor relations webpage, found through www.hsbc.com.

7. Amendments to this Framework

HSBC intends to review this Framework on a regular basis, and any updates to this Framework will be published on HSBC's website.

Any Green Financing Transaction is intended to be aligned to the most recent version of the Framework published at the time of issue or entry into of such Green Financing Transaction.

The HSBC Sustainable Development Goal (SDG) Bond Framework (November 2017) is not being updated or replaced at this time. HSBC may consider updating it (or expanding this Framework) in the future. HSBC does not intend to enter into any further transactions under the HSBC Sustainable Development Goal (SDG) Bond Framework (November 2017) at this time.

Any transaction issued or entered into prior to the publication of this Framework and expressed to be aligned to the HSBC Green Bond Framework (November 2015) or the HSBC Sustainable Development Goal (SDG) Bond Framework (November 2017) will continue to be reported on in accordance with the HSBC Green Bond Framework (November 2015) or the HSBC Sustainable Development Goal (SDG) Bond Framework (November 2017) respectively.

8. HSBC Sustainable Financing Updates

HSBC has created various platforms to facilitate communications of its sustainable financing activities, which are listed below:

HSBC Green & Sustainability Bonds: <https://www.hsbc.com/investors/fixed-income-investors/green-and-sustainability-bonds>

HSBC Centre of Sustainable Finance: <https://www.business.hsbc.com/en-gb/campaigns/sustainability/centre-of-sustainable-finance>

HSBC Net Zero Transition Plan: <https://www.hsbc.com/who-we-are/our-climate-strategy/our-net-zero-transition-plan>

Environmental, Social & Governance Update 2023: <https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre>

Sustainable Finance Data Dictionary: <https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre>

Disclaimer

Important Notice

The Framework does not constitute, or form part of, a prospectus or other offering document. The information, statements and opinions contained in this document are for informational and reference purposes only and do not constitute a public offer under any applicable legislation, an offer to sell or solicitation of any offer to buy any securities or financial instruments or inducement to enter into investment activity, or any advice or recommendation with respect to such securities or other financial instruments.

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No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the fairness, accuracy or completeness or correctness of any information contained in this document or opinions contained in, any other written or oral information provided in connection therewith or any data which such information generates. The information contained herein may be subject to updating, revision, verification and amendment and such information may change materially, however no Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this document or any additional information or to remedy any inaccuracies in or omissions from this document.

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label nor can any assurance be given that such a clear global definition or consensus will develop over time, nor if a definition or consensus develops, that it will not change over time. As a result, HSBC is making this statement in order to assist its customers, potential customers and other third parties with regard to its own current position in view of the possibility that different interpretations of these terms may develop over time. No assurance is given that the Eligible Assets (as such term is defined herein) will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any business or project, nor that it will meet investor expectations or requirements regarding such "green", "sustainable" or similarly labelled performance objectives (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**") and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "**EU Green Bond Regulation**"), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom (together, the "**Sustainability Legislation**"). While HSBC has obtained information from sources considered to be reliable, HSBC neither represents that any third-party environmental or sustainability information or data is accurate or complete, nor that HSBC has (itself or via a third party) taken any steps to independently or otherwise verify such information and data. Accordingly, HSBC does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any actions or inactions undertaken in reliance on third party information or any other content contained herein or in relation to determinations made under the Sustainability Legislation by investors, users and other relevant persons. Investors, users and other relevant persons are reminded that differences in interpretation are possible. Different persons (including third party data providers, investors and other financial institutions) may apply different interpretations, standards and criteria, including through use of internal methodologies, and arrive at different conclusions. Investors, users and other relevant persons are advised to obtain their own independent financial, legal, regulatory, tax or other advice as necessary in order to make their own investment decision as to whether an index, investment, product or asset meets their environmental or sustainability needs, including environmental or sustainability performance, environmental or sustainability alignment, and alignment to or compliance with any regulatory regime (including without limitation, the Sustainability Legislation).

No representation or assurance is given as to the relevance, suitability or reliability of any opinion or certification of any third party made available in connection with the Framework. Any such opinion or certification is not a recommendation by HSBC or any other person to buy, sell, hold or invest in any Eligible Assets. As at the date of the Framework, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance, suitability and reliability of any such opinion or certification and/or the information contained therein.

While it is the intention of HSBC to apply an amount equivalent to the net proceeds of any Green Financing Transaction under the Framework to Eligible Assets and to report on the Eligible Assets as described herein, there is no contractual obligation to do so. There can be no assurance that any such Eligible Assets will be available, or capable of being implemented

in, or substantially in, the manner and timeframe anticipated and, accordingly, that HSBC will be able to use an amount equivalent to the net proceeds for such Eligible Assets as intended. Furthermore, no assurance is given that any businesses or projects the subject of, or related to, Eligible Assets will be completed as expected or achieve the impacts or outcomes (environmental, sustainable or otherwise) originally expected or anticipated. None of these events, nor a failure by HSBC to allocate an amount equivalent to the net proceeds of any Green Financing Transaction to Eligible Assets, nor to report on Eligible Assets as described herein, nor a failure by a third party to issue (or its withdrawal of) an opinion or certification in connection with any Green Financing Transaction, nor the failure of any Green Financing Transaction to meet investor requirements, will constitute an event of default or breach of contract with respect to any Green Financing Transaction. Any such event may have a material adverse effect on the value of the relevant investment and/or may have consequences for investors with certain requirements.

The Framework 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,' or a 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, as described under 'Cautionary statement regarding forward-looking statements' and 'Additional cautionary statement regarding ESG data, metrics and forward-looking statements' contained in the HSBC Holdings plc Annual Report on Form 20-F for the year ended 31 December 2023, filed with the Securities and Exchange Commission ('SEC') on 22 February 2024 (the '2023 Form 20-F') and in other reports on Form 6-K furnished to or filed with the SEC subsequent to the 2023 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 HSBC's business, is contained in the 2023 Form 20-F and Subsequent Form 6-Ks.

