

Sustainability for businesses

Case studies in sustainable financing



HSBC

Opening up a world of opportunity

Explore how our clients across Asia Pacific are acting on their sustainability ambitions and driving impact for their business, employees, communities and the planet.



Mobilising the global transition

With change, comes opportunity. As the world changes, we understand our customers have evolving needs to unlock opportunities for sustainable growth and a need to act with our ecosystem of resources, tools, relationships and solutions. Our sustainability strategy has, at its core, a commitment to help our customers understand and act on their transition to lower emissions and to help them achieve their wider sustainability ambitions. We're committed to:

- 01 Aiming to provide USD750bn – USD1trn of sustainable finance and investment to support customer transitions and a sustainable future
- 02 Accelerating new climate solutions in areas such as nature, clean technology, and sustainable infrastructure
- 03 Inspiring and partnering with our customers to invest to support positive change
- 04 Influencing the global policy agenda to promote a just and inclusive transition
- 05 Aligning our financed emissions – the greenhouse gas emissions of our portfolio of clients – to net zero by 2050

This booklet provides examples of how we are supporting our Asia Pacific customers across a wide range of initiatives to unlock opportunities for sustainable growth.

Whether you need guidance, financing or insights, we can support your business to prepare for the transition.

Today we finance a number of industries that significantly contribute to greenhouse gas emissions. We have a strategy to help our customers to reduce their emissions and to reduce our own. For more information visit www.hsbc.com/sustainability.

Recent external recognition

Euromoney Awards for Excellence 2022

Asia's Best Bank for Sustainable Finance (5th consecutive year)

The Asset Triple A Sustainable Infrastructure Awards 2022

ECA Coordinator Bank of the Year: Asia-Pacific

The Asset Triple A Sustainable Capital Markets Awards 2022

Best Renewable Energy Adviser

Case study | Bangladesh

DBL Group undertakes Bangladesh's first gender equality indexed loan

Company overview

- ▶ A family-owned business, DBL Group has evolved into a diversified conglomerate in Bangladesh over the years
- ▶ The Group's businesses include apparel, textiles, textile printing, washing, garments accessories, packaging, ceramic tiles, pharmaceuticals, dredging, semiconductor design (VLSI), ICT, and telecommunications
- ▶ With a dedicated workforce of 39,000 employees, DBL's annual turnover for the year 2020-21 was USD780m

Why HSBC

- 01 Strong understanding of our customers' needs and focus on helping them achieve their sustainability ambitions
- 02 Expertise in innovative, market-first green financing solutions
- 03 Global scale, deep expertise and strong presence in emerging markets such as Bangladesh

Customer needs

- ▶ DBL Group wants to make gender equality a key part of its sustainability agenda by pledging to put more women in leadership positions
- ▶ The Group needs a unique financing solution which connects its cost of capital directly to gender equality and greenhouse gas emissions

Our solution

- ▶ Bangladesh's first ever Sustainability-Linked Loan targeting UN Sustainable Development Goal 5, Gender Equality
- ▶ The interest rates under this loan agreement will be reduced if the performance targets to increase the percentage of female supervisors and reduce greenhouse gas emissions are achieved
- ▶ The gender equality indexed loan is the first financing solution of its kind in Bangladesh and interest rates are tied to two areas of performance – the increased percentage of female supervisors employed and greenhouse gas emissions reductions



“Encouraging female leadership is not only the right thing to do but also has a clear business case. We have observed marked improvement of quality control with female supervisors and now are encouraged to see global financial institutions like HSBC offering economic incentives to do more. We look forward to partnering with HSBC in building an equal and sustainable future.”

M A Jabbar | Managing Director, DBL Group

Case study | Bangladesh

TMSS obtains social loan to support socio-economic development in Bangladesh

Company overview

- ▶ TMSS is a micro-finance NGO from Bangladesh that works towards the alleviation of poverty, the empowerment of women, and the improvement of socio-economic infrastructure in Bangladesh
- ▶ It's one of the largest micro finance institutions undertaking a health, education, and microfinance (HEM) approach to socio-economic development in the country

Customer needs

- ▶ TMSS needed a financial partner with global scale, deep expertise and a commitment to driving socio-economic development in emerging markets

Our solution

- ▶ HSBC Bangladesh provided TMSS a social loan – the first instance of social loan principles (SLP)-based financing in Bangladesh
- ▶ The loan will be used to alleviate poverty, generate employment and facilitate lending to small entrepreneurs within the agricultural and other sectors
- ▶ The facility is expected to support 30,000 microentrepreneurs in rural areas and boost affordable access to healthcare and career development, via existing TMSS programmes

Why HSBC

- 01 Our commitment to financing a sustainable future across our network
- 02 Strong partnership and collaboration to invest in and support positive change



“We are delighted to partner with HSBC to contribute to the social development of Bangladesh, and optimistic that this partnership will be a remarkable milestone for the country's development.”

