Periodic disclosure template for financial products referred to in Article 8 (paragraphs 1, 2 and 2b) of Regulation (EU) 2019/2088 and the first sub-paragraph of Article 6 of Regulation (EU) 2020/852

Sustainable
investment refers to
an investment in an
economic activity
that contributes to
an environmental or
social objective,
provided that it does
not cause significant
harm to any of those
objectives and to the
companies in which
the product has
invested.

Product name: HSBC RESPONSIBLE INVESTMENT FUNDS HSBC SRI EURO BOND

**Legal Entity Identifier:** 9695002FAVK2RMMSQE25

(B)

#### Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?				
Yes	● No			
The sub-fund made sustainable investments with an environmental objective: _%  in economic activities that qualify as environmentally sustainable under the EU Taxonomy	The product promoted environmental and/or social characteristics (E/S) and although it did not have sustainable investment objectives, sustainable investments accounted for 27.85% of its assets.			
in economic activities that are not considered environmentally sustainable under the EU Taxonomy	with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  with an environmental objective and carried out in economic activities that are not considered environmentally sustainable under the EU Taxonomy			
	with a social objective			
The sub-fund made sustainable investments with a social: _%	It promoted E/S characteristics, but did not make sustainable investments.			

is a classification system established by Regulation (EU) 2020/852, which sets out a list of environmentally sustainable economic activities. This regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective are not necessarily aligned with the taxonomy.

The **EU taxonomy** 



To what extent were the environmental and/or social characteristics promoted this financial product achieved?

Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are achieved.

The sub-fund promotes E, S and G characteristics by investing in euro-denominated bonds and debt securities and selecting instruments from a universe that meets economic, environmental, social, governance and socially responsible criteria.

For securities issued by listed public or private companies: applying a "Best in Class" approach, the manager selects,

within each sector, companies with the best ESG practices compared to their peers.

Several criteria are used for each ESG pillar, including: CO2 emissions for the E pillar, human resources management for the S pillar, and board independence for the G pillar.

For government bonds: countries issuing in Euro are ranked according to their overall ESG rating, which is based on the Environment (E) and on the Social/Governance (S/G) pillars, in equal proportions. The Social and Governance pillar covers the analysis of the political system and governance, human rights and fundamental freedoms, social conditions. The Environmental pillar includes the analysis of natural resources, climate change and energy, sustainable production and consumption.

Using an ESG selection approach, the fund manager selects countries issuing in Euro and displaying a minimum ESG rating according to the ISS-Oekom extra-financial rating agency.

Furthermore, the sub-fund undertakes to:

- Exclude issuers that do not comply with one or more principles of the United Nations Global Compact (or are presumed to not comply with at least two principles) or the OECD Guidelines for Multinational Enterprises.
- Exclude the stocks of companies involved in the production of controversial weapons or parts. Controversial weapons include, but are not limited to, anti-personnel land mines, depleted uranium and white phosphorous weapons when used for military purposes. This exclusion comes in addition to the exclusion policy covering weapons prohibited under international treaties.
- Exclude shares issued by Defence sector companies.
- Exclude shares issued by companies involved in thermal coal activities. Companies that derive more than 10% of their revenue from thermal coal powered electricity generation are partially excluded. Companies involved in extraction are totally excluded.
- Exclude stocks of companies involved in the production of tobacco.
- Closely examine environmental issues through voting and stewardship activities.

The sub-fund is managed actively and independently from the benchmark. The benchmark used by the fund to track performance is the Bloomberg Capital Euro Aggregate 500MM. This index was not designated to determine whether the subfund is aligned with the environmental or social characteristics that it promotes.

Alignment with environmental and social characteristics stands at 98.13% as of December 31, 2023.

#### How did the sustainability indicators perform?

Indicator	Fund	Benchmark
ESG Score	6.33	5.85
E Pillar	6.82	5.80
S Pillar	6.15	6.04
G Pillar	6.65	6.31

<ul><li>3. GHG Emissions Intensity of beneficiary firms</li><li>tonnes of CO2 equivalent per million euros of turnover</li></ul>	94.57	80.70
10. Violations of one or more principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises.	0.00%	0.09%
14. Exposure to companies involved in the production of controversial weapons or their components (antipersonnel mines, depleted uranium weapons, white phosphorus when used for military purposes)	0.00%	0.03%

Reporting data as of December 31, 2023

Benchmark - Bloomberg Euro Aggregate (500MM)

#### ... and compared to previous periods?

Indicator	Fund	Benchmark
ESG Score	<b>6.</b> 53	6.28
E Pillar	6.60	5.39
S Pillar	6.74	6.90
G Pillar	6.57	6.72
3. GHG Emissions Intensity of beneficiary companies - tonnes of CO2 equivalent per million euros of turnover	124.09	143.91
10. Violations of one or more principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises.	0.00%	0.00%
14. Exposure to companies involved in the production of controversial weapons or their components (antipersonnel mines, depleted uranium weapons, white phosphorus when used for military purposes)	0.00%	0.00%

Reporting data as of December 31, 2022

Benchmark - Bloomberg Euro Aggregate (500MM)

# What were the objectives of the sustainable investments the financial product intended to achieve? How did the sustainable investments contribute to these objectives?

