

16 March 2022

HSBC Announces Net Zero Steps

HSBC is setting out transformational changes it is making to deliver on its climate strategy and targets.

We believe we can make the biggest contribution to a low carbon global economy by actively engaging our clients on their transitions, by working to ensure their transition plans are credible, and by providing the financing and advisory solutions that help unlock the investments they need.

We're committed to aligning the financed emissions from our portfolio to net zero by 2050 or sooner – and know this can be achieved only in partnership with our customers.

Today we're announcing three steps we'll take to progress our ambitions:

1. We'll publish a Climate Transition Plan

The plan, to be published in 2023, will explain for the first time how we intend to implement our climate strategy and deliver on our 2030 and 2050 science-based targets.

It will outline our approach in carbon-intensive sectors and explain the changes under way across the bank, which include introducing a new sustainability operating model to implement net zero.

We will report annually on progress in our Annual Report and Accounts.

2. We're committing to phasing down fossil fuel financing

We're committing to a science-aligned phase down of fossil fuel financing, in line with what is required to seek to limit the global temperature rise to 1.5°C.

This commitment builds on our recent announcements, including on thermal coal financing and interim targets for on-balance sheet financed emissions from the oil and gas and power and utilities sectors. Work is under way to set interim targets for financed emissions across other sectors.

We'll be engaging with clients to review their transition plans for compatibility with our net zero 2050 target, and will assess whether to continue providing financing for

a client if no transition plans are produced, or if, after repeated engagement, a client transition plan is not compatible.

We expect to publish financed emissions targets to capture capital markets activities for the oil and gas, and power and utilities sectors in the fourth quarter of 2022, once the Partnership for Carbon Accounting Financials standard is published.

3. We'll review and update wider financing and investment policies

We'll examine policies critical to achieving net zero by 2050 and consult with leading independent scientific and international bodies.

Our review will include a wider energy policy covering conventional and unconventional oil and gas, methane and emissions, and environmentally critical areas, such as the Arctic, the Amazon, and UNESCO World Heritage sites.

An updated thermal coal policy, building on developments including the latest scientific guidance, will be published by the end of 2022.

“The current energy crisis should galvanise the need to supercharge investment into the clean energy transition”

Group Chief Sustainability Officer Celine Herweijer, said: “HSBC understands that the sudden energy crisis that the world finds itself in will necessitate actions in the short-term around energy security.

“Our clients, like us, are operating in this new reality, but the longer-term imperative over the coming decades to transform business models for a net zero future remains unchanged.

“If anything, the current crisis should galvanise the need to supercharge investment into the clean energy transition.”

Notes to editors:

About HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, the Middle East and North Africa. With assets of US\$2,958 billion at 31 December 2021, HSBC is one of the world's largest banking and financial services organisations.

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