

Investor Bulletin



Interview with Head of HSBC Centre of Sustainable Finance



Zoë Knight is the Group Head of the HSBC Centre of Sustainable Finance which she set up in 2018. The Centre collaborates with colleagues across HSBC and external partners to produce thought leadership on critical issues to scale up and mobilise capital to address sustainability challenges, particularly climate change.

Q1. What are the big issues people are asking about sustainable finance?

Sustainable finance is moving increasingly into the real economy. A few years ago, financial institutions and governments were the majority making climate commitments. Today, a number of companies across the global economy are making net-zero commitments, developing strategies to reduce their carbon footprint and deploying capital towards activities to capture opportunities and minimize climate risk. These also include those companies in the energy intensive sectors like energy, steel, and transport.

A large part of this is due to the pressure for sectors across the economy to reduce their emissions by nearly half by 2030, and net-zero by 2050 to align with The 2015 Paris Agreement. The 2015 Paris Agreement stipulates that in order to avoid the catastrophic impacts of climate on the economy, society must maintain a global average temperature well below 2°C above pre-industrial levels. However, many issuers already view climate change as a material risk, with more than half either already affected or believing they will be within the next 10 years. Sustainability and climate resiliency have become even more relevant in the wake of the COVID-19 pandemic. I think there is an awareness among issuers that the COVID-19 pandemic and its economic consequences could be a dry run for a big climate related event in the future.

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HSBC Q3 2020 Results

We will publish our Q3 2020 Results on **Tuesday 27th October 2020**.

Click on the link **from 27th October 2020** to find and download key documents:

[3Q 2020 Results](#)

Interview with Head of HSBC Centre of Sustainable Finance

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There are still challenges that we must navigate as the market grows. An important one is disclosure. While a large number of issuers are providing this information in their annual reports, not all are following the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). This makes mining the data and comparing it more complex.

Q2. How can environmental, social and governance (ESG) investors participate in transition? Is there more to be done here?

As sectors decarbonise, the need for finance to support this transition and sustainable infrastructure is expected to reach nearly US\$100 trillion by 2030. Areas that will need this financing include renewable energy, sustainable housing, transport and heavy industry. Green and Transition Bonds will be important in supporting companies along their transition, to either fund wholly green projects or projects that lead to significant improvement in emissions performance in heavy industry.

We're seeing a growing interest in the Green and Sustainable Bond market, particularly amongst institutional investors. A growing number of bond investors globally are buying GS bonds, and where they haven't yet, a large percentage of them have plans to do so.

Q3. Should ESG investors be prepared to accept lower returns?

No. What we're seeing is that investors are increasingly using ESG as a lens to find value in a rapidly evolving market – in addition to being a risk mitigating approach.

In fact, data from HSBC Global Research is demonstrating that companies with high ESG scores or who derive over 10% of their revenues from climate-related themes have outperformed the global equity benchmark by 5% and 13% respectively.

This is reflected in the growth in AUM in funds that abide by ESG principles, which surpassed US\$1 trillion for the first time on record earlier this year (according to data compiled by Morningstar). It comes after net inflows of US\$71.1 billion between April of June this year, driven by growing investor interest in sustainable investment funds in the wake of the COVID-19 pandemic.

What is featured in this quarter's Newsletter...

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HSBC senior management changes



Annabel Spring is appointed as Chief Executive Officer of Global Private Banking. Since joining HSBC in 2018 as Group Head of Customers and Products, WPB, Annabel has been instrumental in increasing the advocacy focus on customers, leading WPB's transformation towards an agile way of operating, accelerating the growth of Wealth and the Jade offering, and optimising our capital allocation.

Before joining HSBC, Annabel spent nine years with the Commonwealth Bank of Australia, most recently as Group Executive for Wealth Management. She has also held a number of senior roles at Morgan Stanley, including Global Head of Firm Strategy and Execution.

News and Insight from HSBC

Environmental, Social and Governance



HSBC Global Asset Management & Pollination launch partnership to create world's largest natural capital manager.

For the detailed article: [HSBC Pollination: Nature is capital](#)
26 August 2020 | Source: HSBC Asset Management



A global labelling system for green projects could boost investor confidence and attract more private capital.

