

Trade Sustainable Instruments

Take advantage of tailored banking services to achieve sustainability goals for buyers and suppliers by leveraging the power of our network



What are Trade Sustainable Instruments?

Trade Sustainable Instruments are guarantees, Documentary Credits, or standby letters of credit issued under a sustainable trade facility to exclusively facilitate environmentally and/or socially sustainable economic activities (e.g. supply, production, of sustainable goods/services or support of a sustainable project) adhering to the **HSBC Trade Sustainable Instrument Principles (TSIP)**.

The TSIP have been developed by HSBC, as an industry leader, to establish the disclosure standards and requirements for the 'sustainability' designation. You will be required to demonstrate that the underlying economic activities provide clear environmental and/or social benefits in line with the **United Nation Sustainable Development Goals (UN SDGs)**.

Why use Trade Sustainable Instruments?



Reputation:

Gain positive reputation and brand value around Environmental, Social and Corporate Governance (ESG) to further differentiate against competitors.



Reduce climate impact:

Fund eligible projects to reduce climate impact of your company's operational activities.



Sustainability credentials:

Opportunity to build up your profile to enhance attractiveness for investors.



Demonstrable integrity:

Opportunity to develop a reputation as a sustainable business.

Why partner with HSBC?

- ◆ HSBC is well placed and is an active member of the **International Chamber of Commerce (ICC)**, **Cambridge Institute for Sustainability Leadership**, among other industry bodies, collaborating on the sustainable trade finance agenda.
- ◆ HSBC has substantial experience in **trade finance and sustainable finance**.

How do Trade Sustainable Instruments work?

You will be required to demonstrate compliance to the four pillars of TSIP:

- 1 **Purpose of trade instrument:** for sustainable activities only, in line with select SDG targets.
- 2 **Evaluation of underlying activity:** evaluation (e.g. process, criteria, standards, certifications, accreditation) of sustainability objectives and the underlying activities.
- 3 **Management of issuance:** presenting the pre-agreed evidence for eligibility of the underlying activity before the issuance of the Trade Sustainable Instruments.
- 4 **Reporting:** annual report on achieved environmental / social sustainability impacts with pre-agreed indicators.

Trade Sustainable Instruments are subject to **credit approval, and additional qualification to confirm** compliance with the four pillars of the Trade Sustainable Instrument Principles.

Any costs relating to evidence for TSIP compliance, such as evaluation and certification (including any professional fees), are at the cost of the customer. Designation of the trade instrument and/or facility as "sustainable" may either be unavailable or lost (declassification) due to non-compliance.

What are the key sustainability goals?



What are some of the applicable scenarios (indicative examples)?

Trade instruments requested to support:

- ◆ **Sourcing** sustainably extracted/produced raw materials.
- ◆ **Procuring** environmentally or socially sustainable machinery/goods/services.
- ◆ **Manufacturing** or producing sustainable products.
- ◆ **Trading** sustainable commodities.
- ◆ **Supporting** sustainable infrastructure projects.

How to find out more:

Please contact your HSBC Relationship Manager or Business Development Manager to find out more about Trade Sustainable Instruments to support your business needs or visit business.hsbc.ca/sustainability.

To find out more about United Nation Sustainable Development Goals, visit sdgs.un.org/goals

Learn more about other HSBC Sustainability related products, such as Green, Sustainability and Social Bonds, Transition Bonds, Green Loans and Sustainability Linked Loans: business.hsbc.ca/sustainable-finance

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