

Media release

20 SEPTEMBER 2024

Climate Asset Management secures commitments in excess of \$1 billion for natural capital projects

- ▶ *Climate Asset Management announces final close of its Natural Capital Fund and Nature Based Carbon Fund.*
- ▶ *Climate Asset Management's platform is positioned for long-term growth, securing an experienced team as it completes its initial fundraising cycle.*
- ▶ *Fundraising has been supported by rapid deployment, allocating a significant proportion of capital raised to projects which have the potential to improve more than two million hectares of global landscapes.*

20 September 2024, London: Climate Asset Management, the dedicated natural capital asset management company formed as a joint venture between HSBC Asset Management and Pollination, announces final close for its Natural Capital and Nature Based Carbon Funds. Alongside Apple's Restore Fund, the platform has raised in excess of \$1 billion for natural capital projects.

Commitments have been received from a geographically diverse range of financial institutions and leading global corporations, with HSBC acting as anchor investor across the platform.

Climate Asset Management's platform comprises two strategies across three flagship funds.

- The Natural Capital Fund which targets financial returns alongside improved environmental outcomes from real asset investments in regenerative agriculture, sustainable forestry and environmental assets across developed markets. This strategy has found strong appeal amongst pension funds and insurance companies, including German insurer Gothaer, whose asset management arm, **Gothaer Asset Management, has committed \$100 million.**
- The Nature Based Carbon Fund, which targets the generation of high quality carbon credits from large-scale landscape restoration and conservation projects that aim to deliver climate resilience, biodiversity improvements and community benefits in developing economies. This strategy has found strong appeal amongst leading global corporations with published net zero targets, including **GSK, Tokyo Gas and Carrier.**
- The second phase of the Restore Fund, which was designed by Apple and Climate Asset Management, adopts a unique blended approach across both strategies, targeting a financial return and carbon credits from high-quality carbon removals. As part of Apple's Restore Fund, it is open to investment from Apple's supply chain, helping to address unavoidable residual emissions with high-quality carbon removal. **Earlier this year, the fund received additional commitments from Apple suppliers TSMC and Murata.**

Climate Asset Management has rapidly deployed capital raised, with a significant proportion of the aggregate committed to high quality natural capital projects with the potential to improve more than two million hectares of global landscapes. Examples include:

- a 1,800 hectare **regenerative agriculture project transitioning sugar cane production farmland into one of the world's largest Macadamia orchards in Queensland, Australia;**
- an 8,000 hectare sustainable forestry project in New Zealand;
- **over 3,000 hectares of almond, pistachio, walnut and olive farms in Spain and Portugal that will adopt regenerative management practices;**
- a project targeting to restore 900,000 hectares through the introduction of rapid rotational grazing practices with Maasai communities, with high potential for the creation of resilient livelihoods and biodiversity benefits; and
- a cluster of agroforestry projects that are part of the Restore Africa Programme targeting more than one million hectares, looking to transform degraded land in collaboration with small holder farmers in Kenya, Uganda and Malawi to improve food security and generate revenues for local communities.

Investments across Climate Asset Management's platform are strategically aligned, with the aim of contributing consistently to the goals of the Paris Agreement for Climate Action and the Kunming-Montreal Global Biodiversity Framework, reinforcing the company's commitment to shape a Net-Zero and Nature Positive world. Climate Asset Management is also a **TNFD Early Adopter, having piloted the TNFD reporting framework with institutional investors**. Climate Asset Management's investment approach is therefore aligned with key policy frameworks that support institutional and corporate investors in playing a role as stewards of natural capital.

Climate Asset Management's fundraising will recommence in 2025 with strategies focused on natural capital real assets and building on a proven ability to build a diversified portfolio of natural capital assets targeting financial returns with impact outcomes for investors.

Martin Berg, Chief Executive Officer of Climate Asset Management commented: *"Reaching the milestone of our first \$1 billion of commitments is a testimony to the vision of our founding shareholders and team. It is a huge vote of confidence for this new and emerging asset class from those forward-thinking organisations and institutional investors who have entrusted us with their investments and are committed to restoring biodiversity and repairing nature as they pursue their own decarbonisation strategies. I would like to thank all our LPs and our Shareholders for their trust and vision and our first-rate multinational team for their passion, hard work and commitment. Nature has for too long been taken for granted and we owe it to future generations to make amends and ensure that climate resilience and biodiversity gains are the principal objectives of our real asset portfolio offering a sustainable future for all. Importantly we've been able to demonstrate that this capital can be deployed in a way that we expect will achieve investment objectives while enhancing outcomes for the climate, nature and communities."*

Source: HSBC Asset Management, Septembre 2024. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or divestment decision taken on the basis of the commentary and/or analysis in this document.

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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 leading asset management company dedicated to natural capital. It aims to provide investment solutions that are good for nature, people, and our planet. Climate Asset Management's investment strategies seek to work across landscapes to build resilience whilst generating returns. Through its Natural Capital Strategy, it 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.

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