Professor Dr. Hosne Ara Begum | Founder and Executive Director, TMSS

Case study | **Macau**

Serensia Woods obtains a green building loan to improve the environmental impact of its green development project

Company overview

- ▶ Serensia Woods is a subsidiary of Macau-based HN Group. HN Group is a conglomerate in Macau with businesses across retail, distribution, healthcare, engineering and construction, tourism and agriculture
- ▶ With a vision of providing high-end and innovative wellness services, Serensia Woods has established the first site in Zhuhai's Hengqin Area – part of the Greater Bay Area (GBA), integrating preventive medicine, anti-aging treatment, retirement vacations and blissful retirement living

Why HSBC

- 01 Established presence in Macau with expertise in sustainable financing
- 02 Tailored sustainability-based financing to empower Serensia Woods Group in its green journey
- 03 Expert advice in green finance, sustainable development and green project governance

Customer needs

- ▶ To build a world-class wellness destination with an Environmental, Social and Governance (ESG) concept for offering a better quality of lifestyle, Serensia Woods needed a financial institution with expertise in green finance to offer a green building loan that aligns with their sustainability ambition
- ▶ The company required financing for the development of the green building project to increase the environmental impact of energy saving and afforestation

Our solution

- ▶ HSBC Macau granted Serensia Woods a green building loan to finance the development and capital investment related to a green building project. It enabled the smooth construction of the project, and helped to gain green building industry recognition
- ▶ Serensia Woods enjoyed a preferential rate upon achieving high-quality construction standard with LEED Gold-level certification
- ▶ It is HSBC Macau's first green building loan to support a local conglomerate in its green development project in the GBA. It reinforces our ongoing strategic commitment to helping businesses navigate the net-zero transition.

“We are very honoured to be the first recipient of HSBC Macau's green building loan. With the continuous support from HSBC, we look forward to furthering our efforts together in exploring new paradigms in sustainable aging and to benefit society.”

Rodrigo Yang | Chairman, Serensia Woods

Case study | **Mauritius**

CIM Financial Services Ltd issues Mauritius' first green bond with support of HSBC

Company overview

- ▶ CIM Financial Services Ltd ("CFSL") is a listed company on the Stock Exchange of Mauritius, and is the non-bank leading provider of financial services
- ▶ CFSL is engaged in consumer finance, leasing and factoring activities and operates around 100 counters with a network of more than 700 merchants in Mauritius

