

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.

The **EU taxonomy** 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.

Product name: HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC

Legal Entity Identifier: 9695002V8BPHIL9GT010

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<div><div><div></div><div></div></div><div><div></div><div>Yes</div></div></div>	<div><div><div></div><div></div></div><div><div></div><div>No</div></div></div>
<div><div><div></div></div><div>The sub-fund made sustainable investments with an environmental objective: _%</div></div>	<div><div><div><div></div><div></div></div><div></div></div><div>The sub-fund promoted environmental and/or social characteristics (E/S) and although it did not have sustainable investment objectives, sustainable investments accounted for 51.01% of assets.</div></div>
<div><div><div></div></div><div>in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div></div>	
<div><div><div></div></div><div>in economic activities that are not considered environmentally sustainable under the EU Taxonomy</div></div>	<div><div><div></div></div><div>with an environmental objective in activities that qualify as environmentally sustainable under the EU Taxonomy</div></div>
	<div><div><div><div></div><div></div></div><div></div></div><div>with an environmental objective and carried out in activities that are not considered environmentally sustainable under the EU Taxonomy</div></div>
	<div><div><div></div></div><div>with a social objective</div></div>
<div><div><div></div></div><div>It made sustainable investments with a social: _%</div></div>	<div><div><div></div></div><div>The sub-fund promoted E/S characteristics, but did not make sustainable investments.</div></div>



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

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 international equity and fixed income markets with a Euro bias, by selecting securities issued by companies or countries from a universe that meets Environmental, Social and Governance (ESG) criteria. At the fund manager's discretion, the sub-fund can either invest in instruments issued by companies or sovereign issuers, or in mutual funds managed by the HSBC group.

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 covers the analysis of natural resources, climate change and energy, sustainable production and consumer durables.

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 stocks issued by 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 of Defence sector companies.
- Exclude shares of 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 a 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.

Alignment with environmental and social characteristics stands at 95.51% as of December 31, 2023.

● **How did the sustainability indicators perform?**

Indicator	Fund	Benchmark
ESG Score	6.74	6.18
E Pillar	7.82	7.22
S Pillar	6.24	5.55
G Pillar	6.51	6.16

3. GHG Emissions Intensity of beneficiary companies - tonnes of CO2 equivalent per million euros of turnover	87.60	110.13
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10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	0.00%	0.04%
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14. Exposure to companies involved in the manufacture of controversial weapons or their components (mines anti-personnel weapons, depleted uranium weapons, white phosphorus when used for military purposes)	0.00%	0.00%
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Reporting data as of December 31, 2023

Benchmark - 5% MSCI World Net 75% MSCI EMU Net 20% Bloomberg Barclays Euro Aggregate 500MM

... and compared to previous periods?

Indicator	Fund	Benchmark
ESG Score	6.69	6.11
E Pillar	7.85	7.09
S Pillar	6.37	5.94
G Pillar	6.30	5.53
3. GHG Emissions Intensity of beneficiary companies - tonnes of CO2 equivalent per million euros of turnover	97.50	87.60
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 (anti-personnel mines, depleted uranium weapons, white phosphorus when used for military purposes)	0.00%	0.00%

Reporting data as of December 31, 2022

Benchmark - 5% MSCI World Net 75% MSCI EMU Net 20% Bloomberg Barclays 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 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 with the lowest CO2 emissions within their industry, and those working towards reducing 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) the exercise of voting rights through which we express our support for positive development initiatives or, conversely, our disagreement when directors do not meet our expectations; 3) 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?

Largest investments	Sector	% of assets	Country
SAP SE	Information Technology	3.70%	Germany
Iberdrola SA	Utilities	3.43%	Spain
Schneider Electric SE	Industry	3.20%	U.S.A.
Munich Reinsurance Company	Finance	2.82%	Germany
ING Groep NV	Finance	2.56%	Netherlands
AXA SA	Finance	2.42%	France
STMicroelectronics NV	Information Technology	2.33%	Singapore
RELX PLC	Industry	2.27%	The United Kingdom of Great Britain and Northern Ireland
Bayerische Motoren Werke AG	Consumer Discretionary	2.17%	Germany
Publicis Groupe SA	Telecommunications	2.15%	France
Royal KPN NV	Telecommunications	2.14%	Netherlands
Cie Generale des Etablissements Michelin SA	Consumer Discretionary	2.08%	France
Compagnie de Saint-Gobain SA	Industry	2.06%	France

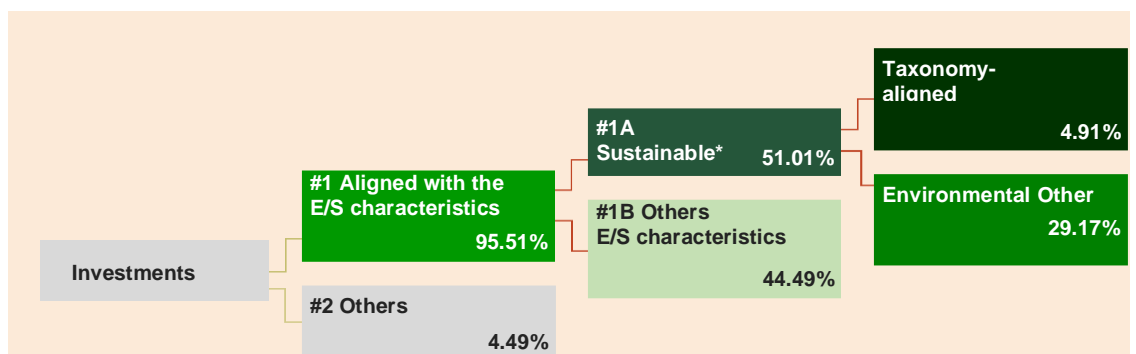
Cash and derivatives are excluded



What was the percentage of sustainability-related investments?

