Asset Management

HSBC Real Economy Green Investment Opportunity GEM Bond Fund

Green Impact Investment Guidelines

For professional investors only

HSBC | Opening up a world of opportunity

HSBC is committed to mobilising capital into projects that deliver on Sustainable Development Goals by collaborating with institutional investors, development finance institutions and policy-makers to deliver tangible investment flows into the real economy.

Contents

PUBLIC

1.0 Mobilising sustainable capital

We recognise the role we can play in contributing to the United Nations' Sustainable Development Goals (SDGs) and the global transition to a low-carbon economy. The SDGs and Paris Agreement set a long-term transformational framework with the objective of ending poverty, fighting inequalities and tackling climate change.

Mobilising private capital to deliver on these goals is critical. We are committed to finding innovative and impactful investment solutions to enable our clients to participate in this transition.

The UN Commission on Trade and Development (UNCTAD) has estimated that at a global level annual investment of $5 to $7 trillion is required to meet the SDGs over the implementation period 2015 to 2030. Total annual investment requirements in developing countries in key SDG sectors are estimated at $3.3 to $4.5 trillion. Based on current investment levels, we face an annual investment gap of between $1.9 and $3.1 trillion.

2.0 Introduction

This document, the REGIO Green Impact Investment Guidelines[1], sets out specific parameters for corporate bond issuers within the **HSBC Real Economy Green Investment Opportunity GEM Bond Fund (the "Fund").**

This includes guidelines for how we select Eligible Green Bonds, including: 1) labelled Green Bonds; 2) labelled Sustainability Bonds with over 50% use of proceeds for Green Projects; and 3) 'Pure Play' general corporate purpose bonds from issuers where at least 90% of corporate revenues are associated with Green Projects. Section 3, which outlines eligible activities for use of proceeds

and restrictions, is also applied to sub-sovereign issuers. Issuer level sustainability considerations, as set out in Section 3.3 and 4 respectively, apply to Eligible Green Bonds and Other Bonds in the Fund's Portfolio.

This Framework is intended to focus on the 'green' outcomes of these bonds. However, we include guidance on the social outcomes where we are investing in sustainability bonds. These guidelines will be reviewed on an annual basis, and updated where appropriate.

1. The HSBC Global Asset Management Green Impact Investment Guidelines is informed by but independent from the HSBC Green Bond and HSBC SDG Bond Frameworks

3.0 Green Bond Principles overview

The foundation of all Green and Sustainability Bonds is the Use of Proceeds of the bond. As investors, we expect these to be described appropriately and in detail in the legal documentation for the security. We will not invest in bonds where the use of proceeds are not clearly defined. We support the International Capital Market Association (ICMA) Green Bond Principles (last updated June 2021) and ICMA Sustainability Bond Guidelines (last updated 2021) and seek to invest in bonds that align with these principles.

This includes the four core principles and external review to confirm alignment with these principles:

- Use of proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

3.1 Use of proceeds

Sustainability Bonds are bonds where the use of proceeds are applied to finance or re-finance a combination of both Green and Social Projects. These guidelines are intended to focus on the ‘green’ outcomes of green or sustainability bonds. However, we include guidance on the reporting of social outcomes where we are investing in sustainability bonds in line with the Social Bond Principles.

3.1.2 Eligible activities

The Green Bond Principles recognise several broad categories of eligible Green Projects. This Framework specifies those projects considered eligible within these categories. Those bonds that do not meet the eligibility criteria set out below for at least 90% of use of proceeds are not considered eligible for investment. The remaining 10% should not be on the list of Excluded Activities.

3.2 Eligible activities

The list of eligible activities for Green Projects will be reviewed on an annual basis, to reflect evolving technologies, taxonomies and standards as they develop. For clarity, we will not invest in bonds where we are aware that the issuer derives significant revenue from excluded sectors (Section 4.2.3). The associated SDG goal and target is provided for reference.

See overleaf for the Eligible Green Activities table.

