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HSBC Taiwan approved two green guarantees to foster renewable energy development

HSBC Bank (Taiwan) Limited announced today its approval of two green guarantees in the field of renewable energy to support Taiwan based underwater foundation manufacturer Century Iron & Steel Industrial (with its subsidiary Century Wind Power) and marine construction company Hung Hua Construction (with its subsidiary Dong Fang Offshore) on supply of equipment and services for offshore wind farms installation in Taiwan. HSBC Taiwan emphasized that the two green trade finance deals for local suppliers are part of the bank's continuous efforts to support the development of renewable energy, and will help Taiwan's wind farm plants meet international standards as well as maximize operational efficiency.

The bank guarantee issued for Century Iron & Steel Industrial and Century Wind Power is valid for one-year and valued at NT\$240 million, and is specifically tailored for the total of 69 pin piles manufactured for Copenhagen Infrastructure Partners (CIP) at Changfang & Xidao offshore wind farms. According to HSBC Taiwan, the guarantee will help deepen the cooperation between local suppliers and overseas developers, and continue to promote the development of offshore wind energy in Taiwan. Century Steel is one of the first local companies joined offshore wind power industry, a movement to support the government's supply chain localization requirements. It is also the only private enterprise that provides offshore underwater foundations. In 2020, Century Steel completed a batch of 81 pin piles for Ørsted wind farms, showcasing its critical role in the localization of offshore wind projects in Taiwan.

Meanwhile, the guarantee with a total amount of NT\$70 million arranged for Hung Hua Construction and Dong Fang Offshore is designed for guard vessels for the Changfang & Xidao offshore wind farms. The contract execution guarantee will be lasting for 32 months. HSBC Taiwan said that guard vessels perform an essential role in wind farm construction by means of ensuring no intervention from other vessels at the construction site. It's not only to protect the safety of marine engineers, but to maintain the harmony between marine engineering and fishing environment. Hung Hua Construction is a domestic dredging and nearshore construction company with leading maritime vessels and experienced professionals. The issuance of the guarantee will help boost the establishment of Taiwan's offshore wind farms, and further improve the economic performance and reliability of local wind farms.

Stanley Hsiao, Head of Commercial Banking, HSBC Taiwan, said "Renewable energy is one of the driving factors to improve climate impacts and it is essential for HSBC Taiwan to support our clients in meeting sustainable targets." Hsiao commented that guarantee is a primary product in HSBC's trade finance portfolios, which can apply to tangible goods and intangible assets such as skills and services. The green guarantee is a trade finance

solution dedicated to support eligible environmentally sustainable trade activities and adhering to Green Loan Principles. “Apart from vigorously supporting the development of renewable energy, we are also actively participating in the innovation of green finance products, helping to foster a thriving and resilient green financing ecosystem in Taiwan,” Hsiao added.

In addition to continuing to provide an increasingly diversified trade finance solution, HSBC Taiwan has recently issued another standby letter of credit for an environmentally sustainable project. This is to assist a local leading electric and engineering manufacturer export wind turbine components to the United States for the development of wind farms located in Texas. HSBC Taiwan stated that the green energy is one of the key aspects of Taiwan-U.S. supply chain partnership. The wind farm is slated to start operating by the fourth quarter of this year, which will build 47 wind turbines with the potential to produce about 100 MW wind power. The 15-year operation will supply electricity to around 26,000 local households and create more than 300 jobs. In addition, the wind farm will benefit local community over its operating life through land lease, tax and other payments. HSBC Taiwan said this is a great example of deepening economic cooperation between Taiwan and the United States.

As one of the world’s largest trading banks, HSBC, with its extensive trade finance experiences, typically advises over 500,000 import/export letters of credit each year, of which standby letter of credit is the most commonly used trade finance tool to make the transaction process more secure and establish a more stable relationship between buyers and sellers. The subject credit letter issued by HSBC Taiwan is also the first transaction in the region after HSBC Group presented the latest Sustainable Trade Instrument Principles by the end of last year. The purpose, implementation activities and benefits of the credit letter issued by HSBC Taiwan are all in line with the sustainable standards required by the Group.

According to the latest Sustainable Financing and Investing Survey released by HSBC, more than 90 percent of global investors and issuers say environmental, social and governance (ESG) factors are important; However, almost 50 percent pointed out that there are still barriers in sustainable investing, a gap that financial service industry needs to help shorten. The Navigator survey announced by HSBC Taiwan also showed that more than 70 percent of Taiwanese companies have set ESG targets and that almost all believe that improving sustainability will provide business opportunities. As a pioneer in the field of sustainable finance, HSBC Taiwan will continue to assist clients in all sectors in assessing and implementing sustainable development opportunities based on industry characteristics and advancing its commitment to sustainability through financing, investment and operation.

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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 Hongkong 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 HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,984bn at 31 December 2020, HSBC is one of the world's largest banking and financial services organizations.

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