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**HSBC Taiwan Allocated Sustainability Linked Loan**

***\*\*The proposition reinforces HSBC Taiwan's commitment to work with clients to foster sustainable development\*\****

As the green financing market continues to expand, innovative financing tools become more and more available. HSBC Taiwan announced that it has launched "Sustainability Linked Loan" worth TWD450 million for local corporate borrowers including Taya Group and Sinbon Electronics. HSBC Taiwan emphasized that the loans would encourage the two companies to reinforce a long-term green approach to facilitate sustainability in their operations.

The two facilities, which have one to two-year terms, incentivise sustainable practices through interest cost savings. Under the framework, these two companies have similar commitment in terms of strengthening solar power generation, reducing greenhouse emissions every year, increasing revenue in green energy, as well as intensifying their corporate social responsibility ability.

**Ryan Shen, Chairman of Taya Group**, said, "To receive sustainability linked loan is an important step for us towards our goal to improve environmental, social and governance performance in our businesses. It not only reflects Taya's commitment to grow in a responsible manner, but also represents our efforts to support Taiwan moves toward a sustainable path. We are pleased to work with a likeminded partner like HSBC who continues to support us when we contribute to the island's renewable energy transition."

**Joseph Wang, Chairman of Sinbon Electronics**, said, "Sinbon is committed to become a green enterprise. With "Go Green" as our core commitment and action statement, Sinbon has been investing in green energy in the past three years. The signing of sustainable linked loan with HSBC demonstrates our ambition of growing revenue in green energy. Further we will improve our CSR scores gauged by the third-party sustainability rating provider Ecovadis\*. This is also an opportunity to highlight our determination to develop green energy and advance our sustainability agenda."

**Stanley Hsiao, Head of Commercial Banking at HSBC Taiwan** said: "Providing solutions that are linked to sustainable performance is a step in the right direction. This proves HSBC Taiwan's ability to provide tailored and suitable financing tools that could help drive clients' strategy forward and bring positive change to the society." He explains, to measure a company's sustainable performance and the corresponding adjusted interest rate requires careful analysis and calculation. "The sustainability linked loans are a catalyst to provide a specific goal to urge businesses to embed sustainability considerations in their strategies. The criterias could include borrower's overall ESG or CSR strategy, information disclosure or reviewing and reporting process."

Hsiao emphasized, “As an international bank continuing to support global transition to a low-carbon economy, we are willing to offer a more favourable interest rate when companies reach their sustainable goals, which can benefit the society, the environment and even the employees. In consequence, companies would be more willing to take a step further in their own sustainability journeys.” “In the meantime we look forward to forging more such collaborations as we collectively bring growth momentum to Taiwan’s green economy.”

Sustainability linked loans, which appeared on the market in 2017, are a type of financing instrument that are linked with sustainability factors. This new proposition could encourage borrowers to improve their sustainability profile or commitment as the financing terms and conditions are aligned to their sustainability targets including greenhouse emission, energy efficiency, etc. According to Refinitiv, more than USD160 billion of green and sustainability-linked loans have been extended in 2019 – an almost 250% increase on what was reported the previous year. Echoing the trend, HSBC earlier announced to provide between USD750 billion and USD1 trillion of financing and investment for this purpose over the next 10 years.

*\* EcoVadis is the world's largest provider to rate environmental and social performance of business supply chain. EcoVadis's policy is based on the guidelines of the ISO 26000 standard, and incorporate Global Reporting Initiative principles. The EcoVadis report also highlights progress at management level, especially in dealing with issues such as environmental protection, fair business practices, sustainable procurement, working conditions and human rights. EcoVadis's methodology is built on international sustainability standards covering 190 spend categories, 21 CSR criteria and more than 160 countries.*

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#### **HSBC Bank (Taiwan) Limited**

HSBC Bank (Taiwan) Limited, a locally incorporated subsidiary of The Hongkong and Shanghai Banking Corporation Limited, began its operations in May 2010, with its headquarters in Taipei. HSBC's presence in Taiwan dates back to 1885 when The Hong Kong and Shanghai Banking Corporation appointed an agent. A full-service branch was established in Taipei in 1984. HSBC currently operates through 30 branches across Taiwan.

#### **HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,923bn at 30 June 2020, HSBC is one of the world's largest banking and financial services organizations.

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