3.2 Eligible activities (continued)

ICMA GBP Green Project Category	Sub-category/description of eligible activities	Sustainable Development Goal (SDG)	SDG Target
Renewable energy	◆ Renewable electricity generation and trade of wind, solar, geothermal, bioenergy (biomass/biogas), marine power (wave, tidal) ◆ Manufacture of components of renewable energy technology or storage e.g. solar panels and battery storage ◆ Construction/maintenance/expansion of associated distribution and transmission networks	◆ SDG 7: Affordable and Clean Energy	◆ 7.2: Increase substantially the share of renewable energy in the global energy mix
Energy efficiency	◆ Development of products or technology and their implementation that reduces energy consumption of underlying asset, technology, product or system(s) such as improved chillers, improved lighting technology, and reduced power usage in manufacturing operations Improved efficiency in the delivery of bulk energy services. For example district heating/cooling systems, smart grids, energy recovery technology, and the storage, transmission and distribution of energy that results in reduced energy losses. We target a minimum energy efficiency improvement of 20% (where a baseline is available) or a minimum saving of 25,000 tonnes CO2e/year or 50 Gwh electricity/year ◆ Manufacture of components to enable energy efficiency described above like LED lights, fuel cells, smart grid meters	◆ SDG 7: Affordable and Clean Energy	◆ 7.3: Double the global rate of improvement in energy efficiency
Clean transportation	◆ Low energy or emission transportation assets, systems, components and services including electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions ◆ Upgrading of public/commercial transport fleets can be considered dependent on 1) energy/fuel efficiency improvement (target at least 20% improvement to baseline) or carbon savings 2) air pollution improvement exceeding regulatory requirements (e.g. Euro 6 emissions standards) and/or 3) evidence of disposal of replaced fleet	◆ SDG 11: Sustainable Cities and Communities	◆ 11.2: provide access to safe, affordable, accessible and sustainable transport systems ◆ 11.6: Reduce the adverse per capita environmental impact of cities
Green buildings	◆ New construction building developments or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognised environmental standards such as Leadership in Energy and Environmental Design (LEED) – gold, BREEAM – good/very good, HQE – very good/ excellent, Comprehensive Assessment System for Built Environment Efficiency (CASBEE) – A (very good)/S (excellent), IFC EDGE or equivalent ◆ Buildings which have reduced life cycle consumption of energy levels of at least 20% less that statute/city baseline consumption levels, where this can be easily and transparently be demonstrated	◆ SDG 11: Sustainable Cities and Communities	◆ 11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

ICMA GBP Green Project Category	Sub-category/description of eligible activities	Sustainable Development Goal (SDG)	SDG Target
Sustainable water and wastewater management	◆ Water collection, treatment, recycling, re-use, technologies and related infrastructure (such as sustainable urban drainage) ◆ We target a minimum water efficiency improvement of 20% compared to the baseline (where available)	◆ SDG 6: Clean Water and Sanitation	◆ 6.4: increase water-use efficiency and reduce the number of people suffering from water scarcity
Climate change adaptation	◆ Flood defences systems and related infrastructure Information support systems, such as climate observation and early warning systems	◆ SDG 13: Climate Action	◆ 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Pollution prevention & control	◆ Reduction of air emissions (NOx, SOx, particulates etc.) ◆ Sustainable waste management – Waste minimisation, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies and solutions ◆ We target pollution prevention and control measures that exceed regulatory requirements and achieve 20% or more pollution/waste reduction compared to the baseline (where available)	◆ SDG 11: Sustainable Cities and Communities ◆ SDG 12: Responsible Consumption and Production	◆ 11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management ◆ 12.5: reduce waste generation through prevention, reduction, recycling and reuse
Environmentally sustainable management of living natural resources and land use	◆ Schemes for allocation and protection of environment, local community, biodiversity or equivalent including environmentally sustainable agriculture; environmentally sustainable animal husbandry; 'climate smart agriculture' e.g. biological crop protection, soil and water management; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes	◆ SDG 15: Life On Land	◆ 15.2: Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Terrestrial and aquatic biodiversity conservation	◆ Schemes for allocation and protection of environment, local community, biodiversity or equivalent including the protection of coastal, marine and watershed environments	◆ SDG 14: Life Below Water	◆ 14.2: Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
Eco-efficient and/or circular economy adapted products, production technologies and processes	◆ Resource-efficient packaging and distribution ◆ We target projects leading to 20% reduction of waste/pollution, or 20% increase in recycled materials in content – over the lifecycle of the product ◆ Industrial (non-power sector) carbon capture and storage (subject to the carbon savings above)	◆ SDG 12: Responsible Consumption and Production	◆ 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

3.3 Excluded activities

Bonds where the use of proceeds may be used for the following activities are not considered eligible. See Section 4.2 for issuer or sponsor level exclusions and restrictions.

3.3.1 Energy

Fossil fuel extraction and refining

Oil and gas exploration and production (including thermal coal mining).