Why HSBC

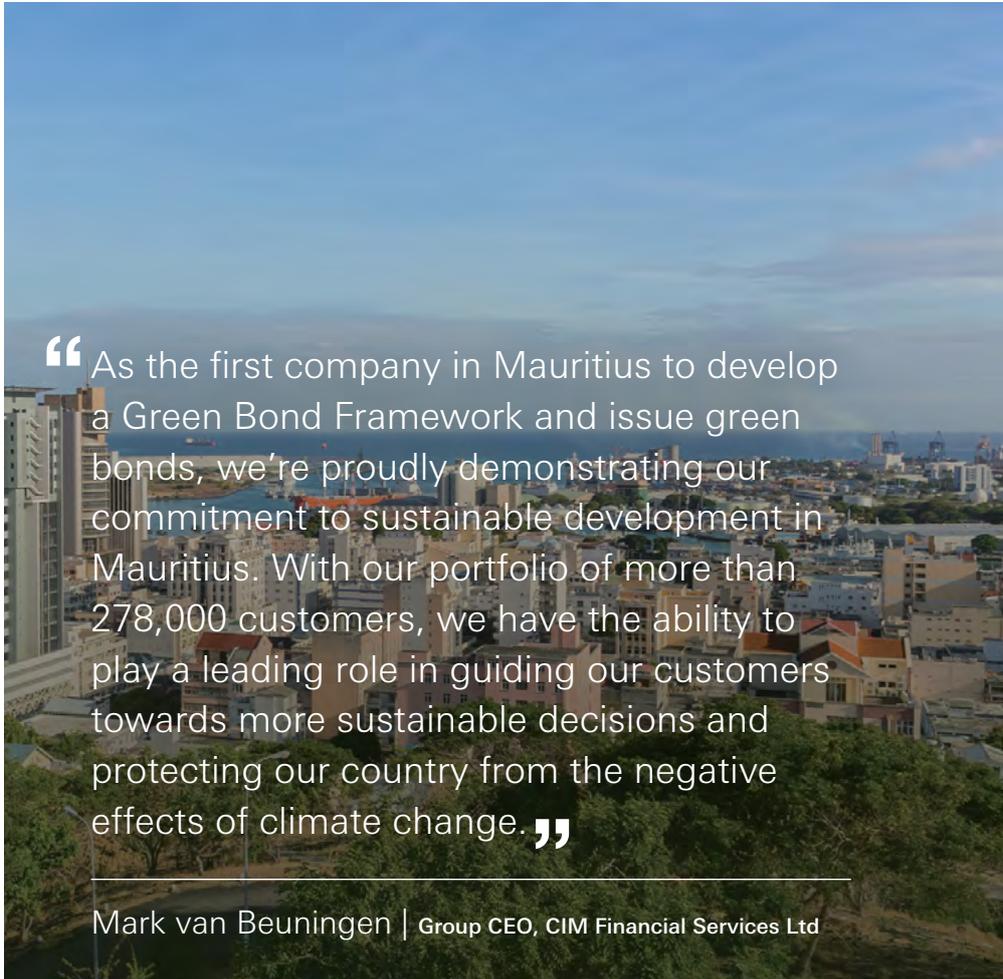
- 01 Strong commitment to supporting clients on their transition journey
- 02 Global reach to provide expert advice in green finance, development and governance

Customer needs

- ▶ To develop a Green Bond Framework in accordance with the Green Bond Principles of the International Capital Markets Association which aligns with the Guidelines for Issue of Corporate and Green Bonds published by the Financial Services Commission of Mauritius
- ▶ The company wants to bring high quality transactions to investors in the form of green bonds to allow them to meet increasing demand for socially responsible investment opportunities

Our solution

- ▶ We provided a green loan and acted as a strategic investor
- ▶ The funds raised will be used to finance the company's Green Lease product to encourage the shift to hybrid and electric vehicles, as well as to support the financing of solar photovoltaic and other green projects undertaken by CIM Finance's clients



“As the first company in Mauritius to develop a Green Bond Framework and issue green bonds, we're proudly demonstrating our commitment to sustainable development in Mauritius. With our portfolio of more than 278,000 customers, we have the ability to play a leading role in guiding our customers towards more sustainable decisions and protecting our country from the negative effects of climate change.”

Mark van Beuningen | Group CEO, CIM Financial Services Ltd

Case study | **New Zealand**

Helping T&G Global Limited take bold steps towards a low carbon future with a Sustainability-Linked Loan

Company overview

- ▶ T&G Global Limited (“T&G”) is a fruit and vegetable grower, trader and wholesaler. Its major shareholder is BayWa Global Produce, headquartered in Germany
- ▶ T&G employs around 2,000 people located in 13 markets, growing apples, tomatoes, citrus, grapes and blueberries. They also partner with dedicated independent growers to market, sell and distribute nutritious high-quality fresh produce to customers and consumers in more than 60 markets

