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HSBC ISSUES WORLD'S FIRST CORPORATE SUSTAINABLE DEVELOPMENT BOND

****US\$1 billion proceeds will be used to offer broad social, economic and environmental benefits as aligned to seven selected UN SDG targets****

HSBC has launched a new type of sustainable bond based on the United Nations Sustainable Development Goals (UNSDGs). This is the first time that a private sector entity has issued a benchmark-size bond of this type and reflects the Group's commitment to financing projects that benefit communities and the environment.

Recent research commissioned by HSBC shows that 68% of global investors intend to increase their low-carbon related investments to accelerate the transition to a clean-energy economy. The US\$1 billion raised from the HSBC SDG bond, which matures in 2023 and was three times oversubscribed, will be used to support projects that offer broad social, economic and environmental benefits as aligned to seven selected SDG targets. These could include hospitals, schools, small-scale renewable power plants and public rail systems.

The inaugural issue, announced in the wake of the UN climate conference that closed last week in Bonn, Germany, saw strong appetite from a North America investor base, which took 80% of the final allocations, followed by Asia (10%) and Europe (9%).

Stuart Gulliver, HSBC Group Chief Executive, said: "The launch recognises our responsibility to help finance global sustainable development. Investors want more socially and environmentally responsible investment opportunities, and this bond helps to meet that demand. It also helps build a deeper and more liquid market to attract other issuers. This is just one mark of HSBC's commitment to help economies and societies advance towards a sustainable future."

Patricia Espinosa, Executive Secretary of UN Climate Change, said: "A dramatic expansion in creative financing is going to be crucial for catalysing the transition to a low carbon, sustainable world. It is happening, but needs to happen with greater urgency, speed and scale. So, congratulations to HSBC for this innovation and its explicit support for the SDGs and the Paris Climate Change Agreement—we look forward to many more financial institutions following suit."

HSBC has published a new [framework](#) for the SDG bond aligned to the UNSDGs setting out how the US\$1 billion proceeds will be used and managed. More specifically, the proceeds will be used to support projects contributing towards specific goals, including:

- improving access to education, essential healthcare, fresh water and sanitation
- increasing the share of renewables in the global energy mix
- building sustainable cities and transport systems
- helping communities adapt to the effects of climate change

HSBC will provide an update each year on how the proceeds of the bond are being used and will also endeavour to measure the resulting impact of the underlying projects and loans. In addition, an independent body will give second-party opinion, checking that the proceeds are being used in line with HSBC's framework on an annual basis.

The new bond builds on HSBC's longstanding commitment to sustainable development and its ambition to play a leading role in the fast-developing market for sustainable finance. On November 6 2017 HSBC pledged to provide US\$100 billion in sustainable financing and investment by 2025. The goal is one of five new commitments that HSBC is making to tackle climate change and support sustainable growth in the communities it serves.

HSBC is a member of the International Capital Market Association's (ICMA) Executive Committee for the Green Bond Principles helping to set voluntary standards for issuers of green bonds and now social bonds.

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Note to editors:

The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,526bn at 30 September 2017, HSBC is one of the world's largest banking and financial services organisations.

UN Sustainable Development Goals (source: UN)

On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

The SDGs, also known as Global Goals, build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

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