Sustainable investments accounted for 51.01% of assets.

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 Others** 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 to be sustainable investments

*A Company or Issuer considered as 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).

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

Asset allocation
refers to the
percentage of
investments in
different asset
classes/types.

● In which sectors did the sub-fund invest?

Sector/ Sub-Sector	% of assets
Finance	18.26%
Industry	16.94%
Information technology	9.26%
Telecoms services	8.16%
Consumer Discretionary	8.04%
Consumer Staples	7.35%
Sovereign	6.03%
Utilities	6.49%
<i>Electricity</i>	6.06%
<i>Companies operating diversified activities</i>	0.13%
<i>Gas</i>	0.07%
Other	5.29%
Materials	4.82%
Energy	3.35%
<i>Integrated Oil & Gas</i>	1.59%
<i>Oil & Gas Refining & Distribution</i>	1.65%
<i>Oil & Gas Equipment & Services</i>	0.10%
<i>Oil & Gas Storage & Transportation</i>	0.01%
Healthcare	4.45%
Cash and derivatives	0.91%
Real estate	0.65%
Total	100.0%

To comply with the EU Taxonomy, the criteria for the **fossil gas** industry 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? ¹

☐ Yes

☐ In fossil gas

☐ In nuclear energy

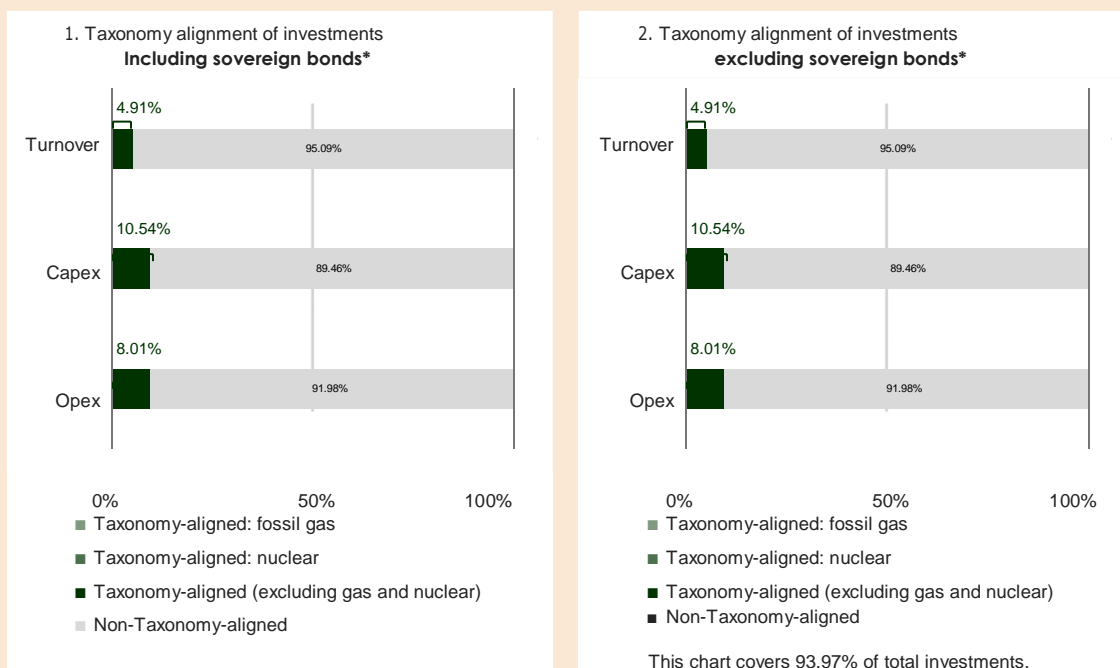
☒ No

¹ 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.

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 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 exposure.*

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

During the reporting period, investments in transitional and enabling activities accounted for 0.17% and 3.67% of total assets, respectively.

How does the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

Not applicable

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.



The symbol 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 percentage of sustainable investments promoting an environmental objective but not aligned with the EU taxonomy.

29.17%



What was the percentage of socially sustainable investments? The sub-fund does not commit to a minimum percentage 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).



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

The fund promotes ESG characteristics by investing primarily in companies chosen for their best environmental, social and governance practices and their financial qualities, according to a "best-in-class" approach. This approach consists in selecting the best companies within each sector based on ESG criteria. In 2023, we made constant adjustments to the portfolio in order to meet our commitments. 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 15%. For example, we sold our positions in BBVA, Total Energies and OMV which were no longer compatible with our objectives.



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

How did this financial product perform relative to the benchmark?

The sub-fund is managed actively 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. As a result, the information requested in this section is not applicable to the 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 compared to the broad market index?***

Not applicable