The sub-fund's sustainable investments are aligned with its environmental characteristics.

The identification and ESG analysis of companies are integral to the investment decision-making process and designed to reduce sustainability risks and drive performance.

To what extent have the sustainable investments made by the financial product, in particular, not caused significant harm to an environmentally or socially sustainable investment objective?

The principle of "do no significant harm" to environmental or social objectives only applies to the underlying sustainable investments of the sub-fund. This principle is an integral part of the investment decision-making process, which includes the consideration of principal adverse impacts.

Principal adverse impacts refer to the most significant negative impacts that investment decisions may have on sustainability factors regarding environmental, social and labour issues, respect for human rights and the fight against corruption and corruption.

#### How were negative impact indicators taken into account?

The assessment of issuer compliance with DNSH is carried out as part of HSBC Asset Management's sustainable investment process, which includes the consideration of principal adverse impacts (PAI). This involves conducting a holistic analysis of the company based on its multiple impacts for sustainability, rather than focusing on a single dimension. When an issuer has been identified as potentially controversial, it loses its status as a sustainable investment.

Thus, all relevant PAIs are reviewed and integrated into the investment process using an approach that combines exclusions (sector-based, the most severe ESG controversies, and norms-based exclusions...) with voting and stewardship initiatives to foster and sustain a dynamic force for change within companies. In addition, a company will be considered unsustainable when it does not comply with the UN Global Compact Principles and its associated international standards, conventions and treaties, or if it is involved in weapons banned by international conventions. Except for the latter two PAIs, we use proxies. In our view, setting exclusion thresholds (e.g., GHG emissions) for each of the PAIs is not always relevant and could jeopardise the fact that many sectors and companies are on transition trajectories. In addition, shareholder engagement is essential to ensure that companies with limited disclosure, particularly in emerging economies, are initially excluded from the definition of sustainable investing and allow us to catalyse positive environmental or social change. For example, we apply a 10% threshold on revenue derived from thermal coal mining (and power generation from thermal coal) as an exclusion filter to indirectly address all PAIs related to Greenhouse Gas emissions. A description of HSBC's sustainable investment methodology is available on the company's website: https://www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible- investing/policies

### Were the sustainable investments in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

HSBC has committed to applying and promoting global standards. The ten principles of the United Nations Global Compact feature among the priorities set by HSBC's Responsible Investment Policy. These principles include non-financial risks such as human rights, labour, environment and anti-corruption. HSBC is also a signatory of the United Nations Principles for Responsible Investment. These provide a framework for identifying and managing sustainability risks.

Companies proven to have violated of one of the Ten Principles of the United Nations Global Compact, or alleged to have violated at least two principles, are systematically excluded from the sub-fund. Companies are also assessed against international standards such as the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy establishes a 'do no significant harm' principle, whereby taxonomy-aligned investments should not cause significant harm to the objectives of the EU Taxonomy; this comes with EU-specific criteria.

The 'do no significant harm' principle only applies to underlying investments within the financial product that consider the EU criteria for environmentally sustainable economic activities. The underlying investments within the remaining segment of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

Any other sustainable investment must also not cause significant harm to environmental or social objectives.



### How did this financial product take into account the main adverse impacts on sustainability factors?

The sub-fund's investment process considers principal adverse impacts as follows:

- To support investment decision-making, the fund manager has chosen one environment-related indicator: "Greenhouse Gas Intensity". The inclusion of this indicator stems notably from the application of our coal exit policy. In addition, the manager favours companies that emit low CO2 emissions or are working to reduce their carbon intensity.
- Exclusion of issuers:
- Considered to be non-compliant with the Principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises,
- Exposed to controversial weapons.
- Finally, the sub-fund considers principal adverse impacts through shareholder stewardship, which can apply several levers. These include: 1) direct dialogue to discuss how companies consider environmental and social issues, allowing us to ensure they can face future challenges and remain financially sustainable over the long term; 2) a gradual escalation procedure with companies when the ESG risks or controversies to which they are exposed are not duly addressed. In practical terms, the Greenhouse Gas Intensity indicator is taken into account through dialogue with the companies, as we seek to evaluate how their carbon-neutral transition plans consider impacts on employees, supply chains, communities and consumers.



