

## Summary

HSBC Investment Funds (Luxembourg) S.A., (LEI - 213800KNC1J1NJ1IYR95) considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The present statement is the consolidated statement on PAIs on sustainability factors of HSBC Investment Funds (Luxembourg) S.A.

This statement on PAIs on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

We recognise that sustainability risks can lead to outcomes that have negative impacts on the value of the financial products. We therefore aim to incorporate material sustainability issues in our investment process as well as seeking to mitigate negative impacts. We support the UNGC principles and have developed policies and statements on Banned Weapons, Thermal Coal and Energy as part of our responsible investment framework, that further outline our approach including how we integrate associated risks and opportunities, our engagement focus and collaborative activities. Details are on our website. <https://www.assetmanagement.hsbc.lu/en/professional-clients/about-us/responsible-investing/policies>

Where a product considers principal adverse impacts on sustainability factors, their prioritisation depends on the sustainable objectives or E and S characteristics of the product.

These policies apply equally when we act as either a financial market participant (investment manager) or financial adviser. They have been approved and are kept under review by our HSBC Global Asset Management Ltd Sustainability Forum - which included our global CEO, CIO, Heads of Risk, Legal and Sustainability - as follows: Banned Weapons (December 2024), Energy (December 2024) and Thermal Coal (December 2024). The investment function was responsible for the implementation of these policies, overseen by our Asset Class ESG Committee and the ESG Investment Committee. Their implementation draws upon a range of data sources to inform the integration of ESG factors into our investment process and assessment of principal adverse impacts. These include MSCI, ISS, S&P Trucost, Bloomberg and Sustainalytics. We recognise that data reliability and availability may vary across impact indicators and regions. Addressing this may take time as requirements for disclosure of underlying data differ across markets and types of issuer, and standardisation of disclosure is not inevitable. We also leverage our global investment analyst network and engagement activities to inform our evaluation of the risks of adverse impact in our investment. We have selected indicators to identify and assess PAIs to reflect data sources we use in our own investment processes and/or the data available to market participants in a consistent and comparable format with sufficiently broad coverage.

As a large asset manager, offering a range of active and passively managed products, relevant PAI indicators will be included in our investment process through integration, engagement and/or exclusion.

For our investment products, PAI indicators will be reflected in portfolio construction through screening, tilting and other techniques.

For our sustainable investment definition under the Regulation, relevant PAIs are considered amongst Do No Significant Harm criteria.

We explain our approach to voting at company meetings in our Voting Guidelines; companies or issuers which do not adequately manage PAIs may face voting sanctions. Due to lack of data availability, Private Assets (such as Private Debt) are not included in this PAI statement, however if

data becomes available in the future those will be included. Our Engagement Policy sets out our approach to engagement, including escalation of engagement where companies or issuers do not respond adequately to concerns raised regarding adverse impacts.

We give further details on our expectations for companies or issuers in their management of adverse impacts in our Stewardship Plan. Our Stewardship Plan sets out our approach to engagement, including escalation of engagement where companies or issuers do not respond adequately to concerns raised regarding adverse impacts.

We give further details on our expectations for companies or issuers in their management of adverse impacts in this Plan.

Further details of our approach for screening, investment process and engagement are set out in specific policies and commitments, including Banned Weapons, Energy and Thermal Coal.

On climate change issues in particular, the net zero ambition and interim emissions reduction target of HSBC Global Asset Management Limited, the lead entity for the HSBC Asset Management business are the most important expression of our ambition.

The Consolidated Statement and all of the policies mentioned are available further down this page.

The net zero interim emissions reduction target is available at:

[www.assetmanagement.hsbc.com/en/individual-investor/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.com/en/individual-investor/about-us/responsible-investing/policies)

[Click here to view the full Entity Report for HSBC Investment Funds \(Luxembourg\) S.A, which includes all of the global funds](#)