

 Early Warning System

IFC-47712

DCM Article IX Credit Exposure Fund



## Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	A
Voting Date	2024-08-09
Borrower	HSBC CSB Fund
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	\$ 100.00 million
Project Cost (USD)	\$ 1,000.00 million



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## Project Description

According to the Bank's website, the proposed project consists of an IFC investment in a Fund managed by HSBC Asset Management ("HSBC AM" or the "Fund Manager"). The Fund will invest in publicly listed bonds issued by emerging markets corporates and financial institutions, targeting a portfolio of Sustainable Finance Disclosure Regulation (SFDR) Article 9 compliant investments.



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## Early Warning System Project Analysis

The proposed project consists of an IFC investment in a Fund managed by HSBC AM. The Fund is intended to be an Article 9 fund under the Sustainable Finance Disclosure Regulation (SFDR) and will invest in publicly listed bonds issued by emerging markets corporates and financial institutions, with the aim to positively contribute to sustainable development goals.

Eligible corporate bonds will include non-labeled bonds and labelled bonds such as green, social, sustainability, performance, transition, and sustainability-linked bonds. Eligible FI bonds will only include use of proceeds-labelled bonds such as green, social, and sustainability bonds. The project will exclude bonds supporting coal-related activities and issuers with sizable exposures to fossil fuels.

The Fund will assess risks to meet the “do no significant harm” criteria under SFDR and screen out issuers exposed to higher risk E&S activities, as contemplated by the IFC Performance Standards. However, the nature of the transactions does not allow the Fund Manager to have formal bilateral relationships with project sponsors of assets to be supported through bond issuances. Therefore, the Fund Manager will not have the ability to require any specific E&S performance improvements or be in a position to conduct assessment of E&S risks at the asset level. Considering the E&S risks of the sectors supported by this project, the E&S category is FI-1.



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## Investment Description

- International Finance Corporation (IFC)

Under its Global Emerging Markets Corporate Sustainable Bond Strategy, HSBC AM targets to raise up to US\$1 billion through different vehicles. IFC's investment in this strategy, through the Fund, will be up to US\$100 million.

## Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [HSBC Global Asset Management \(UK\) Limited](#) (Financial Intermediary)



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## Private Actors Description

*HSBC Asset Management* (“HSBC AM”) is the brand name for the asset management business of HSBC Holdings plc (“HSBC Group”). HSBC Holdings plc, is a public limited company, listed on the London, Hong Kong, New York and Bermuda stock exchanges. HSBC AM has US\$712 bn assets under management as of 31 March 2024, of which US\$188 bn in emerging markets assets including US\$64 bn in emerging markets fixed income.



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## Contact Information

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## ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

## ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org) You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>