### What were the main investments held by this financial product?

The sub-fund's **largest positions** are listed below: 31/12/23

Largest investments Se	ector	% of assets Country	
Government Of France 0.5% 25-May-2025	Sovereign	2.02% France	
Government Of Germany 4.0% 04-Jan-2037	Sovereign	2.01% Germany	
Government Of Italy 1.25% 01-Dec-2026	Sovereign	2.01% Italy	
Government Of Italy 6.0% 01-May-2031	Sovereign	1.64% Italy	
Government Of Spain 1.95% 30-Jul-2030	Sovereign	1.54% Spain	
Government Of Italy 5.0% 01-Sep-2040	Sovereign	1.35% Italy	
Government Of France 2.75% 25-Oct-2027	Sovereign	1.30% France	
Government Of Spain 4.7% 30-Jul-2041	Sovereign	1.25% Spain	
Government Of Spain 1.95% 30-Apr-2026	Sovereign	1.24% Spain	
Government Of Italy 3.45% 01-Mar-2048	Sovereign	1.16% Italy	
Government Of Germany 4.75% 04-Jul-2040	Sovereign	1.00% Germany	
Iberdrola International Bv 1.875% Perp	Other	0.99% Spain	
Intesa Sanpaolo S.p.a. 1.0% 04-Jul-2024	Finance	0.99% Italy	
European Financial Stability Facility Sa (Luxembourg) 0.0% 13-Oct-202		0.97% SUPRANATIONAL	
Government Of Italy 2.0% 01-Feb-2028	Sovereign	0.95% Italy	

Cash and derivatives are excluded



**Asset allocation** 

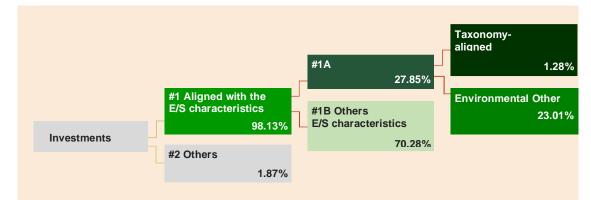
refers to the percentage of investments in

different asset classes/types.

#### What was the percentage of sustainability-related investments?

The percentage of sustainable investments was 27.85%.

#### What was the asset allocation?



Category **#1 Aligned** with the E/S characteristics includes investments used to achieve the environmental or social characteristics promoted by the financial product.

Category **#2 Other** includes the remaining investments that are neither aligned with environmental or social characteristics nor considered to be sustainable investments.

Category #1 Aligned with E/S characteristics includes:

- Subcategory #1A Sustainable covering environmentally and socially sustainable investments;
- Subcategory **#1B Other E/S characteristics** covering investments aligned with environmental or social characteristics that are not considered sustainable investments

\*A Company or Issuer considered to be a sustainable investment may contribute to both a social and environmental objective, which can be aligned or non-aligned with the EU Taxonomy. The figures in the above diagram take this into account, but one Company or Issuer may only be recorded once under the sustainable investments figure (#1A Sustainable).

#### In which sectors did the sub-fund invest?

Sector/ Sub-Sector	% assets	
Sovereign	42.19%	
Finance	20.24%	
Other	7.20%	
Industry	5.83%	
Utilities	5.09%	
Electricity	3.40%	
Companies operating diversified activities	0.97%	
Gas	0.71%	
Telecoms services	4.61%	
Real estate	2.76%	
Consumer Staples	2.91%	
Energy	2.31%	
Integrated Oil & Gas	1.80%	
Oil & Gas Equipment & Services	0.51%	
Healthcare	1.97%	
Information technology	1.74%	
Materials	2.50%	
Consumer Discretionary	0.44%	
Cash and derivatives	0.23%	
Total	100.0%	

To comply with the EU Taxonomy, the criteria for Fossil gas include emission limits and the switch to fully renewable electricity or low-carbon fuels by the end of 2035. Regarding nuclear energy, the criteria include comprehensive rules on nuclear safety and waste management.



# To what extent were sustainable investments promoting an environmental objective aligned with the EU taxonomy?

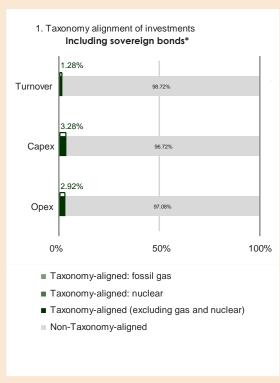
Did the financial product invest in EU taxonomy-compliant fossil gas and/or nuclear energy activities?

