

Sustainability related disclosures pursuant to Article 10(1) of the Disclosure Regulation | HSBC Global Transition Infrastructure Debt Fund

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**Disclosure Regulation**") aims at providing more transparency to investors on sustainability risk integration, on the consideration of adverse sustainability impacts in the investment processes and on the promotion of environmental, social and/or governance ("**ESG**") factors. In particular, it requires fund managers and advisers to disclose specific ESG-related information to investors on their websites.

1 Summary

Investment Strategy	The HSBC Global Transition Infrastructure Debt Fund (the "Fund") promotes environmental characteristics pursuant to Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR"). Specifically, it will promote the environmental characteristics of (i) greenhouse gas emissions reduction and (ii) support of the global transition to net zero emissions by 2050.
No sustainable investment objective	The Fund promotes environmental characteristics and while it does not have sustainable investment as its objective, it will have a minimum proportion of 80% of sustainable investments as assessed under the HSBC Asset Management Sustainable Investment Framework for Alternatives (" SIFfA ").
Environmental or social characteristics of the financial product	The Fund will promote the environmental characteristics pursuant to Article 8 of the Sustainable Finance Disclosure Regulation. Specifically, while the Fund does not have sustainable investment as its objective, the Fund seeks to invest in businesses that contribute to the following environmental characteristics: (i) greenhouse gas emissions reduction and (ii) support of the global transition to net zero emissions by 2050.
Investment Strategy	To provide attractive risk adjusted returns with a predictable income stream by investing in a diversified portfolio of loans (and other debt instruments) with infrastructure characteristics and which either are or will contribute to greenhouse gas (" GHG ") emissions reduction and the global transition to net zero emissions by 2050.
Proportion of investments	At least 90% of the Company will be aligned with E/S characteristics as per the SFDR definition. At least 80% of the Company will be invested in sustainable investments as per the SFDR definition. These investments will be Safe Zone investments with a substantial contribution to SDG 13 (Climate Action) as per SIFfA.

Monitoring of environmental or social characteristics	Every investment presented to the Infrastructure Debt Investment Committee will contain a dedicated ESG section within the investment paper. ESG assessment will be covered as an agenda point during the meeting and members of the Infrastructure Debt Investment Committee will be required to validate the designated ESG Ratings.
Methodologies	The Investment Team has implemented a set of sector-specific ESG assessment scorecards (the " Scorecards "), used to assess a borrower's exposure to both ESG risks and opportunities for positive ESG contributions, based on a number of Environmental, Social and Governance factors. Each investment will also be assessed through the Portfolio Manager's proprietary Sustainable Investment Framework (" SIFfA ") from a sustainability perspective.
Data sources and processing	<p data-bbox="507 763 1374 943">A detailed assessment will be carried out by the Investment Team to ensure that the investment will contribute to the Fund's environmental objective and pose no significant harm to other environmental or social objectives. This will be done using the SIFfA, accompanied by the ESG Scorecards</p> <p data-bbox="507 965 1374 1111">Data and information used for the assessments is obtained from materials provided by the borrower or sponsor, responses to questions raised, independent due diligence reports, rating agency commentary and/or third-party data providers.</p>
Limitations to methodologies and data	The level of information available to complete the ESG Scorecards and SIFfA may vary between different borrowers and therefore the Investment Team will use whatever information is available in the public domain, disclosed by the borrower during due diligence, disclosed by the private sponsor, sourced from independent reports, or available from HSBC or third-party ESG data providers to complete their analysis.
Due diligence	During the screening and due diligence phases of considering a potential investment, the Investment Team makes reference to material provided by the borrower or sponsor, responses to questions raised, independent due diligence reports, rating agency commentary and/or third-party data providers. Through this process, the Investment Team will seek to make a qualitative assessment of the impact of ESG related factors on the credit risk profile of a borrower.
Engagement policies	The Investment Team will engage with borrowers at least annually to understand and assess their sustainability commitments and progress on ESG targets, reactively when there is exposure to specific events that cause concern.
Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the above environmental characteristics promoted by this Fund.

2 No sustainable investment objective

The Fund promotes environmental characteristics but does not have sustainable investment as its investment objective.

While the Fund does not have a sustainable investment objective, it will have a minimum proportion of 80% of investments assessed to be sustainable under the HSBC Alternatives' 'Sustainable Investment Framework' (SIFfA).

