

HSBC Issuer Services

Empowering the digital energy and renewables revolution around the world

Our key 2020 ESG achievements



“Across Asia-Pacific (APAC), we are seeing a growing number of clients increasingly adopting sustainability-related measures, within the infrastructure and structured finance market, and the green bond and loan markets. ESG centric products are increasingly seen as efficient risk governance tools.



Suvir Loomba
Head of Issuer
Services, Asia-
Pacific

Progressive regulations and initiatives at government level have been key sustainability drivers over the past few years. Now, with the COVID-19 crisis reminding us of how human destiny is linked to the wider biodiversity, organisations are also putting a higher priority on their ESG agendas.

That is why we have evolved our capabilities to support clients' sustainability-related transactions, particularly with regards to the application of the green bond and loan principles. Our agency and trustee roles in such transactions are a strategic tool, which can support transparency and monitoring requirements. In 2020, we have supported more ESG-related transactions than ever in the region.”

How we helped clients across Asia-Pacific achieve their goals

Empowering Bangladesh's agriculture

- **Overview:** Bangladesh is an agricultural powerhouse where the agriculture and forestry sector accounts for more than 10% of its GDP, with approximately 40% of the workforce engaged in agriculture.

HSBC supported a USD300 million 14-year MIGA-covered loan for the construction of a fertilizer plant in Bangladesh to be implemented by our client, Bangladesh Chemical Industries Corporation (BCIC).

Founded in 1976, BCIC is a government-owned company and is in charge of Karnafuli Paper Mills, the largest Paper Mill in the country.

- **Our services:** Our team based in Hong Kong acted as Facility Agent and worked closely with colleagues on the ground to ensure seamless project delivery, from inception to closing and the servicing of the loan.
- **The ESG* angle:** The country's recent growing economy and rising population has led to an increased demand for fertilizer, BCIC's aging existing plants have caused the producer to rely on the import of fertilizer to satisfy part of the strong demand.

The project is expected to allow BCIC to increase domestic production, making a significant contribution to the economic development of Bangladesh. Furthermore, the project could help reduce the environmental impact and increase urea production, by utilising the new CO2 capture technology.

Connecting rural China

- **Overview:** HSBC supported a Singapore booked club loan to finance the construction of telecommunication towers in rural China under arrangements with the three China mobile networks.
- **Our services:** Our team based in China provided a customised Onshore Account Bank offering to cater to the specific needs of the project, including monitoring and overseeing the cash flows of the borrower's PRC project companies.
- **The ESG angle:** The loan proceeds will help to build new communication towers and antennas in rural China (e.g. Xinjiang). The project's vision is to provide better mobile and telecommunication coverage to the local population and therefore achieving new forms of societal goods and benefits.

Fuelling green bond issuances needs

- **Overview:** HSBC supported a Hong Kong bank client in the completion of their USD1.2 billion 3-year and 5-year Reg S Senior Unsecured Green Bond issuances (drawdown from the client's USD15 million MTN Program).
- **Our services:** Our Hong Kong team provided a comprehensive suite of services to ensure the swift closing of the project. We acted as Fiscal Agent, Registrar, Transfer Agent, CMU Lodging and Paying Agent.
- **The ESG angle:** The proceeds of the transaction will be used to finance and/or refinance loans to customers involved in the bank's operational activities in eligible green projects.

*Environmental, Social, and Governance

“In the U.S., the renewable sector has been significantly active over the last couple of years and 2020, despite the pandemic, was no exception. We have been able to support this trend by taking part in a large number of projects, particularly in the solar and wind space.

The drivers behind this uptick can be explained by the declining cost of technology and the value from tax equity benefits. In addition, state-level renewables targets and incentives are having a net positive impact on institutional investment into renewables.

We have developed a market leading Issuer Services franchise to support project finance transactions in the renewables space, both domestically and beyond, throughout the multiple phases and life cycle of a project. Our team works closely with clients to design and build bespoke operating models to support these complex, multiyear transactions.

Our commitment to this space reflects and supports the broader HSBC Group’s focus on the renewable energy sector around the world.”



Jamie Pratt
Head of Issuer
Services,
Americas

How we helped clients across Europe and the U.S. achieve their goals

Calvin Capital Ltd – Smart Meter project

- **Overview:** HSBC supported an innovative Meter Serve project finance transaction for Calvin Capital Ltd, a leading owner and manager of essential energy infrastructure assets. The complex deal consisted of a Term A and B facility in the amount of GBP290 million, a Term Capex facility (GBP115 million), an Initial Debt Service Facility (GBP70) as well as a RCF over GBP400 million.
- **Our services:** Facility Agent, Security Agent, Account Bank and Intercreditor Agent.
- **The ESG angle:** The purpose of the deal was to refinance the existing Meter Fit 5 and 20 transactions and to provide flexible liquidity to the company. HSBC developed a tailored offering to cater to the specific needs of the project.