Why HSBC

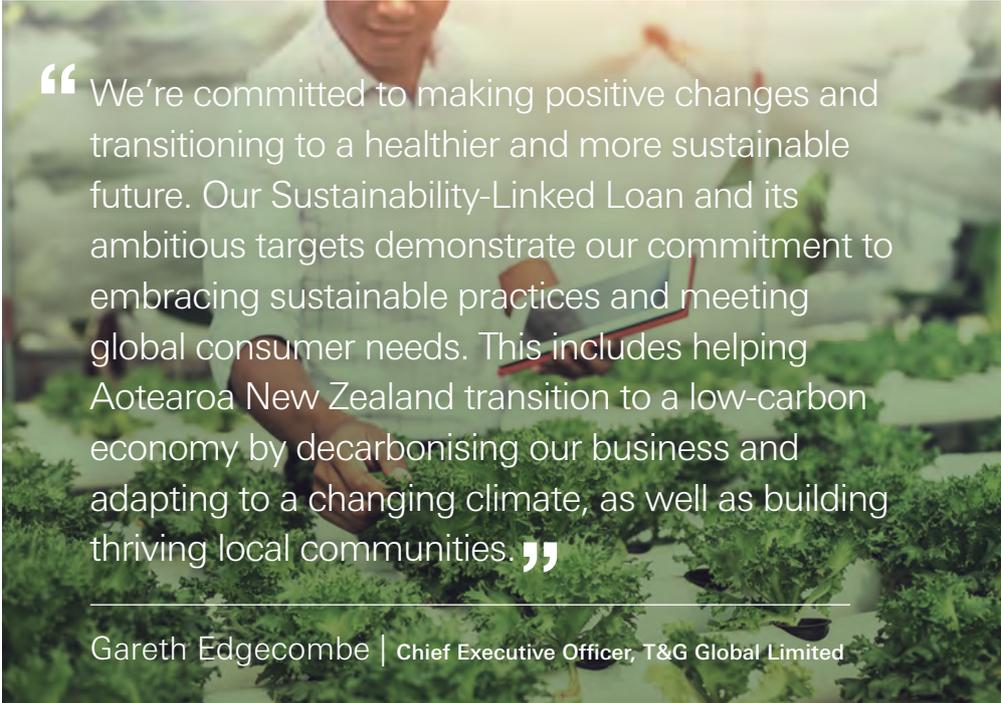
- 01 International network, expertise and capabilities that support T&G’s global banking requirements
- 02 Longstanding customer at both Group level with BayWa Group in Germany and T&G in New Zealand

Customer needs

- ▶ T&G has a key focus on the decarbonisation of its transport fleet and glasshouses, as well as electricity efficiency, and is committed to making positive changes and transitioning to a healthier and more sustainable future
- ▶ T&G have been looking to set clear and meaningful sustainability targets linked to their debt financing, which if achieved, will deliver an improved cost of capital and further embed sustainability within the organisation

Our solution

- ▶ As one of T&G’s key syndicate banks, HSBC New Zealand participated in this Sustainability Linked Loan to support the company’s transition journey
- ▶ As part of the loan financing, T&G will pay less interest if it achieves the sustainability targets. These targets are:
 - 1: Climate change adaptation – T&G will undertake a detailed climate change risk assessment (aligned to New Zealand’s External Reporting Board requirements) including climate risk-related scenario analysis
 - 2: Climate change mitigation – Reduction of scope 1 and 2 greenhouse gas emissions by a minimum of 2.5% per year
 - 3: Create permanent employment opportunities and career pathways



“ We’re committed to making positive changes and transitioning to a healthier and more sustainable future. Our Sustainability-Linked Loan and its ambitious targets demonstrate our commitment to embracing sustainable practices and meeting global consumer needs. This includes helping Aotearoa New Zealand transition to a low-carbon economy by decarbonising our business and adapting to a changing climate, as well as building thriving local communities. ”

Gareth Edgecombe | Chief Executive Officer, T&G Global Limited

Case study | Philippines

ACEN receives support to develop 160 MW wind farm in the Philippines

Company overview

- ▶ Pagudpud Wind is a wholly-owned subsidiary of ACEN, the listed energy platform of the Ayala group
- ▶ The company has over 4,000 MW of attributable capacity in the Philippines, Vietnam, Indonesia, India, and Australia. The company's renewable share of capacity is at 87%, among the highest in the region
- ▶ ACEN's aspiration is to be the largest listed renewables platform in Southeast Asia, with a goal of reaching 20 GW in renewables capacity by 2030. In 2021, ACEN announced its commitment to achieve Net Zero greenhouse gas emissions by 2050. This will involve the early retirement of its remaining coal plant by 2040 and transition the company's generation portfolio to 100% renewable energy by 2025

Why HSBC

- 01 Widely known in the market for innovative products and sustainable financing solutions
- 02 Strong commitment and expertise in green financing for the renewable energy sector