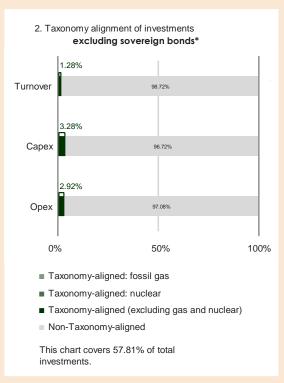
	Yes		
	•	In fossil gas	In nuclear energy
<b>✓</b>	No		

Taxonomy-aligned activities are expressed as a percentage:

- of **Turnover** to reflect the current environmental profile of investee companies;
- of Capital
  Expenditures
  (CAPEX) to
  highlight the "green
  investments" made
  by investee
  companies to
  support the
  transition to a green
  economy;
- of **Operating Expenses** (OpEx)
  to reflect the
  "green" operating
  activities of
  investee
  companies.

The graphs below highlight in green the percentage of investments that were aligned with the EU Taxonomy. Since there is no appropriate methodology to determine the alignment of sovereign bonds\* with the taxonomy, the first chart shows the alignment with the taxonomy for all underlying investments, including sovereign bonds, while the second chart shows the alignment with the taxonomy for all underlying investments excluding sovereign bonds.





\*In these charts, "sovereign bonds" include all sovereign exposures.

<sup>&</sup>lt;sup>1</sup> Fossil gas and/or nuclear-related activities will only be aligned with the Taxonomy if they contribute to limiting climate change ('climate change mitigation') and do not cause significant harm to any of the EU Taxonomy's objectives — see explanatory note in the left-hand margin. The full set of criteria applicable to EU Taxonomy aligned activities within the fossil gas and nuclear energy sectors are provided in the Commission Delegated Regulation (EU) 2022/1214.

Transitional
Activities refer to activities for which low-carbon alternatives do not yet exist, including those with greenhouse gas emission levels that correspond to the best achievable performance in the sector or industry.

Enabling Activities enable other activities to make a substantial contribution to one or more environmental objectives.

What was the percentage of investments made in transitional and enabling activities?

During the reporting period, investments in transitional and enabling activities accounted for 0.05% and 1.61% of total assets, respectively.

How has the percentage of investments aligned with the EU Taxonomy changed compared to previous reference periods?

Not applicable



represents sustainable investments with an environmental objective that do not take into account the criteria in relation to environmentally sustainable economic activities under Regulation (EU) 2020/852.



Specify the minimum share of sustainable investments promoting an environmental objective but not aligned with the EU taxonomy.

23.01%



#### What was the percentage of socially sustainable investments?

The sub-fund does not commit to a minimum proportion of socially sustainable investments. However, during the assessment process, the fund manager examines the social characteristics, respect for human rights and employee rights, management conduct and corporate social responsibility.



What investments were included in the "other" category, what was their purpose, and did minimum environmental or social safeguards apply?

The sub-fund holds cash, derivatives as well as investments that could not undergo extra-financial analysis due to the unavailability of ESG data. Derivatives are used for the purpose of adjusting portfolio risk (exposure, hedging, arbitrage).



## What measures were taken to achieve environmental and/or social characteristics during the reporting period?

The MSCI ratings of issuers featuring within the eligible universe are systematically analysed. Arbitrage movements can be made to improve the overall ESG score. Issuers that were downgraded and fell to the 4th quartile were systematically sold in favour of higher-rated issuers; the number of issuers in the 3rd quartile remained below 8. Non-financial factors, such as the percentage of women leaders or independent members of the Board of Directors were added to the list of criteria in order to improve the S&G pillars.



#### How did this financial product perform relative to the benchmark?

The sub-fund is managed actively and independently from the benchmark. Indeed, there is no benchmark representative of our investment philosophy, and therefore of our investment universe, nor is there a designated index to determine whether the sub-fund is aligned with the environmental or social characteristics it promotes. Thus, the information expected in this section is not applicable to this product.

How does the benchmark differ from a broad market index?

Not applicable

How did this financial product perform against sustainability indicators aimed at measuring the benchmark's alignment with the environmental or social characteristics promoted?

Not applicable

How did this financial product perform relative to the benchmark?

Not applicable

How did this financial product perform relative to the broad market index?

Not applicable

Benchmarks are indices used to measure whether the financial product achieves the environmental or social characteristics it promotes.