Power generation from fossil fuels

Coal (including "clean coal projects"), oil and gas. Gas may be considered in limited cases where there are no feasible alternatives. Projects will be considered only in Least Developed Countries, which are under 300 MW capacity, using Best Available Technology, and in line with the country's Nationally Determined Contributions.

Transmission of fossil fuels

Wholesale transmission of oil or gas by pipeline or electricity from fossil fuel generating plant to substation.

Thermal coal related projects

Including mining, transportation or coal-fired power plants, as well as infrastructure services exclusively dedicated to support any of these activities.

First generation liquid biofuel production Plus Hydrotreated Vegetable Oil (HVO) from palm oil.

Nuclear power generation

Including activities in the nuclear fuel production cycle (uranium mining, production, enrichment, storage or transport of nuclear fuels).

New large dams

Defined as exceeding 15m in height or exceed both 5m in height and 3 million cubic metres in reservoir volume – for hydro-electric projects inconsistent with the World Commission on Dams Framework.

3.3.2 Pollution

Hazardous chemicals

Persistent organic pollutants prohibited by Annex A of Stockholm Convention, hazardous pesticides inconsistent with Annex III of Rotterdam Convention, unbonded asbestos, and coal as feedstock for chemical manufacture.

Transboundary trade in wastes

Except for those accepted by the Basel Convention and its underlying regulations.

Disposal of tailings

Disposal of tailings in rivers or shallow sea-water (i.e. water where light still penetrates) in or since 2007

3.3.3 Unsustainable & controversial products

Production or trade in products subject to international phase outs or bans

Including: (i) products containing polychlorinated biphenyl (PCBs); banned pharmaceuticals, pesticides/herbicides; ozone depleting substances; (iv) wildlife or wildlife products regulated under CITES.

Unsustainable agroforestry, palm oil, soy, cattle ranching or rubberwood industries

Deforestation of forests with high conservation value, high carbon stock, primary tropical forests, development on peat or land clearance by burning and unsustainably managed forestry.

Unsustainable fishing activities

For example, blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length.

Unsustainable diamonds

Exploitation of diamond mines, and commercialization of diamonds, when the host country has not adhered to the Kimberley Process, or other similar international agreements

Protected areas

Projects which threaten UNESCO World Heritage Sites or Ramsar Wetlands or depend on Mountaintop Removal in the Central Appalachian Mountains of the United States of America

Defence

Manufacture of or trade in weapons or weapons systems.

Tobacco

Manufacture of or trade in (defined as significant sales revenues from) tobacco products.

Discriminatory materials

Production and distribution of racist, anti-democratic or with the intent to discriminate part of the population

Alcohol

Manufacture of or trade in (defined as significant sales revenues from) alcoholic beverages.

Gambling

Significant sales revenues from ownership and/ or operation of gambling establishments such as casinos, racetracks, online gambling, bingo parlours or bookmaking.

Adult entertainment

Production of adult entertainment and/or significant sales revenues from ownership/ operation of adult entertainment establishments.

Cannabis

Manufacture of or trade in (defined as significant sales revenues from) cannabis or cannabis-related products

3.4 Monitoring and verification

The issuer and 'use of proceeds' are reviewed at point of investment and monitored on an on-going basis.

3.4.1 Pre-investment

- Issuer of any corporate bond will meet the framework's sustainability considerations:
  - Exclusions at issuer level (Section 4.2)
  - Sustainability assessment of issuers (Section 4.1)
  - Engagement with issuer on material sustainability issues
- At least 90% of proceeds will be used to finance or re-finance in part or in full new and/or existing eligible activities with no proceeds identified in the excluded activities
- The issuance documentation of the bond shall confirm the alignment of the green/sustainability bond, or alternatively the alignment of the issuer's Green/Sustainability Bond framework, with the four pillars of the Green/Sustainability Bond Principles
- The alignment of the bond, or alternatively the alignment of the issuer's Green/Sustainability Bond framework, with the four pillars of the Green/Sustainability Bond Principles has been verified by an independent and recognised external reviewer – 2nd party or 3rd party opinion – and where possible external rating
- Use of proceeds:
  - Exclusions at bond level (Section 3.3)
  - Qualification as eligible activities (Section 3.2)

3.4.2 On-going monitoring

- On-going monitoring of adherence to pre-investment conditions
- At least annual review of 'use of proceeds'
- (for green and social projects) until full allocation
- On-going monitoring of controversies (in particular linked to sustainability considerations) associated with the bond and/or issuer

Monitoring and verification is undertaken on a best efforts basis using publicly available information and third party information where available.