Customer needs

- ▶ ACEN requires a financial partner with extensive experience in tailoring sustainable finance solutions for the renewables sector to enable the company to work towards its commitment to achieving net-zero greenhouse gas emissions by 2050
- ▶ Timely access to credit to secure the plant's primary components is vital to the success of the project
- ▶ The wind farm is projected to generate 504 gigawatt hours of clean energy per year and mitigate 344,604 metric tons of CO₂ emissions annually. The renewable energy facility also created about 1,200 job opportunities within the community, thereby stimulating much needed activity in the local economy

Our solution

- ▶ HSBC Philippines' first sustainable commercial Letter of Credit (LC)
- ▶ The trade facility provides funding at a key moment in the construction of the 32-turbine, 160 MW onshore wind power project



“ We greatly value and appreciate HSBC's support in making this project a reality, which will be the largest wind farm in the country. The 160 MW facility will be a critical addition to the Luzon grid to secure the country's growing energy needs. ACEN have recently announced its vision, targeting 20 GW of attributable renewables capacity by 2030. We aim to make a significant impact in this space and create long term value for our stakeholders. ”

Jose Maria Zabaleta | ACEN Chief Development Officer

Case study | Sri Lanka

Brandix obtains green trade loan to finance installation of solar panels across Sri Lanka

Company overview

- ▶ Brandix Group is Sri Lanka's second largest apparel manufacturer and exporter
- ▶ The Group employs over 50,000 workers across manufacturing facilities in Sri Lanka, India, Bangladesh, Cambodia and Haiti
- ▶ Brandix was one of the first Sri Lankan companies to expand its presence internationally by setting up Brandix India Apparel City (BIAC) and a global trading house/RTC (Brandix Asia Holdings – BAH) in Singapore
- ▶ One of Brandix's manufacturing facilities was the world's first apparel manufacturer to be ISO 50001 LEED certified

Why HSBC

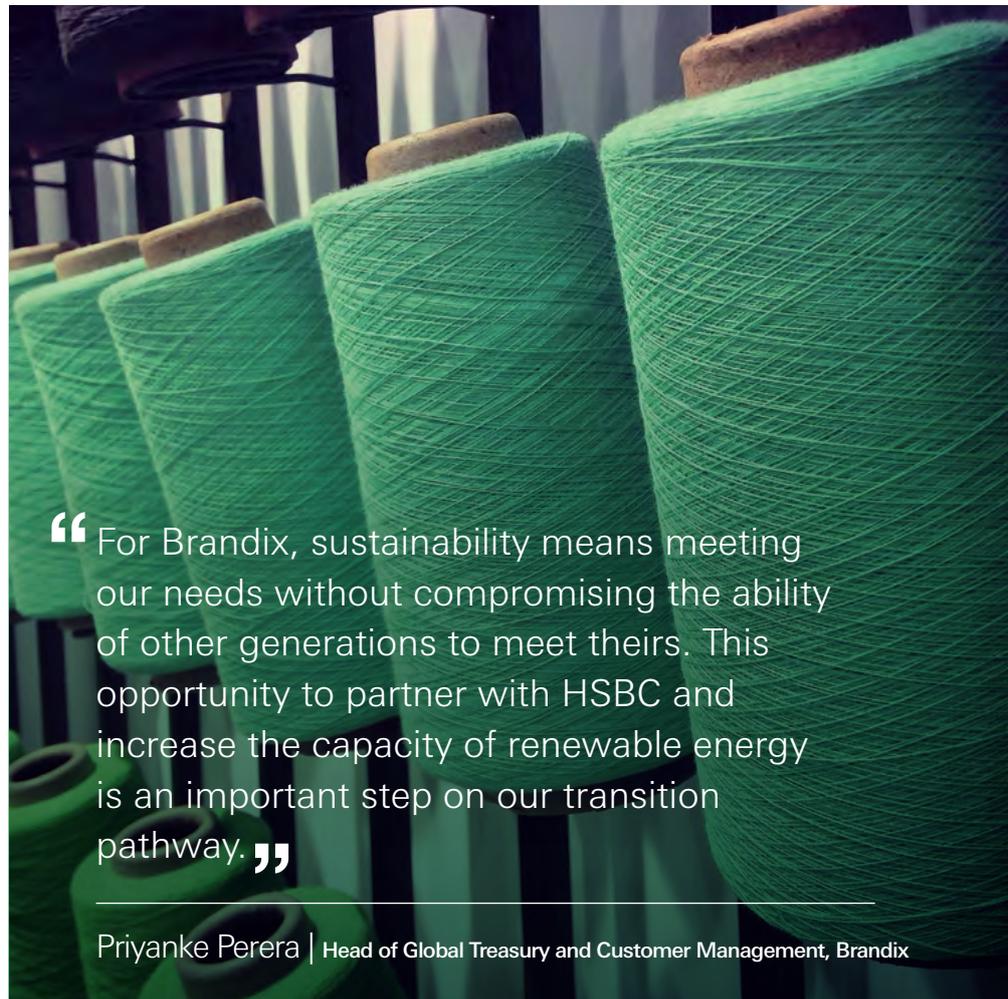
- 01 Network of sustainability experts across the Asia-Pacific region with strong understanding of incentives, policies and regulations across markets
- 02 Reputation for excellence and expertise in sustainable financing, underpinned by our longstanding, mutually-beneficial customer relationships
- 03 Strong understanding of client needs as a result of close working relationship

