

Green Loans

A flexible way to finance your eligible green projects



What are Green Loans?

Green Loans are made available **for the finance or refinance**, in whole or in part, of new or existing **eligible Green Projects**. Green Loans are similar to a normal corporate loan, but **need to follow the Green Loans Principles (GLPs)**, which were launched by the Loan Market Association in March 2018. They are closely aligned with the Green Bond Principles (GBPs).

Why use Green Loans?



Reputation:

Meet consumer or stakeholder pressure and gain positive reputation and brand value around Environmental, Social and Corporate Governance (ESG). Demonstrate your investments in green projects.



Alignment:

Integrate sustainability into your business and financing strategy, and products and services to enable long-term growth.



Reduce climate impact:

Fund eligible green projects to reduce the climate impact of your company's operational activities (This could vary dependent on nature of the project).



New investment opportunities:

Enable you to invest in financing green projects.

**Resilience:**

Gain access to new markets, providing greater resilience to market disruption caused by climate change and decreasing risk across your business.

**Investment:**

Gaining access to a wider/more diverse pool of investors, particularly those seeking investment with a positive environmental or ESG focus.

What are the key benefits?

- 1 Simplicity:** It has a vanilla structure, which is very similar to normal loan structure.
- 2 Flexibility:** It can be a Revolving or term Credit Facility, bilateral or syndicated loan, depending on your needs.

How do Green Loans work?

To meet the GLPs requirement, Green Loans shall align with the following four components:

Use of proceeds

Use of loan proceeds must be for eligible green projects.

Process for project evaluation & selection:

Borrower should inform lender how the project has been assessed as a green eligible project as well as the related eligibility criteria.

Management of proceeds

Borrower should appropriately track the loan proceeds to ensure transparency and integrity in the use of the proceeds.

Reporting

Borrower should periodically report on the use of proceeds and the progress of the project to the lender.

Should you expand in to a new business area, the framework will need to be updated if it is not covering the new business area already.

What are the eligible projects (indicative examples)?



Renewable energy,
including storage
& smart grids



Green
buildings



Pollution prevention &
control, including reduction
of air emissions &
greenhouse gas control



Eco-efficient &/or circular
economy adapted products;
production technologies &
processes



Clean
transportation



Sustainable management of
living & natural resources
and land use



Energy efficiency



Terrestrial and aquatic
biodiversity conservation



Climate change
adaptation



Waste prevention,
reduction, recycling;
waste to energy;
products from waste



Sustainable water &
wastewater management



Sustainable animal
husbandry; climate smart
farm inputs (e.g. crop
protection)

How to find out more:

Please contact your HSBC Relationship Manager to find out more about the opportunities for Green Loans to support your business needs or visit business.hsbc.ca/sustainability

You can also see a detailed definition and explanation of the Green Loan Principles here: https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

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