3 Environmental or Social characteristics of the financial product

The Fund will promote the environmental characteristics pursuant to Article 8 of the Sustainable Finance Disclosure Regulation.

The Company will promote the environmental characteristics of (i) greenhouse gas emissions reduction and (ii) support of the global transition to net zero emissions by 2050. No index has been designated as a reference benchmark for the Company investments or portfolio. Alignment to the environmental characteristics promoted by the Company is achieved through the Company's investment strategy and ESG assessment.

Attainment of the environmental characteristics that the Company intends to promote will be measured using indicators relevant to the sector in which the borrower under the debt instruments operates. The indicators used to measure the attainment of the environmental characteristics of the sustainable investments in the Company are set out within the Portfolio Manager's Sustainable Investment Framework for Alternatives ("SIFfA") as well as proprietary, sector-specific ESG scorecards (the "ESG Scorecards"). The indicators selected are tailored to the economic sector in consideration and informed by international standards such as Global Impact Investor Networks' (GIIN) IRIS+, the UN Sustainable Development Goals ("SDGs") Compact Tool, and the EU Taxonomy's Technical Screening Criteria ("TSC").

The sustainability indicators used across all sectors include:

- SDG 13: Climate Action – Scope 1 and Scope 2 GHG emissions
- SDG 13: Climate Action – GHG emissions reduced/avoided.

Additional indicators are used for some of the target sectors of the Company:

- For renewable energy, SDG 7: Affordable & Clean Energy – New/Additional renewable capacity (MW); Amount of renewable energy produced (MWh)
- For energy efficiency equipment, SDG 13: Climate Action – Scale of energy savings (KWh and/or % of energy saved per year)
- For energy efficient building, SDG 13: Climate Action – Scale of energy savings (KWh and/or % of energy saved per year); Proportion of consumed energy from renewable energy.
- For waste management, SDG 12: Responsible Consumption & Production – Amount of waste recycled (tonnes).
- For manufacture of electric vehicle batteries, SDG 13: Climate Action – Zero-tailpipe-emission vehicles enabled.

Sustainability indicators for other sectors will be developed as the sector coverage of SIFfA and ESG scorecards expand and disclosed in the periodic reports if added.

The Portfolio Manager (HSBC Global Asset Management) will try to source the inputs to these indicators from the borrowers directly or from third-party advisers in the first instance, or otherwise estimate based on relevant sector and/or region database(s) and other quantitative or qualitative information, on a best effort basis.

At the portfolio level, the aggregate amount and percentage of sustainable investments made as the SIFfA is used to measure the attainment of the environmental or social characteristics promoted by the Company.

4 Investment strategy

The Fund focuses on global transition infrastructure debt investment opportunities. The Fund will lend to a mixture of infrastructure projects and corporates, especially those in the mid-market, with a geographic focus on investment grade rated countries in Europe, North America, Australasia and Asia. The Fund's objective is to provide attractive risk adjusted returns with a predictable income stream by investing in a diversified portfolio of loans (and other debt instruments) with infrastructure characteristics and which either are or will contribute to greenhouse gas ("GHG") emissions reduction and the global transition to net zero emissions by 2050. The Portfolio Manager will identify and invest in sectors that operate in the energy transition industry i.e. sectors defined in the Offering Memorandum of the Fund, including but not limited to renewable energy, critical minerals and metals required to produce renewable energy, electricity storage, distribution and transmission, carbon capture and storage facilities.

ESG assessment is an integral part of evaluating an investment for the Fund to ensure there is no significant ESG risk to the investment and the investment is aligned with the Fund's promotion of a reduction in GHG emissions.

The Portfolio Manager has adopted a multi-layer approach. Firstly, an investment will only be reviewed in detail if it does not fall under the sustainability exclusions as per the relevant HSBC Group, the Portfolio Manager general or Private Credit specific policies (for further information on the relevant exclusions, please refer to the summary set out in the disclosure on the binding elements of the Fund's investment strategy below). Sustainability exclusions include, among others, companies not compliant with the UN Global Compact Principles, companies directly involved in coal fuel or fossil fuel extraction, electricity generation from thermal coal, new large dams for hydro-electric projects inconsistent with the World Commission on Dams Framework and mines using mountaintop removal process. Secondly, an investment will need to be aligned with one of the Eligible Sectors. Lastly, a detailed assessment will be carried out by the Portfolio Manager to ensure that the investment will contribute to the Fund's GHG reduction objective and pose no significant harm to other environmental or social objectives. This will be done using the SIFfA, accompanied by the ESG Scorecards. Information used for the assessments is obtained from materials provided by the borrower or sponsor, responses to questions raised, independent due diligence reports, rating agency commentary and/or third-party data providers.

