

News Release

HSBC ASSET MANAGEMENT & IFC REAL ECONOMY EM GREEN BOND FUND RAISES \$538M AT FINAL CLOSE

LONDON/WASHINGTON, March 18, 2021 - HSBC Asset Management and International Finance Corporation (IFC), a member of the World Bank Group, today announced the final closing of the **HSBC Real Economy Green Investment Opportunity GEM Bond Fund (REGIO)**¹, boosting access to climate finance and helping further develop the market for green bonds.

REGIO, the first green bond fund focused on well-diversified climate-smart investments in “real economy” issuers in emerging market countries² closed with total investor commitments of \$538 million³ following further investment from two European investors.

REGIO uses both public and private capital to build climate change-mitigation capacity in the markets that are most at threat from the effects of climate change. The aim of the fund is to help these economies in their transition to a low-carbon future by further increasing access to climate finance and promoting the development of sustainable capital markets through a broader range of issuers.

When the fund was announced in 2019, both HSBC and IFC each committed \$75 million as anchor investors. A total of ten investors have now joined. REGIO aims to address the demand for climate smart investment by providing an innovative, diversified, vehicle to investors who may lack the capability to invest in individual green bond transactions, or who want to complement an existing EMD allocation with a green impact bond solution.

“Investing in green bonds is not just about fighting climate change – it’s about paving the way for lasting, positive change,” said **Stephanie von Friedeburg, IFC Senior Vice President, Operations**. “The final closing of REGIO reflects IFC’s commitment to innovation, partnerships, and impact investing across emerging markets and demonstrates the continued relevance of capital markets in the transition to low-carbon economies.”

Nicolas Moreau, CEO, HSBC Asset Management, said: “The emphasis that we need to place on helping economies transition sustainably is more significant than ever before. Climate change is one of the main risks of our lifetime and for REGIO to close at this size during a global pandemic highlights how important combatting it is to investors, and we are thankful to them for their support.”

“At HSBC Asset Management we have a long heritage in connecting the world to emerging markets and these countries face significant challenges to overcome the rapid effects of climate change. As investors we believe that investing in them today creates opportunities for tomorrow, and that by working through public and private partnerships, we can create investment solutions while simultaneously discovering ways to address global sustainability challenges.”

Investors in the final close of the fund include founding partner and pillar in the construction of the fund, PROPARCO, a subsidiary of Agence Française de Développement (AFD) devoted to private sector financing and Cassa Depositi e Prestiti S.p.A. (CDP), the Italian National Promotional Institution.

Grégory Clemente, CEO, PROPARCO added: “This investment confirms our commitment to mobilize private finance to fight against climate change and accelerate the energy transition. This innovative project will contribute to rechanneling financial flows from OECD countries towards green projects in emerging markets. The mobilization of institutions like PROPARCO also attracts investors that are less familiar with the risks in these markets associated with these geographical areas.”

Paolo Calcagnini, Deputy General Manager and Chief Business Officer, CDP commented: “We are very pleased to join the green bond fund REGIO and contribute to its success. This investment reaffirms CDP’s commitment to combat climate change and support initiatives aimed at promoting green finance and capital market growth in emerging market countries. Together with the other investors, we can

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further contribute to reposition financial flows and bring together private sector resources to finance innovative solutions in the pursuit of the United Nations Sustainable Development Goals”

Existing investors in the fund include AVIVA France and Cardif Assurance Vie, both insurance companies, Gothaer Asset Management, the asset management company of the Gothaer Insurance group, Lærernes Pension, an occupational pension fund for Danish Teachers, Verka VK Kirchliche Vorsorge, pension trust in the Protestant Church and Diaconia in Germany and Versorgungswerk der Apothekerkammer Westfalen-Lippe, a public pension fund in Germany.

REGIO’s investment criteria is detailed in HSBC Asset Management’s ‘**Green Impact Investment Guidelines**’ which set out a framework for the firm’s green impact strategies across asset classes, including eligible projects and activities aligned with impact. The framework aims to show potential bond issuers the eligibility criteria the firm will apply when selecting green bonds for REGIO. The framework is aligned to the SDGs and their targets and indicators, and contributes directly to financing the objectives of the Paris Climate Agreement.

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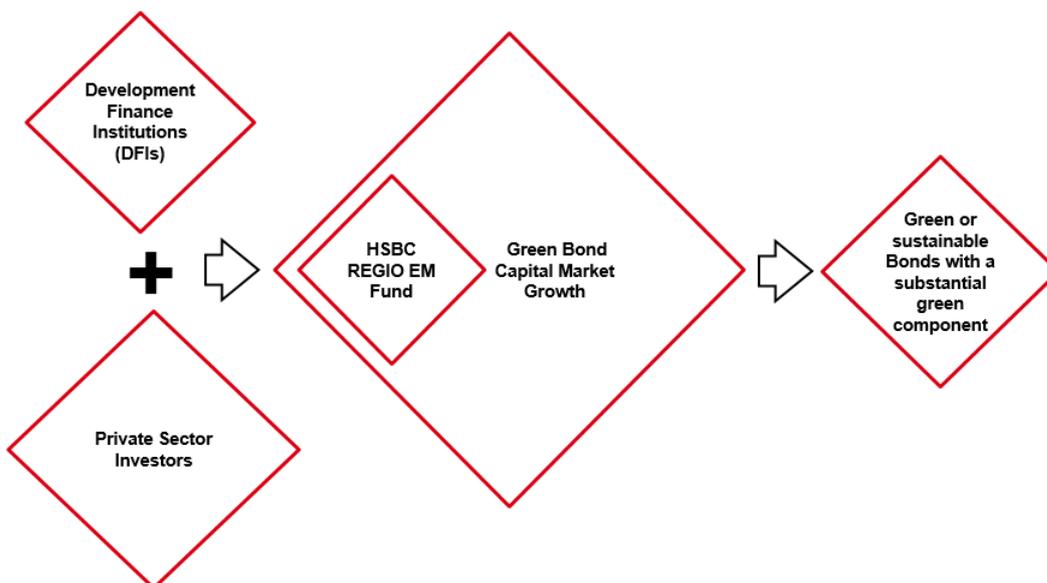
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Notes to editors:

[1] The REGIO fund has a blended finance objective which will aim to enable professional investors to align financial return objectives with real economy impact to deliver against the Paris Climate Agreement and Sustainable Development Goals.

Real economy - The part of a country's economy that produces goods and services, rather than the part that consists of financial services such as banks and stock markets.



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Source: HSBC Asset Management

[2] - Geographic investment allocation*

Brazil	16.76
India	15.27
Mainland China	14.18
Mexico	10.93
Colombia	8.53
Chile	7.33
Peru	7.27
Indonesia	4.23
Turkey	3.68
Panama	2.39
Others	9.43

*As at 26 Feb 2021

[3] – As at 29 Jan 2021.

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HSBC Asset Management

HSBC Asset Management, the investment management business of the HSBC Group, invests on behalf of HSBC's worldwide customer base of retail and private clients, intermediaries, corporates and institutions through both segregated accounts and pooled funds. HSBC Asset Management connects HSBC's clients with investment opportunities around the world through an international network of offices in 25 countries and territories, delivering global capabilities with local market insight. As at 31 December 2020, HSBC Asset Management managed assets totaling US\$612bn on behalf of its clients. For more information, see www.assetmanagement.hsbc.com/uk. HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entity, HSBC Global Asset Management (UK) Limited.

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to

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create markets and opportunities in developing countries. In fiscal year 2020, we invested \$22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

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