Where there are deemed to be breaches of any of the above, we will seek to terminate our position within 120 days, reflecting market liquidity and trading volumes.

3.4.3 Oversight

The REGIO Green Bond Oversight Committee has responsibility for the approval of eligible bonds, which are initially reviewed by relevant credit analysts and portfolio managers, following a detailed analysis process. This Committee is chaired by the Head of Responsible Investment[1] and includes relevant expertise from Credit Research, Portfolio Management and Responsible Investment.

HSBC Global Asset Management will exercise its professional judgement, discretion and sustainability knowledge in determining eligible issuers and projects for investment. This will be assessed on a best efforts basis using publicly available information and third party information where available. Where there are deemed to

be breaches of any of the above, we will use all reasonable efforts to exit the positions, in each case, consistent with the fiduciary obligation to the Fund and its investors in no more than 120 days from the date of being aware about the breaches[2].

1. The Fund will not invest in any securities that are debarred by the World Bank Group. If a security subsequently becomes debarred by the World Bank Group we will seek to exit within 30 days.
2. In any instance that the Global Head of Responsible Investment is not available to chair the GBOC, it will be chaired by an alternative senior professional at HSBC Asset Management with responsible investment and sustainability expertise to be elected by the GBOC.

3.5 Reporting

We recognise that current levels of reporting of use of proceeds and projects are limited. We will report on the proportion of the Fund invested in eligible activities and the aggregated use of proceeds in each of the category of eligible activities outlined in Section 3.2. We will engage with bond issuers, sponsors or other relevant parties on our reporting expectations and have a preference for investments where impact metrics are clearly and transparently reported.

Where data is not readily reported we will consider estimation techniques if these are sufficiently robust. Where possible we will also seek to collect and aggregate the indicative impact indicators presented in Table 1 below.

Table 1: Indicative 'green' impact reporting criteria

ICMA GBP Green Project Category	Indicative Reporting Criteria	Sustainable Development Goal (SDG)
Sustainable water and wastewater management	◆ Cubic metres water saved or treated	◆ SDG 6: Clean Water and Sanitation
Renewable energy	◆ Kwh of renewable energy generated or Kw of power installed ◆ Tonnes of CO_2 avoided ◆ Number of household or people with clean energy access	◆ SDG 7: Affordable and Clean Energy
Energy efficiency	◆ Tonnes of CO_2 avoided or Kwh saved	◆ SDG 7: Affordable and Clean Energy
Clean transportation	◆ Tonnes of CO_2 avoided (compared to existing transportation) ◆ Number of passengers per year per km (for type of transport)	◆ SDG 11: Sustainable Cities and Communities
Pollution prevention & control	◆ Tonnes waste recycled/reduced ◆ Number of projects where pollution prevention and control measures exceed regulatory requirements and achieve 20% or more pollution/waste reduction compared to the baseline (where available)	◆ SDG 12: Responsible Consumption and Production

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3.6 Sustainability Bond Considerations

Sustainability Bonds are bonds where the use of proceeds are applied to finance or re-finance a combination of both Green and Social Projects. This Framework is intended to focus on the 'green' outcomes of these bonds. However, we include guidance on the social outcomes where we are investing in sustainability bonds in line with the Social Bond Principles.

We recognise that reporting on social use of proceeds and impact is at an early stage. Where possible we will also seek to report on the indicators as presented in Table 2.

Table 2: Indicative 'social' impact reporting criteria

International Capital Market Association Social Bond Principles (ICMA SBP) Social Project Category	Indicative Reporting Criteria	Sustainable Development Goal (SDG)
Affordable basic infrastructure/ Access to essential services	◆ Number of people reached with improved access to energy/water/health/education services	◆ SDG 3: Good Health and Well Being ◆ SDG 4: Quality Education ◆ SDG 6: Clean Water and Sanitation ◆ SDG 7: Affordable and Clean Energy
Affordable housing	◆ Number of affordable housing units built	◆ SDG 11: Sustainable Cities and Communities
Socioeconomic advancement and empowerment	◆ Number of women owned businesses supported	◆ SDG5: Gender equality

3.7 Non-labelled green bonds

We consider 'Pure Play' general corporate purpose bonds from issuers where at least 90% of corporate revenues are associated with, or where at least 90% of proceeds are ringfenced to, the eligible activities outlined in Section 3.2 and exclusion of corporates for which there is involvement in excluded activities.