The Investment Team have used their experience in managing a diverse portfolio of infrastructure debt projects to develop a robust and repeatable approach to portfolio monitoring. All investments are subject to the Investment Team's investment monitoring process. In addition to the Portfolio Manager's responsible investing, voting and engagement

policies, the Investment Team has adopted a strategy to engage with infrastructure debt investees with regards to ESG and credit matters. The Investment Team will engage with borrowers at least annually to understand and assess their sustainability commitments and progress on ESG targets and overall Net Zero pathway, or reactively when there is exposure to specific events that cause concern. The Investment Team will drive engagement by raising sustainability topics as well as financial and non-financial performance and risk with borrowers and will encourage them to report on their ESG-related activities, establish and maintain high levels of transparency, particularly in their management of ESG issues, risks and emissions data and to share outputs with the Portfolio Manager.

5 Proportion of investments

At least 90% of the Company will be aligned with E/S characteristics as per the SFDR definition.

At least 80% of the Company will be invested in sustainable investments as per the SFDR definition. These investments will be Safe Zone investments with a substantial contribution to SDG 13 (Climate Action) as per SIFfA.

10% of the Company is expected to be invested in #1B Other E/S characteristics. While the Investment Manager expects, based on quantitative and qualitative information available at the time of investment and using their best judgement, that all infrastructure debt investments will be fully sustainable or on a credit transitional path to become fully sustainable, it is nonetheless possible that some borrowers subsequently fall behind their transition plans, new information available post-investment deviates from previous expectation/estimates, and/or more stringent regulatory standards or guidance are published, such that some investments may no longer be classified as sustainable investments as defined by SFDR.

10% of the Company in #2 Other is expected be used for liquidity and hedging purposes, not to attain the promoted environmental characteristics.

6 Monitoring of environmental or social characteristics

Every investment presented to the Infrastructure Debt Investment Committee will contain a dedicated ESG section within the investment paper. ESG assessment will be covered as an agenda point during the meeting and members of the Infrastructure Debt Investment Committee will be required to validate the designated ESG ratings.

The Investment Team have used their experience in managing a diverse portfolio of infrastructure debt projects to develop a robust and repeatable approach to portfolio monitoring. All investments are subject to the Investment Team's investment monitoring process. In addition to the Portfolio Manager's responsible investing, voting and engagement policies, the Investment Team has adopted a strategy to engage with infrastructure debt investees with regards to ESG and credit matters. The Investment Team will engage with borrowers at least annually to understand and assess their sustainability commitments and progress on ESG targets and overall Net Zero pathway, or reactively when there is exposure to specific events that cause concern. The Investment Team will drive engagement by raising sustainability topics as well as financial and non-financial performance and risk with borrowers and will encourage them to report on their ESG-related activities, establish and

maintain high levels of transparency, particularly in their management of ESG issues, risks and emissions data and to share outputs with the Portfolio Manager.

7 Methodologies

Exclusions Screening

Each investment opportunity is screened to ensure it is compatible with HSBC Alternatives' responsible investment and sustainability principles and other exclusions related to the industry. For more information, please refer to the Responsible Investment Policy which can be found on HSBC Asset Management's website. The Fund looks to ensure that investee companies uphold the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

ESG Scorecards

The Investment Team has implemented a set of sector-specific ESG assessment scorecards (the "Scorecards"), used to assess a borrower's exposure to both ESG risks and opportunities for positive ESG contributions, based on a number of Environmental, Social and Governance factors. Each factor is scored based on the parameters set out in the Scorecards and assigned a specific weight based on its relevance within that sector. The Scorecards were designed in collaboration with the HSBC AM Responsible Investment ("RI") team.