Calisen – Smart Meter project

- **Overview:** HSBC supported Calisen, a leading owner and manager of essential energy infrastructure assets, on their GBP378 million IPO on the premium segment of the London Stock Exchange.
- **Our services:** Joint Global Coordinator, Facility Agent, and Security Agent.
- **The ESG angle:** The proceeds will be used to support future growth of the company and to fund existing and new contracts relating to the UK smart meter rollout to 2024. This marked the first major UK and European IPO of 2020.

Lightsource BP’s (LSBP) - Solar project

- **Overview:** HSBC provided corporate trust services for the construction and term financing of LSBP’s Impact Solar project which aims to generate 260MW of affordable, clean and locally generated electricity for Texas communities. The project totalled is a USD 250 million worth tax equity project financing transaction.
- **Our services:** Administrative Agent, Collateral Agent and Depositary Agent.
- **The ESG angle:** The transaction represents LSBP’s second greenfield solar project financing in the U.S. and HSBC’s first project finance transaction with the company, which pursues a strong North American growth strategy targeting the installation of 4GW of new build solar by 2023.

Engie North America – Solar & Wind project

- **Overview:** HSBC provided a comprehensive, end-to-end solution to Engie North America, which owns an eleven-asset portfolio of diverse wind and solar projects, with a total capacity of 2.0 GW located across key US markets.
- **Our services:** Administrative Agent, Collateral Agent, Depositary bank.
- **The ESG angle:** The transaction represents one of the largest tax equity financed projects in the US to date, with total financing of USD1.6 billion, and the first to combine both solar and wind assets in a single transaction. Tax equity is a structured product unique to US solar and wind projects.

A record year: how we have strengthened our ESG franchise



In 2020, we have serviced **49** Infrastructure deals globally, with a total value of **\$24.3bn**.



We launched a **mobile-friendly Investor Reporting portal** which can support a wide range of transactions including Structured Debt and Infrastructure.



HSBC was awarded **World's Best Bank for Sustainable Finance** 2019 and 2020 by Euromoney.



HSBC was named **Best in Escrow Agency 2020** in the Triple A Asset Servicing Awards. Our #HSBCescrow proposition supports a variety of sustainable finance transactions.

Case study: Joining forces across the bank's capabilities and leveraging the strength of our network to provide end-to-end solutions to our clients

The below transactions demonstrate HSBC's capacity to provide a holistic solution to a client for their infrastructure project. Leveraging our global network and using our local knowledge, we were able to connect the client with a US investor and help them access the Indian deployment corridor, resulting in a solution which captures key roles across Debt Capital Markets (DCM) and Issuer Services (ISV), both in India and the U.S..

Overview: ReNew Power raised USD325 million senior secured 144A/RegS Green bonds

- **Overview:** ReNew Power Private Ltd, a leading Indian renewable energy company, raised USD325 million through overseas green bonds. The structure involved India Green Energy Holdings, a Mauritian SPV 100% owned by an offshore trust, issuing US Dollar bonds. The proceeds are used to subscribe to senior secured Indian Rupee-denominated non-convertible debentures to be issued by a static pool of eleven subsidiaries of ReNew Power, which owns the underlying renewable energy assets.
- **Our services:** Bond Trustee, Registrar, Transfer, Paying Agent and Collateral Agent (ISV US)
- **Our DCM Roles:** Joint Global Coordinator, Joint Bookrunner, Joint Structuring Advisor, Sole Ratings Advisor.

Overview: ReNew Power priced a USD450 million senior secured 144A/RegS Green bonds

- **Overview:** In this project, the structure involved ReNew Power issuing US Dollar bonds and using the proceeds to refinance the INR debt and capital expenditure of the group entities of ReNew Power, which owns the underlying renewable energy assets. With c. 7 years, this is the longest tenor holding company bond done by any Indian company.
- **Our services:** Remittance agent for the External Commercial Borrowing (ISV India); Bond Trustee, Registrar, Transfer and Paying Agent (ISV US)
- **Our DCM Roles:** Joint Global Coordinator, Joint Bookrunner, Joint Structuring Advisor, Sole Ratings Advisor

Infrastructure and Sustainability at HSBC: How to drive investment in sustainable infrastructure?

- ◆ Developing clean technology is critical. So we're setting up a dedicated unit to manage a technology venture debt fund that will target investment of up to USD100 million for supporting clean tech innovation companies.
- ◆ We will also soon launch a new philanthropic programme, with an aim to donate USD100 million between now and 2025 to bring the brightest ideas to commercial scale, overcoming the barriers to tackling climate change and enabling the transition to net zero.
- ◆ We'll help transform sustainable infrastructure into a global asset class, leading the 'Finance to Accelerate the Sustainable Transition-Infrastructure (FAST-Infra initiative) to drive investment in sustainable infrastructure together the OECD and the World Bank Group. Its aim is to transform sustainable infrastructure into a mainstream, liquid asset class.

