

Media release

13 DECEMBER 2022

Climate Asset Management closes over \$650 million for Natural Capital projects

- *Natural Capital and Nature Based Carbon strategies receive flows from a range of investors for Natural Capital projects globally*
- *Natural Capital Strategy has made its first investment into an Iberian land transformation project for regenerative high-value almond production and enhanced biodiversity*
- *Nature Based Carbon Strategy has invested in Global EverGreening Alliance's Restore Africa Programme - the world's largest community-based land-restoration project.*

13 December 2022, London: Climate Asset Management, the dedicated natural capital investment manager formed as a joint venture between HSBC Asset Management and climate change investment and advisory firm Pollination, has achieved commitments of more than USD \$650 million across its two Natural Capital strategies.

Commitments have been raised from a geographically diverse range of global financial institutions and corporations from Europe, the US, Asia-Pacific and the UK, with HSBC acting as anchor investor for both strategies. This investor mix underlines the increasing awareness of the benefits an investment into this important asset class can deliver to a range of institutional investors, including insurers and corporates with net zero / carbon neutral targets.

The two investment strategies are particularly relevant given the recent inclusion of nature based solutions for the first time in the cover text at COP27 and ongoing discussions around financing for biodiversity and biodiversity-credits at COP15. Respectively, they offer investors the choice of investing in nature for a financial return or to receive high-quality carbon credits.

Climate Asset Management continues to raise funds across both strategies and expects to make further announcements during 2023.

The **Natural Capital Strategy (NCS)** aims to deliver long-term financial returns alongside improved environmental outcomes from regenerative landscape management in agriculture, forestry and environmental assets.

To support the deployment of capital committed, NCS has developed a pipeline of natural capital investment opportunities, building on an initial investment into a land development project in Extremadura, Spain. The project aims to transform 400 hectares of traditionally flood-irrigated farmland to regenerative high-value almond production, with specific areas allocated towards enhanced biodiversity.

The **Nature Based Carbon Strategy (NBCS)** targets landscape restoration in developing economies to deliver biodiversity improvements at scale for climate resilience, community benefits, and high-quality carbon credits with a view to enabling global corporations to achieve their decarbonisation targets.

NBCS finances nature-based carbon projects, particularly in their early stage of development, whilst looking to ensure that meaningful benefits flow to the local communities. Its first publicly announced investment, the Restore Africa Programme (**the Programme**), is a key example of this. The Programme, led by the Global EverGreening Alliance, aims to restore nearly two million hectares of land and directly support 1.5 million smallholder farming families, across six African countries – Kenya, Ethiopia, Malawi, Tanzania, Uganda, and Zambia. It has already progressed to implementation in three of those countries (Uganda, Kenya and Malawi) in less than 12 months after the collaboration between Climate Asset Management and Global EverGreening Alliance was first announced at COP 26, evidencing the momentum generated so far. NBCF will continue to scale this traction with the commitments announced today.

The commitments to date and the ongoing capital raising demonstrate Climate Asset Management's continued contribution to the goals of the Natural Capital Investment Alliance, of which Climate Asset Management is a Founding Member.

Christof Kutscher, Chief Executive Officer of Climate Asset Management, commented: "We are delighted to have secured these commitments from a diverse global institutional investor-base for our Natural Capital and Nature Based Carbon strategies. Both investment strategies are grounded in nature-based assets and we find they are increasingly attractive to forward-thinking organisations that are themselves committed to the transition to net zero. The commitments will help us to support bold and scalable nature-based investment solutions as we strive to secure a more climate-resilient, nature-positive and inclusive world."

The joint venture between Pollination and HSBC Asset Management offers significant benefits in accessing, originating and analysing deal pipeline, understanding and anticipating regulatory change in natural capital and nature-based carbon markets to enable investible propositions, and unlocking built-up demand for natural capital and nature-based carbon investment on a global scale.

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Notes to Editors:

Photos of the project in Extremadura, Spain and the Restore Africa Programme available upon request

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ABOUT CLIMATE ASSET MANAGEMENT

Climate Asset Management was formed in 2020 as a joint venture of HSBC Asset Management and Pollination, with the ambition to grow the world's largest asset management company dedicated to natural capital. It aims to provide investment solutions that are good for nature, people, and our planet. Its investment strategies seek to work across landscapes to build resilience whilst generating returns. Through its Natural Capital Strategy, Climate Asset Management aims to deliver attractive, long-term risk return

outcomes and create impact at scale by protecting and restoring vital biodiversity. Through its Nature Based Carbon Strategy, it aims to unlock the supply of high impact carbon credits for corporates and investors seeking to achieve net zero.

Issued in the UK by Climate Asset Management Limited which is authorised and regulated by the Financial Conduct Authority in the UK (FRN 944222). Its registered address is 5th Floor, 7 Stratford Place, London, W1C 1AY, United Kingdom.

climateassetmanagement.com

ABOUT POLLINATION

Pollination is a global investment and advisory firm focused on climate and nature. It designs, builds and invests in climate and nature solutions to accelerate the transition to a net-zero, nature-positive future.

Established in 2019, Pollination has brought together a global team of 200 leading experts from across the climate and nature ecosystem; spanning finance, investment, technology, business, law, policy and science. Leveraging unique market insights, it designs investment platforms and funds to meet investor needs and deliver real impact.

pollinationgroup.com

ABOUT HSBC ASSET MANAGEMENT

HSBC Asset Management should be referred to either in full or as HSBC AM to avoid confusion with any other financial services firms.

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 around 24 countries and territories, delivering global capabilities with local market insight. As at 30 September 2022, HSBC Asset Management managed assets totalling US\$574bn on behalf of its clients. For more information see <https://www.assetmanagement.hsbc.com/about-us>

HSBC Asset Management is the marketing name for the asset management businesses of HSBC Holdings plc.

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 63 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,992bn at 30 September 2022, HSBC is one of the world's largest banking and financial services organisations.

ABOUT THE NATURAL CAPITAL INVESTMENT ALLIANCE (NCIA)

The NCIA seeks to foster natural capital investment solutions and explore the investment propositions needed to restore and maintain highly biodiverse natural ecosystems worldwide, to make natural capital investments mainstream.

The NCIA is part of the Sustainable Markets Initiative (SMI), which is network of global CEOs across industries working together to build prosperous and sustainable economies that generate long-term value through the balanced integration of natural, social, human, and financial capital. These global CEOs see themselves as the 'Coalition of the Willing' helping to lead their industries onto a more ambitious, accelerated, and sustainable trajectory. The Sustainable Markets Initiative's Terra Carta serves as the mandate for the SMI and provides a practical roadmap for acceleration towards an ambitious and

sustainable future; one that will harness the power of Nature combined with the transformative power, innovation, and resources of the private sector.

Tony O'Sullivan, Founder and Chair of Pollination, was recently appointed Chair of the NCIA and will be defining the NCIA's near and medium-term objectives in alignment with the Terra Carta principles and articles.

IMPORTANT INFORMATION

This is a marketing communication. Please refer to the private placement memoranda before making any final investment decisions. Any decision to invest in any strategy or product managed or advised by Climate Asset Management should be based on the final documentation, including definitive legal documentation in respect thereof.

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