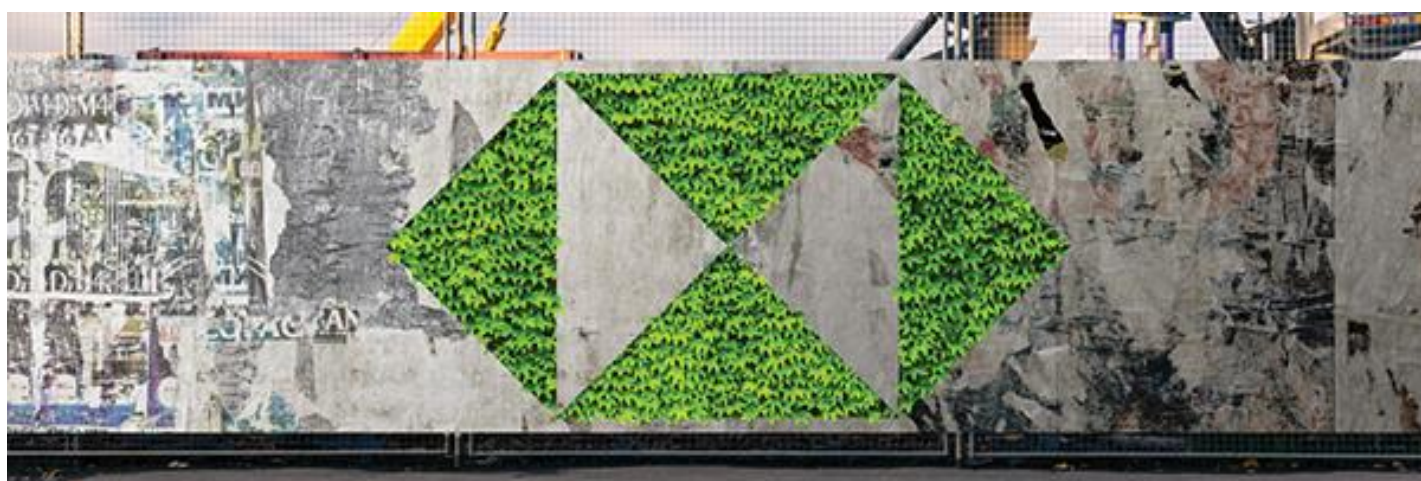


Green Equipment Finance – Leases & Conditional Sales Agreements (CSA)

HSBC is passionate about playing our part in the global movement towards greater sustainability and we have worked with the Loan Market Association (LMA) to ensure our Green Equipment Finance (EF) products comply with the Green Loan Principles.



Our Green Equipment Finance (EF) products comply with the four Green Loan Principles (GLP)

- ◆ Use of Proceeds – Utilization of proceeds must be for a green asset or project
- ◆ Process for Green Asset Evaluation & Selection – The lessee/borrower should communicate to the Lessor what their environmental sustainability objectives are and how they have assessed the project as being green / sustainable
- ◆ Management of Proceeds – The lessee/borrower should appropriately track the lease proceeds to ensure transparency and integrity in the use of the proceeds
- ◆ Reporting – The lessee/borrower should report on the use of proceeds and the progress of the project to the lender on an annual basis, or until the funds are fully drawn.

Benefits of Green Equipment Finance

- 1 Stakeholders:** Customers, suppliers and employees are now considering a company's green credentials before entering into a relationship. Green EF allows you to showcase your green credentials to stakeholders
- 2 Flexibility:** Commercial terms of Green EF mirror those of a traditional EF including term, amortization, residual and pricing.
- 3 Structure:** At any point, should the Green EF fail to meet the GLPs, the commercial terms are unaffected however, the Green EF can no longer be marketed as green

Green Equipment Finance – Key Terms & Conditions

Facility Structure	Commercial terms of Green EF products mirror those of traditional EF products including term, amortization, residual and pricing
Green Qualification	Should the Green EF fail to meet the annual compliance certificate requirements, the commercial terms of the facility are not affected, however, the facility can no longer be marketed as green
Green Documentation	A short Green EF addendum will be included in your documentation outlining the key terms & conditions associated with the green qualification.
Conditions Precedent	<ul style="list-style-type: none"> ◆ Green EF Compliance Certificate ◆ Evidence of the Lessee/Borrower's policies in relation to the Green Loan Principles ◆ Evidence of the proposed use of the proceeds of the Green EF
Annual Green Equipment Finance Compliance Certificate	<p>Confirmation that</p> <ul style="list-style-type: none"> ◆ the Lessee/Borrower continues to conduct the activities financed using the proceeds of the Green EF in a manner consistent with the representations and warranties ◆ Updated policies in relation to the Green EF (or confirmation that existing policies are unchanged) ◆ Any additional documentation that may be mutually agreed to

HSBC sustainability policies

HSBC is fully committed to becoming a net zero bank and helping our customers reach their sustainability goals by providing sustainable financing and sustainable products.

For more information on HSBC sustainability activities and policies, please see the HSBC Group Sustainability page at <https://www.hsbc.com/who-we-are/our-climate-strategy>

HSBC has developed specific Sustainability Risk Policies for sectors in which it has considerable business and where there is potentially high adverse impacts on people and the environment. More information can be found on the public website at <https://www.business.hsbc.ca/en-ca/sustainable-finance>

How to find out more

Please reach out to your Relationship Manager for more details on our green deposits.

Find out more about the opportunities for the Green Deposit Program to support your business needs by visiting www.business.hsbc.ca/sustainability.

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