Luxembourg Sustainable Finance Initiative (LSFI)

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Date: 17th September 2025

HSBC

Our Ambitions

Be a net zero bank by 2050, including in our portfolio of financed emissions

Provide $1bn in financing to Climate Tech start-ups

Aim to provide $750 billion to $1 trillion in sustainable finance and investment by 2030

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Importance of Sustainability
Market Key feedback

c.80% of the carbon emissions reside within supply chains[1]

The challenge is not only a matter of cost or technology. It involves changes in business models and organizational culture. **SMEs need incentives** to move toward a smaller carbon footprint, **resources** to cover the costs, **training** to make it work, the technological platforms to help them overcome hurdles.[1]

Across the board, consumers tell us they would be willing to **pay 9.7% above average price** for sustainably produced or sourced goods, in line with 2024's pulse survey results of 9.8%. [2].

Integration of **sustainability** criteria into traditional **supply chain finance** solutions such as lower interest rates or **better financing terms** to suppliers who adopt green practises. This long-term incentive encourages investment into climate action and disclosure by improving cash flow [3]

1. Delivering Net Zero Supply Chains The Multi-Trillion Dollar Key to Beat Climate Change, o-published by BCG-HSBC, Oct 2021
2. PWC 2024 Voice of the Consumer Survey
3. Strengthening the Chain-published by CDP (in collaboration with HSBC)-September 2024

SSAB AB

EUR 2.7bn green financing package to support the development of a fossil-free mini-mill in Sweden

HSBC acted as Mandated Lead Arranger and Lender to support SSAB AB (“**SSAB**” or the “**Company**”) in securing EUR 2.7bn of green financing for the Company’s EUR 4.5bn flagship clean steel project to transform, decarbonise and modernise their existing steel mill in Luleå, Sweden.

As part of the project, SSAB will develop a state-of-the-art fossil-free mini-mill at their existing site in Luleå which, once operational, will enable SSAB to close the current blast furnace-based production system.

Closing of the blast furnaces will largely remove the CO_2 emissions from existing operations, corresponding to a 7% reduction in Sweden’s total CO_2 emissions.

Overview

- Headquartered in Sweden, SSAB is a global steel company with a leading position in high-strength steels and related services. The Company’s production plants in Sweden, Finland and the US have an annual steel production capacity of approximately 8.8 million tonnes.
- In April 2024, the Company decided to proceed with the EUR 4.5bn investment to build a state-of-the-art fossil free steel mini-mill at their existing site in Luleå in the north of Sweden. The new mill will have a capacity of 2.5 million tonnes a year with two electric arc furnaces, advanced ladle metallurgy and an integrated rolling mill.
- The transformation of the Luleå site is a major step in SSAB’s journey to fossil-free steel production. In addition to reducing CO_2 emissions from operations, the development of the mini-mill will enable SSAB to re-position its European segment as a maker of premium products as well as to lower production costs, reduce lead times and improve its ability to manage swings in demand. The new mini-mill will be able to use a flexible mix of fossil-free sponge iron, pig iron and recycled scrap.

Key Financing Highlights

- The project is being financed with a EUR 2.7bn financing package, which is comprised of four facilities:
  - SEK 15bn syndicated loan covered by Riksgälden, the Swedish National Debt Office;
  - EUR 808m syndicated loan backed by SACE, the Italian Export Credit Agency;
  - SEK 1.15bn loan provided by the Nordic Investment Bank (“**NIB**”); and
  - EUR 430m syndicated loan backed by Euler Hermes, the German Export Credit Agency.
- Each of the facilities has a long-term maturity structured to support the full lifecycle of the project.
- The facilities are also structured as green loans in alignment with the Green Loan Principles and SSAB’s Green and Sustainability-linked Finance Framework

SSAB AB

EUR 2.7bn green financing package to support the development of a fossil-free mini-mill in Sweden

2025 Sweden

EUR 2.7bn

Green financing package supported by SACE, Euler Hermes, Riksgälden and the Nordic Investment Bank for the development of a fossil-free steel mini-mill in Luleå, Sweden

Mandated Lead Arranger, Lender

Financing Overview

Borrower	SSAB AB
Project Cost	EUR 4.5bn
Total Debt	EUR 2.7bn
Facilities	**Riksgälden Facility:** SEK 15bn **SACE Facility:** EUR 808m **NIB Facility:** SEK 1.15bn **Euler Hermes Facility:** EUR 430m
Purpose	Financing of the Luleå investment

Hapag-Lloyd AG

Procurement of 2x9.2K TEU and 6x16.8K TEU Newbuild LNG-Fuelled Container Vessels

HSBC acted as sole ECA Coordinator, Joint Mandated Lead Arranger, Joint Green Loan Arranger, Lender, Facility Agent , Documentation Agent, Security Agent and ECA Agent in a USD1.1bn 95% Sinosure covered Green Loan to support Hapag-Lloyd AG for the procurement of 2x9.2K TEU and 6x16.8K TEU container vessels.

Transaction Overview

- In December 2024, Hapag-Lloyd AG (“**HLAG**”) signed a USD1.1bn 95% Sinosure-covered post-delivery green financing for the procurement of 2x9.2K TEU and 6x16.8K TEU newbuild dual-fuel LNG container vessels.
- HLAG is one of the world’s leading global liner shipping company headquartered in Hamburg, Germany. HLAG operates a fleet of over 287 modern container ships vessels and controls a total transport capacity of 2.2m TEU.
- This financing forms part of HLAG’s wider procurement programme for a total of 12x9.2K TEU and 12x16.8K TEU vessels which will be used both as additional capacity and to replace older vessels. HLAG will take delivery of the new vessels between 2027 and 2029.
- The vessels feature dual fuel capacity and are ammonia ready, designed to operate on low-carbon biomethane with the flexibility to transition to low carbon synthetic natural gas. This technology aligns with HLAG’s sustainability targets to reduce fleet wide absolute GHG emissions by around one third by 2030 (compared to 2022) and to achieve net-zero fleet emissions by 2045
- As the vessels are aligned with both the EU Taxonomy and HLAG’s Green Finance Framework (“GFF”), the financing was structured as a Green Loan in line with the Green Loan Principles.
- Furthermore, the facility comprises of eight tranches, one for each vessel financed under the facility. Each facility tranche will be drawn in full post-delivery of the respective vessel, and have a 12-year repayment period.
- This milestone transaction establishes HLAG’s first Sinosure-covered facility.

Hapag-Lloyd AG

Procurement of 2x9.2K TEU and 6x16.8K TEU Newbuild LNG-Fuelled Container Vessels

2024 Germany

Hapag-Lloyd

USD1.1bn

95% Sinosure covered Green Loan to support the procurement of 2x9.2K TEU and 6x16.8K TEU newbuild dual-fuel LNG-fueled container vessels

Sole ECA Coordinator, Joint Mandated Lead Arranger, Joint Green Loan Arranger, Lender, Facility Agent, Security Agent, ECA Agent

Summary terms and conditions

Borrower	Hapag-Lloyd AG
Facility size	USD1.1bn
Sinosure buyer's credit insurance policy	Provided by Sinosure for 95% of the total facility size
Tenor	3 + 12 years post delivery
Use of proceeds	Financing to support the procurement of 2x9.2K TEU and 6x16.8K TEU container vessels
Signing date	December 2024
Sustainability	Structured as a Green Loan, in compliance with HLAG's GFF and the Green Loan Principles

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