

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.

Why use Green Trade Finance?

	Reputation	Gain positive reputation and create an opportunity to differentiate the brand and its green products and services against competition for customers and prospects.
	Growth	Facilitate the goal of integrating sustainability into your business strategy, products and services to enable long-term growth.
	Reduce climate impact	Fund eligible green projects to reduce climate impact of your company's operational activities.
	Green credentials	Building up profile in the green finance market to enhance attractiveness for investors.
	New investment opportunities:	Enable your company to invest in renewable energies, Research & Development activities and efficiency improvements.

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 minimised.
- ◆ We understand the importance of sustainability, and have made bold commitments to support sustainability 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.
- ◆ Risk mitigation through traditional trade solutions.

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, decarbonisation)



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. You may also visit our website www.business.hsbc.com.mt/bpfp

If you do not have a Relationship Manager, or are not an HSBC customer, call our Business Banking Direct on 2380 8000. Our lines are open from 8.00am to 5.00pm Monday to Friday (excluding public holidays).



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