For the detailed article: [How to drive investment in sustainable infrastructure](#)
29 September 2020 | Source: HSBC.com



As COVID-19 sharpens investors' focus on environmental, social and governance issues, we highlight six developments to watch.

For the detailed article: [Climate in the COVID era](#)
22 September 2020 | Source: HSBC.com



Coronavirus has led to an increase in plastic ocean waste – but could beetles and bugs be part of the solution?

For the detailed article: [Pandemic compounds plastics problem](#)
3 September 2020 | Source: HSBC.com



Can the Middle East, North Africa and Turkey take meaningful steps towards a low-carbon economy?

For the detailed article: [Continental shift](#)
14 August 2020 | Source: HSBC.com



HSBC launches ESG portfolio reporting service. The service will consist of a monthly reporting dashboard, including portfolio-level analysis using ESG ratings, and carbon emissions data.

For the detailed article: [HSBC ESG portfolio reporting service](#)
24 July 2020 | Source: HSBC GBM.com

Digital & Technology Insights



COVID-19 has accelerated a switch to online living. What could it mean for societies worldwide?

For the detailed article: [Pandemic hastens digital economy](#)
14 September 2020 | Source: HSBC.com

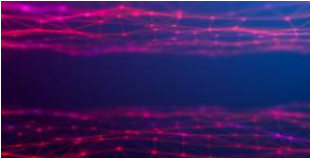


Advances in machine vision are set to benefit industries ranging from farming to pharmaceuticals.

For the detailed article: [Through the eyes of a robot](#)
11 August 2020 | Source: HSBC.com

News and Insight from HSBC

Digital & Technology Developments



HSBC has played a key role in a technology pilot that could transform the way bonds are issued.

For the detailed article: [How blockchain could revolutionise bonds](#)
1 September 2020 | Source: HSBC.com



HSBC has developed an innovative tool to predict demand for cash at its ATMs and make deliveries more efficient.

For the detailed article: [iCash: Managing our ATMs with AI](#)
7 September 2020 | Source: HSBC.com

Transforming trade



HSBC New Zealand and HSBC China completed the first pilot transaction for Electronic Presentation (ePresentation) of trade documents on the Wave blockchain platform. The transaction was for a shipment of milk powder from Fonterra, the second largest dairy processor in the world, based in New Zealand, to Sichuan New Hope, based in China. This was the first trade transaction in New Zealand facilitated by the Electronic Bill of Lading (eBL) blockchain technology.



Improving international payments

HSBC's FX Everywhere Distributed Ledger Technology (DLT) solution has gone live in Dubai, making it the first permissioned blockchain platform in the region. It improves the way HSBC transfers payments to settle transactions for their clients in different countries. This positions HSBC Middle East as one of the leading service providers in DLT in the region.



Enabling E-trading

HSBC launched the first e-trading access for foreign investors to the Chinese Interbank Bond Market (CIBM). This will enable offshore investors to request quotes from multiple onshore dealers simultaneously through electronic platforms and is the first of its kind.



Building a B2B digital community

HSBC launched VisionGo, an AI-enabled B2B community platform. It offers personalised professional insights and networking opportunities to companies – both existing and potential customers – along with new interactive features designed to foster dialogue and collaboration. Since its beta launch in March, VisionGo's community has grown to over 9,000 members and it has hosted over 400 webinars for businesses.



Supporting our customers digitally

HSBC deployed a digital solution in Commercial Banking to support capital repayment holidays, drawdowns and exit management. The first of these rollouts has enabled faster service for more than 18k customers.



Increasing transaction monitoring productivity with AI

Across operations, HSBC is making further use of automated tools. Cog Systems Artificial Intelligence products have been deployed in a number of new markets including India, Australia, Malta, Canada and Mauritius, to help process transaction monitoring cases. This has increased productivity by 40% and is delivering \$3m in annualised savings.



Improving sanctions screening with Machine Learning

HSBC has implemented machine learning on our sanctions screening automation tool, which has increased efficiency in Asia by 10% and Europe by 20%.



Speeding up post-trade reconciliations with Machine Learning

HSBC implemented machine learning for post-trade reconciliations in Market and Security Services. This process reviews 100k reconciliations per day, resulting in quicker turnaround.