Customer needs

- ▶ As part of Brandix's overall ESG strategy, they targeted a 21 MW powered generation by rooftop solar panels on a majority of their plants
- ▶ The loan will be used to finance the purchase and installation of rooftop solar panels in Sri Lanka and India, as well as floating solar panels for reverse osmosis plants in India
- ▶ Brandix sought a financial institution with expertise in green financing to assist them in fulfilling their sustainability objectives

Our solution

- ▶ HSBC brought in its sustainability experts across Asia-Pacific to structure a green trade loan that supports Brandix's sustainability objectives
- ▶ A medium-term (12-month) green trade loan was obtained to finance the purchase and installation of the solar panels



“For Brandix, sustainability means meeting our needs without compromising the ability of other generations to meet theirs. This opportunity to partner with HSBC and increase the capacity of renewable energy is an important step on our transition pathway.”

Priyanke Perera | Head of Global Treasury and Customer Management, Brandix

Case study | Taiwan

Makalot Industrial Co Ltd receives its first Sustainability-Linked Loan to enhance its commitment to energy efficiency

Company overview

- ▶ Makalot Industrial Ltd is one of the leading garment manufacturers headquartered in Taiwan
- ▶ Makalot exports to the US for global brands such as GAP, Walmart, Target, and Fast Retailing, and has production facilities in Vietnam, Indonesia, China, Philippines, and Cambodia

Why HSBC

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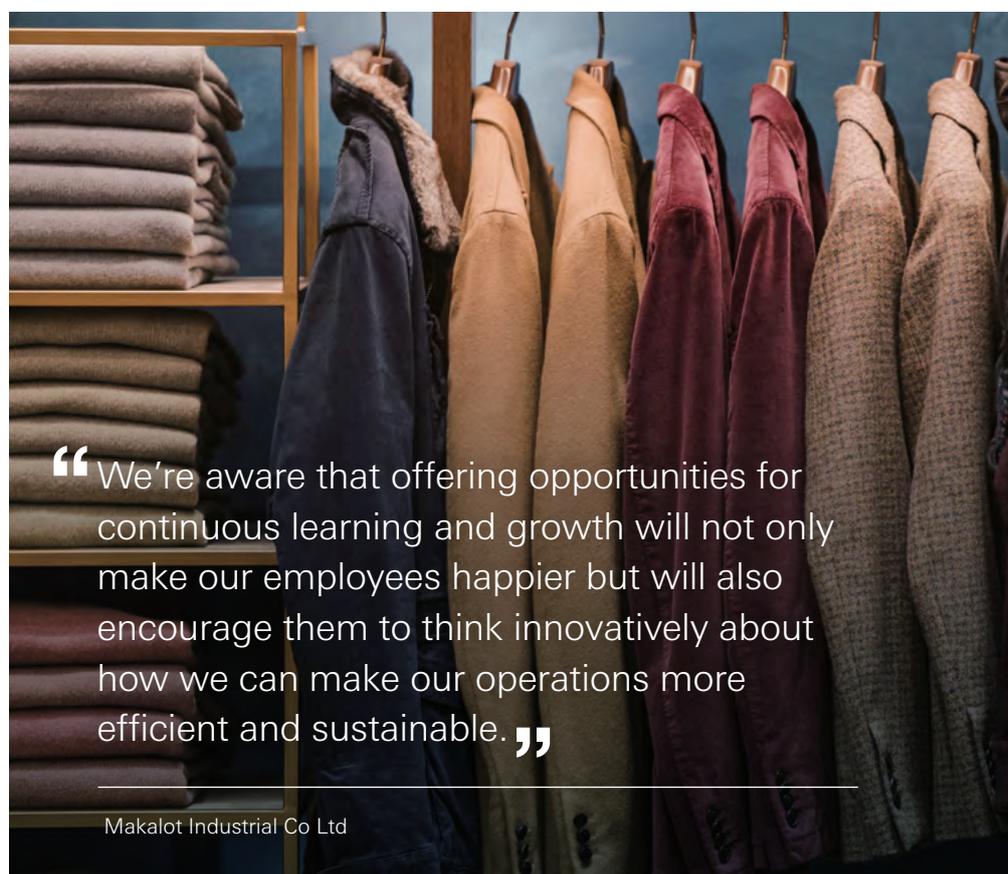
Well-established relationship between HSBC Taiwan and Makalot Industrial Co Ltd of more than 20 years, with a strong understanding of their needs