“In Europe, we have been involved in a number of green project finance and infrastructure programmes over 2020. However, the sustainability angle has also been a key factor across other sectors and we have been working on a number of transactions which fit into the sustainability bracket and the wider EU objective to become a net zero carbon emitter by 2050.

These have included project finance initiatives promoting renewable energy sources including energy-to-waste facilities, offshore wind farms, grid interconnectors, battery storage technologies, and electronic vehicle charging. We are also involved in projects aiming to deliver energy efficiencies by providing financing to companies that are developing smart meters.

The economic disruption caused by COVID-19 also prompted businesses to increasingly put in place measures to tackle ESG-related risks such as climate change. We are seeing many of our clients, from different industries – luxury, oil and gas, retail and more – leading the way by reviewing their business models to include ESG terms.”



Karen Lomax
Head of Issuer
Services,
Europe

The below transactions demonstrate HSBC’s strong commitment to supporting the sustainability agendas of our clients, as well as our continued leadership in sustainable financing. In both cases, close coordination between HSBC teams – Debt Capital Markets, Leveraged Acquisition Finance, Issuer Services and more – resulted in a holistic solution to support our clients’ first sustainable finance transaction.

Case study: Michelin's multi-billion sustainability linked revolving credit facility

- **Overview:** HSBC acted as the Sustainability Coordinator, Mandated Lead Arranger, Bookrunner and Facility Agent on Michelin's sustainability linked revolving credit facility. The margin of the facility is linked to Michelin's performance against a set of KPIs to be determined in 2021. This was the first sustainability linked loan for Michelin, the world's second-largest tire manufacturer.
- **Our services:** As Sustainability Coordinator, HSBC guided Michelin through the process of setting appropriate sustainability performance targets (SPT) consistent with their long-term strategy, while satisfying the requirements under the Sustainability Linked Loan Principles launched by the Loan Market Associations in 2019.

The pre-agreed KPIs, which included the reduction of the environmental impact on Michelin's sites, have been documented in the Facility Agreement, with specific target scores being agreed between the Lender Group and the Borrower later next year.

Case study: Adidas' first sustainability bond

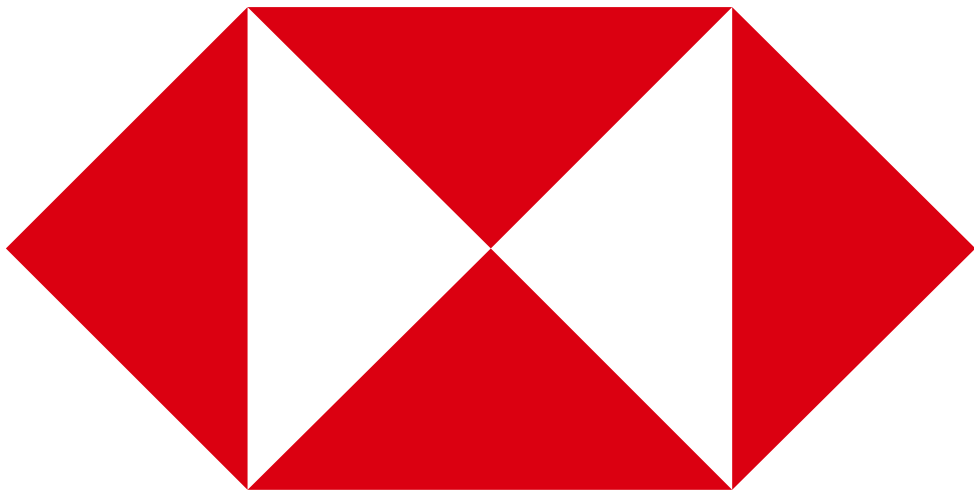
- **Overview:** HSBC supported Adidas' first sustainability bond as the company continues to execute on its ambitious long-term sustainability roadmap while at the same time further optimising its capital structure and financing costs. The EUR500 million bond has a zero interest rate and is due to be repaid in 2028.

The proceeds from the offering, which was more than five times oversubscribed, will be used in accordance with Adidas' newly created sustainability bond framework. The framework has been validated by a second-party opinion from Sustainalytics, a leading independent provider of sustainability rating.

- **Our services:** HSBC Issuer Services was appointed as Paying Agent on what is the company's second public bond issuance of the year; HSBC's Debt Capital Markets team acted as Joint Sustainability Coordinator.

To find out more about HSBC Issuer Services:

- ◆ Visit our website: www.gbm.hsbc.com/issuer-services
- ◆ Follow [#HSBCescrow](https://www.linkedin.com/company/hsbc) on LinkedIn
- ◆ Contact us: Asia – isvhkbd@hsbc.com.hk; Europe – issuer.services.europe@hsbc.com; Americas – isvusbd@us.hsbc.com; Middle East: isvmenatbd@hsbc.com



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