

Green Trade Finance

A cost efficient way to finance your eligible green projects



What is Green Trade Finance?

Green Trade Finance is a trade finance facility dedicated to support eligible environmentally sustainable trade activities (e.g. purchase, supply of goods or services) and adhering to the Green Loan Principles (GLPs).

The GLPs were launched by the Loan Market Association in March 2018 to promote the **integrity and transparency of green finance products** by setting the standard for the 'green'. Additionally, the underlying activities funded must provide clear environmental benefits that can be assessed, and where feasible, quantified, measured and reported on.

The four pillars of GLPs must be complied with by the borrower:

- 1 **Use of proceeds:** for environmentally sustainable trade activities only (details on the next page).
- 2 **Evaluation of underlying activity:** environmental objectives and evaluation (e.g. process, criteria, standards, certifications) of the underlying activities.
- 3 **Management of proceeds:** record and track allocation of funds.
- 4 **Reporting:** annual report on facility allocation and environmental impacts.

Product types available under the Green Trade Finance product suite include, funded trade solutions such as Trade Loans, Receivables Finance, Commodity Structured Trade Finance and Imports and Exports financing.

Why use Green Trade Finance?



Reputation:

Gain positive reputation and create an opportunity to differentiate your brand, products and services against competition.



Growth:

Facilitate the goal of integrating sustainability into your business strategy, products and services to enable long-term growth.



Reduce climate impact:

Obtain funding for eligible green projects to reduce climate impact of your company's operational activities.



Green credentials:

Building up your profile to enhance attractiveness for investors.

Why use HSBC?

- ◆ We are well placed and have been a founding member of the Loan Market Association (LMA).
- ◆ We have worked with the LMA to help develop the industry standard GLPs.
- ◆ We have substantial experience as Green Arranger / Coordinator in developing bespoke structures which provides you with the confidence that execution risk will be minimized.
- ◆ We understand the importance of sustainability, and have made bold commitments to become a net zero bank through our [Climate Ambition Statement](#).

What are the applicable scenarios (indicative examples)?

Trade finance for:

- ◆ Sourcing eco-friendly raw materials.
- ◆ Procuring eco-friendly machinery / goods / services.
- ◆ Manufacturing eco-friendly products.
- ◆ Trading eco-friendly commodities.
- ◆ Services / expenditures to and for green projects.

Accelerated cash flow from:

- ◆ Receivables from sales of eco-friendly products or services.
- ◆ Receivables from products or services delivered to support green projects.

What are the key considerations?

Green Trade Finance may be appropriate, if:

- ◆ Your company needs finance for your environmentally sustainable trade transactions.
- ◆ Proceeds will be used exclusively for trade of green underlying goods / services.
- ◆ Your company can demonstrate green evaluation / accreditation for the underlying goods / services.
- ◆ Your company can report annually on facility allocation and achieved environmental impacts.

What are the eligible projects (indicative examples)?



Climate change mitigation
(e.g. renewable energy,
decarbonization)



Sustainable water use and
wastewater management



Pollution prevention
and control



Circular economy and
resource-efficient model



Climate change
adaptation



Natural (terrestrial and
aquatic) resource and
biodiversity conservation

How to find out more:

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

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