Inputs to the Scorecard are determined by the Investment Team with reference to materials provided by the company, sponsor, responses to questions raised, due diligence reports as well as third party ESG risk platform providers. The ESG Rating is a weighted average of the relevant ESG factors and will be expressed as a rating from Strong, Good, Satisfactory or Weak ("ESG Rating"). The Fund will only invest in investments with a minimum ESG Rating of "Satisfactory", at inception.

The level of information available to complete the Scorecards may vary between different investees and therefore the Portfolio Manager will use whatever information is available in the public domain, disclosed by the investee during due diligence (including via engagement with management), sourced from independent reports, or available from HSBC or third-party ESG data providers.

The Portfolio Manager has also developed methodologies to estimate carbon emissions in energy-intensive sectors such as power generation and oil & gas. Such methodology will allow estimation of scope 1 and 2 as well as scope 3 and/or lifecycle emissions for some of the sectors. For now, such calculations are used as part of the ESG assessment without being an absolute criterion in the investment process and are not currently being disclosed to external parties. We encourage investees to provide carbon emission data and aim to incorporate this into our investor reporting. The Fund will promote ESG characteristics by not making any investments with high ESG risks as evidenced by a Weak ESG rating under the Portfolio Manager's approach to assessing ESG characteristics for prospective investees.

ESG Ratings will be reviewed and updated at least annually.

Assessment of the applicable principal adverse impacts is a key component of the ESG risk assessment in each of the initial transaction screening phase, subsequent due diligence phase and ongoing monitoring phase. All mandatory Principal Adverse Impact indicators (PAIs) relevant to investments in investee companies or real estate, as applicable, in Table 1 of Annex I and relevant PAIs in Tables 2 and 3 of Annex I of the SFDR Regulatory Technical Standards ("RTS") are considered by the Portfolio Manager via the Responsible Investment Policies, the SIFfA and the ESG Scorecards, either specifically or holistically, depending on their relevance to the sector or activity in consideration and data availability. PAIs will be monitored by regular review of the ESG scorecards. If principal adverse impacts are flagged, the Portfolio Manager, will actively engage to understand the causes. The Applicable PAIs are considered in the scorecards directly or as part of one or more factors.

Sustainability Assessment

Each investment will also be assessed through the Portfolio Manager's SIFfA from a sustainability perspective. SIFfA leverages the Global Impact Investor Networks' IRIS+ and the UN's Sustainable Development Goals ("SDGs") Compact Tool to determine the applicability of SDGs to each asset class sub-sector and the appropriate metrics (qualitative and/or quantitative) to use for the assessment. These metrics are enriched by relevant academic research and insights gained from regulatory requirements such as the Technical Screening Criteria within the EU Taxonomy. The framework is aligned to the EU Taxonomy where possible but also includes a broader scope of sectors and activities than those currently identified by the EU Taxonomy. For each applicable SDG and based on the business activity (what is produced/delivered and how this is produced/delivered) and the contribution (positive or negative), an investment is classified into one of four zones – Safe Zone, Progression Zone, At Risk Zone and Harmful Zone. To be considered a sustainable investment under SIFfA, the investment needs to demonstrate that it has made (or will make) a substantial contribution to one or more SDGs while doing no significant harm to any other SDGs, i.e. in the 'Safe' or 'Progression' Zone for every applicable SDG. The SFDR requirements for Principle Adverse Indicators are also factored in and help determine a threshold for each SDG.

8 Data sources and processing

Inputs to the ESG Scorecard and SIFfA are determined by the Investment Team with reference to materials provided by the company, sponsor, responses to questions raised, due diligence reports as well as third party data providers such as RepRisk. The ESG Scorecard output rating ("ESG Rating") is a weighted average of the relevant ESG risk factors and the SIFfA analysis results in a 'sustainable' or 'not sustainable' assessment.

Whilst it is not yet industry standard or requirement, the investment team will encourage borrowers to complete a questionnaire aligned with Principal Adverse Impact ("PAI") reporting to fill gaps in information which would contribute towards the ESG Scorecard as well as SIFfA. Where no data is available, or it is substantially incomplete, fundamental analysis will be undertaken using reasonable efforts to identify the presence of principal adverse impacts. For clarification, the Portfolio Manager at this stage is not able to consistently report principal adverse impact indicators as defined within SFDR on the basis that it is not possible to guarantee consistent data. However, the Portfolio Manager continue to seek to improve data availability and consistency and may apply these in the future.