This assessment is based on credit analyst research or using third party data where available. We do not require these issuers to report annually on specific use of proceeds but rely on the company's annual report and accounts to confirm ongoing alignment with eligible activities.

4.0 Issuer level sustainability considerations

The impacts associated with the eligible activities outlined in Section 3.2 may benefit the environment and society in important ways but also degrade it in others. We consider international sustainability risk management frameworks in identifying material sustainability (environmental, social and governance) factors at the issuer level and incorporate these into our investment analysis and decision-making process.

We also believe international standards provide a foundational framework for sustainability goal-setting. Consequently, we are committed to incorporating into our investment process the findings of the gap analysis against the IFC Performance Standards, particularly with respect to the sensitivities articulated in section 4.2 of this document. This analysis will provide the context for our ongoing and—where appropriate—time bound engagement practices with companies held by the Fund.

4.1 Sustainability assessment

The sustainability assessment, performed as part of the investment analysis is designed to ensure the fund invests in companies with an Environmental and Social Management System (ESMS) appropriate to the nature and scale of its activities, including (i) sustainability policy(ies) (ii) identification of risks and impacts; (iii) management programs (iv) organizational capacity and competency (v) emergency preparedness and response (vi) stakeholder engagement and (vii) monitoring and review. We support voluntary and, where appropriate, regulatory frameworks to enhance company disclosure of relevant sustainability factors. We therefore encourage disclosure on the key areas below representing international good practice. Our preference is for the following to be publicly available.

4.1.1 Environment

- Disclosure of greenhouse gas emissions (scope 1 and 2, tonnes CO_2 equivalent). We encourage disclosure of material scope 3 emissions and broader disclosure in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations
- Policy on responsible water use, including impacts on the community (where relevant)
- Commitment not to undertake projects in, immediately adjacent to or potentially impacting protected areas, parks and reserves including UNESCO World Heritage Sites (natural or cultural) Critical Habitat (as defined by the IFCPS), or Ramsar Wetlands (where relevant)

4.1.2. Social

- Policy prohibiting the use of forced, compulsory, trafficked or child labour in direct operations or the primary supply chain
- Policy and formal management systems addressing health and safety of employees (and the public where involved in infrastructure projects)
- Policy on the use of security forces in line with the Voluntary Principles on Security and Human Rights (where relevant)

4.1.2 Social (continued)

- Policy and processes addressing responsible land acquisition and commitment to avoid involuntary resettlement where possible and forced evictions; and minimise its impact on displaced communities, including indigenous communities and impact on cultural heritage
- Policy and processes for engagement with affected communities

4.1.3 Governance/anti-corruption

- Clear code of ethics/code of business conduct
- Clear disclosure of ultimate beneficial ownership and related-party transactions

4.2 Issuer or sponsor level exclusions and restrictions

We will avoid investing in bonds of companies involved in business activity with the potential to cause or result in a) significant involuntary resettlement, b) risk of adverse impacts on Indigenous Peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage or d) significant Occupational Health and Safety risks.

4.2.1 UN Global Compact

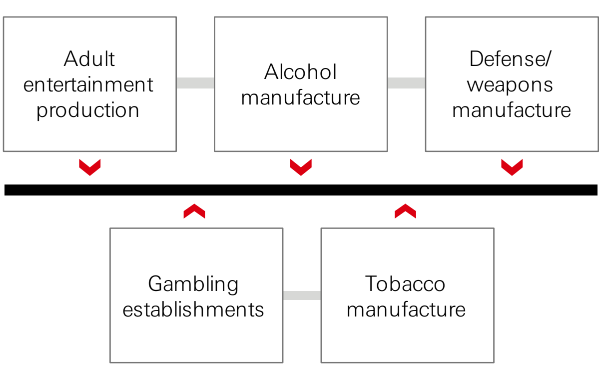
We will not invest in the bonds of issuers or sponsors where there are credible allegations of serious breaches of UN Global Compact principles – with respect to the ten principles relating to human rights, labour standards, environment and anti-corruption.

4.2.2 Compliance with local law

We will not invest in companies involved in production or sale of any illegal product or unlawful activity under the laws of the host country.