Customer needs

- ▶ Makalot, one of the largest players in the garment industry in Taiwan, needed a financial partner with capabilities to support its first sustainable finance initiative
- ▶ The company required a Sustainability-Linked Loan to invest in energy efficiency and upskill its workforce

Our solution

- ▶ HSBC acted as a credit provider and is the first bank to provide Makalot with a tailored sustainable finance solution
- ▶ The Sustainability-Linked Loan is tied to company-wide commitments to improved energy efficiency and more annual training hours per employee
- ▶ Makalot will use the loan to improve power usage efficiency by 3% and increase training hours per employee by 15% as they invest more in people development



“We’re aware that offering opportunities for continuous learning and growth will not only make our employees happier but will also encourage them to think innovatively about how we can make our operations more efficient and sustainable.”

Makalot Industrial Co Ltd

Case study | Vietnam

Vinpearl establishes the world's first sustainable exchangeable bond

Company overview

- ▶ Vinpearl is the hospitality unit of Vietnamese conglomerate Vingroup
- ▶ Together with its two listed subsidiaries, Vingroup accounts for over 11% of the Ho Chi Minh Stock Index as of 22 August 2022
- ▶ The Vinpearl brand owns Vietnam's largest international five-star hotel and resort chain, with 44 facilities and 15,400 hotel and villa rooms nationwide
- ▶ Its sustainability efforts have been recognised with a Vietnam Environment Award from the country's Ministry of Natural Resources and Environment

Why HSBC

- 01 Strong understanding of customers' evolving needs to unlock opportunities for sustainable growth
- 02 Commitment to supporting businesses working towards a low-carbon economy
- 03 Ability to provide Vinpearl with customised, world-first sustainable financing

Customer needs

- ▶ To set up the first sustainable financing programme for Vinpearl's parent company Vingroup
- ▶ Vingroup needed a trusted banking partner with the expertise to contribute to and work within their sustainable financing framework
- ▶ The proceeds of the bond will go towards sustainable projects in six green sectors and two social categories

Our solution

- ▶ HSBC advised on the sustainable finance framework for the parent company Vingroup and acted as joint bookrunner on the financing
- ▶ Vinpearl will make use of the proceeds from the sustainable exchangeable bond for potential projects including clean transport, green buildings, water and wastewater management, pollution prevention and control, energy efficiency and renewable energy, as well as affordable housing and access to essential services such as healthcare
- ▶ The deal is a first of its kind not just for Vietnam, but also for global capital markets



“The oversubscription in Vinpearl's sustainable exchangeable bonds demonstrate investors' positive reception for an innovative structure that Vingroup and its member companies have pioneered. The transaction also affirms the potential and credit strengths of the Vingroup ecosystem, as well as Vietnam's position in the international capital market.”

Nguyen Viet Quang | CEO, Vingroup

What's next?

Opening up a dialogue with us

Every business that is moving towards a sustainable future has a unique story. We are partnering now and over the long term with our customers to create a more sustainable, resilient, and prosperous future.

As we help our customers embrace sustainability and act on their transition plans, here are just some of the ways that we can partner with your business:

Understanding your transition and acting on your sustainable ambitions

Scaling sustainability across your supply chains and networks

Supporting circular economies globally

Providing sustainable financing and investing solutions

To discuss your business transition and sustainability strategy, please speak to your HSBC Relationship Manager or visit: www.business.hsbc.com/sustainability.

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