If PAI data obtained post-investment suggest the investment is harming other sustainable objectives as determined by the SIFfA, the Portfolio Manager will remove the investment from the “sustainable” category and engage with the borrower to understand the causes and work towards action plans to prevent further harms being made.

The level of information available to complete the scorecards may vary between different borrowers and therefore the Investment Team will use whatever information is available in the public domain, disclosed by the borrower during due diligence (including via our questionnaire), sourced from independent reports, or available from HSBC or third-party ESG data providers to complete their analysis.

9 Limitations to methodologies and data

There is usually no publicly available data through data providers/vendors that can be used, and the Portfolio Manager needs to rely to a large extent on the data provided by the borrowers. The level of information available to complete the ESG Scorecards and Sustainability Assessment ('SIFfA') may accordingly vary between different borrowers and therefore the Investment Team will use whatever information is available in the public domain, disclosed by the borrowers during due diligence, sourced from independent reports, or available from HSBC or third-party ESG data providers to complete their analysis.

The limitations to this methodology can be that information received could be incomplete, delayed or inaccurate so that (i) investor reports may consequently be less rigorous (ii) engagement activities based on such information might not be as efficient as if the information had been timely and comprehensive.

10 Due diligence

Assessment of ESG risks is a key component of the initial transaction screening phase, subsequent due diligence and ongoing stewardship. ESG risks will be considered in line with sector-specific factors and analysis will be supported by external environmental and legal due diligence reports to understand any historic liabilities as well as future risks. The Investment Team will endeavour to engage with borrowers by prioritising sustainability topics at management meetings.

Infrastructure projects are typically assets with a long economic life and as such, this locks in the associated carbon footprint for the long-term. All potential investments will be reviewed with consideration of the impacts from a transition to a low carbon economy, such as future changes to energy mix, carbon price, fossil fuel price, transportation preferences as well as associated regulatory changes linked to climate change. The Portfolio Manager will encourage project owners to measure and disclose associated greenhouse gas emissions. As part of the due diligence pack, the Portfolio Manager will have access to third-party reports such as legal due diligence (including governance liabilities) and expert reports pointing out any ESG risks. . The Portfolio Manager is able to draw upon in-depth ESG-related research carried out by HSBC AM, which includes a large number of companies who are major shareholders of infrastructure projects. Reviewing the ESG approach of the shareholders is a key step given that in many cases the day-to-day activities of infrastructure projects are heavily influenced or controlled by their shareholders with potential reputational

risks. Separately, the Portfolio Manager works with an in-house team to carry out financial crime screening of investees and their shareholders.

Every investment presented to Investment Committee (IC) will contain a dedicated ESG section within the investment paper. This will include a written assessment of the ESG opportunities and risks of the company, the ESG scorecard, and a written justification for the designated ESG Rating. The Investment team member presenting to the IC will be required to cover the ESG assessment as an agenda point during the meeting and members of the IC will be required to validate the designated company ESG Rating. Furthermore, every investment presented to the IC will also include a sustainability assessment utilising the Sustainable Investment Framework for Alternatives (SIFfA).

11 Engagement policies

In addition to the Portfolio Manager's responsible investing, voting and engagement policies, the Investment Team has adopted a strategy to engage with infrastructure debt investees with regards to ESG and credit matters. The Investment Team will engage with borrowers at least annually to understand and assess their sustainability commitments and progress on ESG targets and overall Net Zero pathway, or reactively when there is exposure to specific events that cause concern. The Investment Team will drive engagement by raising sustainability topics as well as financial and non-financial performance and risk with borrowers and will encourage them to report on their ESG-related activities, establish and maintain high levels of transparency, particularly in their management of ESG issues, risks and emissions data and to share outputs with the Portfolio Manager.

The outcome of engagement with borrowers will contribute towards any updates to the relevant Scorecard, which could result in positive/negative impacts to the assigned ESG Rating. Scorecards will be updated at least annually. From a credit standpoint, engagements address outstanding due diligence points, required updates on performance/construction, rating scorecard inputs for internally rated projects and any other points as defined by the Investment Team. The key outcomes will be addressed by the Investment Team in a quarterly infrastructure debt engagement review forum with the key conclusions documented and tracked within the Investment Team's internal engagement log system.

12 Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the above environmental characteristics promoted by this Fund.