4.2.3 Excluded sectors

We will not invest in bonds where we are aware that the issuer derives significant revenue (over 5%) from the following activities:

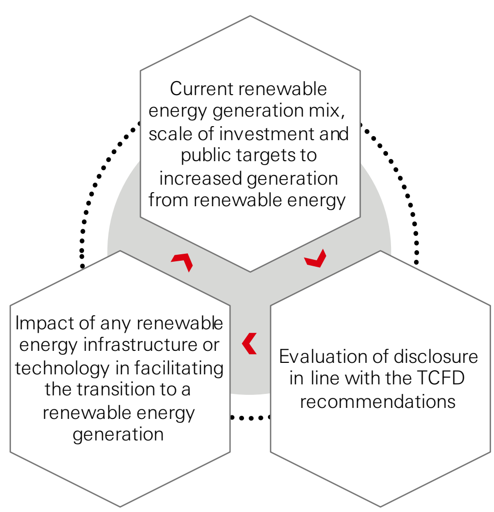


4.2.4 Restricted sectors

We will restrict investment in bonds from issuers or sponsors in nuclear and fossil fuel exposed sectors, such as those involved in extraction, refining or power generation, where we do not consider the issuer to be committed to meaningful decarbonisation and is appropriately managing associated transition risks.

We will therefore consider investing in bonds issued by issuers deriving revenue from fossil fuel or nuclear related activities, providing the 'use of proceeds' meet the eligible activities outlined in Section 3.2. We will not invest in bonds where the use of proceeds are directly used for ineligible activities outlined in Section 3.3.

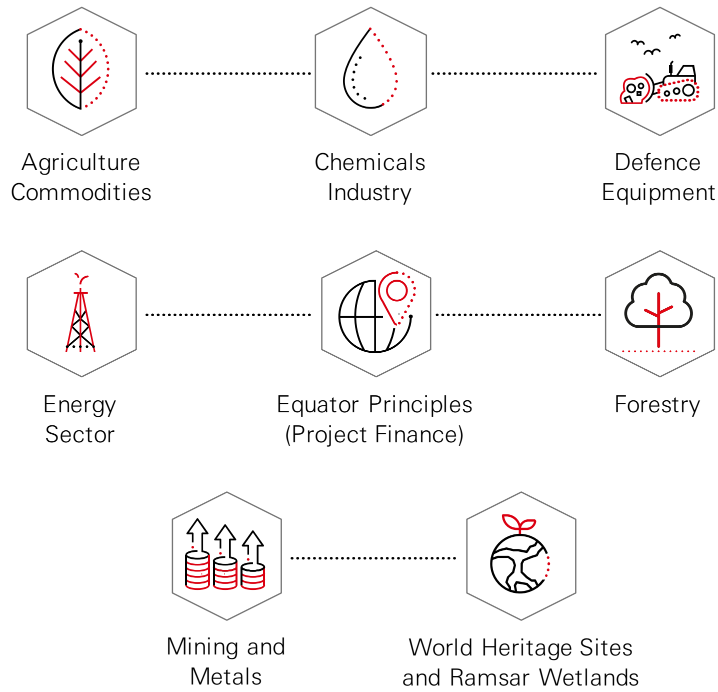
This assessment, performed as part of the investment analysis, will take the following into account:



Appendix 1: HSBC sustainability risk policies

HSBC has developed specific Sustainability Risk Policies for sectors where there is potentially high adverse impacts on people and the environment.

These include:



More information can be found on the public website at:

hsbc.com/citizenship/sustainability/finance

These policies, in addition to the Equator Principles, are incorporated into our issuer and issue level sustainability considerations. For more information regarding HSBC's application of the Equator Principles, please visit the following public website:

hsbc.com/citizenship/sustainability/finance/equator-principles

In addition, all of the bank's activities are subject to the HSBC's statement on Human Rights, which sets out the bank's commitment to the UN Guiding Principles on Business and Human Rights, and the fundamental rights set out on the UN Declaration of Human Rights and the International Labour Organization's Declaration Fundamental Principles and Rights at Work. For more information, please see the public website at:

hsbc.com/our-approach/our-values

Key risks

Risk Considerations. There is no assurance that a portfolio will achieve its investment objective or will work under all market conditions. The value of investments may go down as well as up and you may not get back the amount originally invested. Portfolios may be subject to certain additional risks, which should be considered carefully along with their investment objectives and fees.

- Exchange Rate Risk Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- Counterparty Risk The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- Operational Risk may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- Derivatives Risk Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- Emerging Markets Risk Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- Interest Rate Risk When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.
- Default Risk The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- Credit Risk A bond or money market security could lose value if the issuer's financial health deteriorates.

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