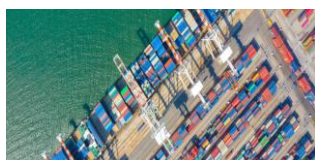
News and Insight from HSBC

Business & Economy



Institutional investors are showing increasing confidence in emerging markets, according to HSBC's latest survey.

For the detailed article: [Investors warm up to emerging markets](#)
25 September 2020 | Source: HSBC.com



Embracing open and fair trade could boost global GDP by USD10 trillion a year in 2025, according to a major new report co-written by HSBC and Boston Consulting Group (BCG).

For the detailed article: [Making the USD10 trillion case for trade](#)
17 September 2020 | Source: HSBC.com



With effect from 1st November 2020 HSBC is eliminating 26 fees and charges on basic banking services to enhance financial inclusion in Hong Kong.

For the detailed article: [HSBC champions financial inclusion in Hong Kong via first-to-market removal of basic banking fees](#)
10 September 2020 | Source: About HSBC Hong Kong.com



The Chinese recovery is set to gain momentum. After a tough first quarter where GDP shrank 6.8 per cent year-on-year, several sectors are showing clear signs of renewal, with public investment and infrastructure leading the way.

For the detailed article: [China and the West: finding common ground](#)
8 September 2020 | Source: HSBC.com



We highlight 10 key trends in Asia that businesses and investors should have on their radar.

For the detailed article: [Asia's tectonic demographic shifts](#)
27 August 2020 | Source: HSBC.com



Firms are making fundamental changes to how they operate as they plan for the post-pandemic future, says Barry O'Byrne, CEO of HSBC Global Commercial Banking.

For the detailed article: [Beyond business as usual](#)
18 August 2020 | Source: HSBC.com



Economies need to think beyond the pandemic to plan for long-term growth and prosperity.

For the detailed article: [Emerging Asia's post-COVID future](#)
6 August 2020 | Source: HSBC.com



The UK government faces tough decisions as it tries to control coronavirus at the same time as reopening society and reigniting economic growth.

For the detailed article: [Five key questions for the UK economy](#)
5 August 2020 | Source: HSBC.com

Our recent award wins

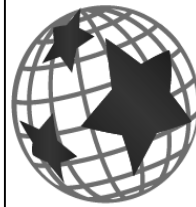


September 2020

- **Global Excellence in Leadership (during the Covid-19 pandemic)**
- **World's Best Bank for Sustainable Finance**
- **World's Best Bank for Transaction Services**
- Excellence in Leadership in Asia (during the Covid-19 pandemic)
- Asia's Best Bank for Financing
- Asia's Best Bank for Sustainable Finance
- Hong Kong's Best Bank
- Hong Kong's Best Investment Bank
- Excellence in Leadership in the Middle East (during the Covid-19 pandemic)
- Middle East's Best Investment Bank
- Middle East's Best Bank for Transaction Services
- Middle East's Best Bank for Sustainable Finance
- Kuwait's Best Investment Bank
- Oman's Best Investment Bank
- Western Europe's Best Bank for Sustainable Finance

For the detailed article: [Euromoney global awards](#)

10 September 2020 | Source: HSBC.com



The Banker Investment Banking Awards 2020

September 2020

- Investment Bank of the Year for Sustainability
- Investment Bank of the Year for Sustainable SSA
- Investment Bank of the Year for Green Bonds
- Investment Bank of the Year for Islamic Finance



The Banker TRANSACTION BANKING AWARDS 2020

September 2020

- Best Transaction Bank in Western Europe
- Best Bank for Securities Services

The Banker INNOVATION IN DIGITAL BANKING AWARDS 2020

Winner APAC

August 2020

- Best Digital Bank in Asia



September 2020

- HSBC

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Additional detailed information concerning important factors that could cause actual results to differ materially from this News Release is available in our Annual Report and Accounts for the fiscal year ended 31 December 2019 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 19 February 2020, our 1Q 2020 Earnings Release furnished to the SEC on Form 6-K on 28 April 2020, and our Interim Financial Report for the six months ended 30 June 2019 which we furnished to the SEC on Form 6-K on 3 August 2020.