

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of sustainable investments with an environmental objective:_%

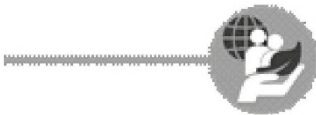
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective:_%

☒ It promotes environmental and social (E/S) characteristics, and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy☐ with a social objective

☐ It promotes E/S characteristics but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The subfund promotes E, S, and G characteristics by investing in euro-denominated bonds and debt securities that meet Environmental, Social, and Governance (ESG) and financial quality criteria.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions based on Environmental, Social, and Governance (ESG) criteria defined by the SRI label framework, HSBC Asset Management’s responsible investment policies, and exclusions applicable to the “Paris Agreement” reference benchmarks in accordance with the ESMA fund naming guidelines.

This initial investment universe consists of approximately 4,000 euro-denominated bonds.

Then, from the SRI universe, the portfolio is determined by:

1. For non-government issues:
- Taking into account two specific sustainability indicators: an environmental indicator (greenhouse gas (GHG) intensity) and a social indicator (lack of human rights policy). For these two sustainability indicators, the subfund is committed to achieving a better ESG performance than that of the non-binding reference indicator reduced to non-government issues.
- In addition, the subfund commits to excluding any issuer found to have violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

- Also incorporating the analysis of issuers' ESG criteria.

Based on a score improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than that of non-binding reference indicator, reduced to non-government issues, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

The weight of non-government issues in the non-binding reference indicator is adjusted to reflect the subfund's target sector weightings in the event of significant deviations.

2. For government issues and exposures:

Using an ESG Selection approach to select the countries with a minimum ESG rating according to the external ESG data provider, ISS ESG, from among euro-denominated issuing countries.

In addition, at least 80% of investments must meet minimum E, S, G, and ESG ratings.

The subfund is actively managed and does not track a reference benchmark. The Bloomberg Euro Aggregate 500MM index is the reference indicator used to compare certain E/S characteristics of the subfund, as described in the section on sustainability indicators below.

Sustainability indicators

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

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The subfund promotes all the pillars (E, S, and G). Therefore, one of the main sustainability indicators used to measure the portfolio's ESG performance is the ESG score. Based on a score improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than that of non-binding reference indicator, reduced to non-government issues, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

In addition, at least 80% of investments must meet minimum E, S, G, and ESG ratings.

The subfund also uses indicators relating to the following as sustainability indicators:

- the environment (corporate greenhouse gases); and
- respect for human rights (violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises and lack of human rights policy).

Depending on the sustainability indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

The manner in which sustainability indicators are considered by the subfund is detailed in the section describing the principal adverse impacts on the sustainability factors considered by the subfund.

Furthermore, the subfund commits to excluding any issuer involved in "excluded" activities.

The excluded activities are set out in the section on binding elements of the investment strategy.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Sustainable investments within the subfund contribute to the attainment of environmental and/or social objectives.

Three criteria are applied to determine whether a non-government issue is a sustainable investment: measurement of positive contribution, verification of no significant harm, and assessment of good governance practices.

An issuer is considered to contribute positively to an environmental and/or social objective if it meets at least one of the criteria below:

- Its products and services are sustainable: exposure of turnover to activities related to sustainable development goals or other activities related to the green transition. This includes, in particular, the portion of turnover aligned with the European taxonomy;
- It promotes best environmental and social practices (issuer with the best ratings on the environmental (E) and social (S) pillars);
- It has a sustainable business model assessed according to an in-house model based on the recommendations of the IIGCC's Net Zero Investment Framework (NZIF)(1). This in-house model defines and classifies companies into five alignment categories, representing progressive stages of transition and alignment on a Net Zero trajectory. An issuer is considered to have a positive contribution if it is classified in the "aligned" or "having achieved carbon neutrality (Net Zero)" category.
- The bonds issued (green, social, and sustainable) must make a clear and direct contribution to environmental and social objectives and have been approved according to our in-house models or meet additional criteria such as obtaining external assurance and meeting reporting commitments within a specified period.

Issuers with a positive contribution then undergo a verification of:

- the absence of significant harm (Do No Significant Harm: DNSH);
- consideration of good governance practices.

To determine whether a sovereign bond is a sustainable investment, we apply the following criteria:

- positive contribution assessed using the performance of countries in terms of the SDGs or their positive contribution to climate change mitigation;
- compliance with the principle of DNSH, including a minimum rating according to the human development index(2), the corruption perception index(3), and greenhouse gas (GHG) emissions per capita;
- income-adjusted approach: the assessment is adjusted to income based on performance on the SDGs and greenhouse gas (GHG) emissions per capita.
- good governance: assessed using a national governance score generally provided by an external data provider.

When an investment meets the above criteria, it can then be considered a sustainable investment.

A description of HSBC Asset Management's sustainable investment methodology applied by HSBC Global Asset Management (France) is available on the management company's website: www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible-investing/policies.

(1) The Institutional Investors Group on Climate Change (IIGCC) is a global organisation of investors committed to taking action on climate change. For more information about this model, please visit <https://www.iigcc.org/net-zero-investment-framework>.

(2) The Human Development Index (HDI) is a composite statistical index used to assess the level of human development in countries around the world. For further information, please visit the following website: Human Development Index | Human Development Reports.

(3) Since 1995, the NGO Transparency International has published an annual Corruption Perception Index (CPI) ranking countries according to the degree of perceived corruption.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

- ***How do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?***

The subfund's sustainable investments are assessed with regard to the principle of "do no significant harm" (DNSH) to ensure that they do not significantly harm environmental or social objectives. The DNSH principle applies only to the subfund's underlying sustainable investments. The assessment includes consideration of principal adverse impacts (PAI). PAIs are a selection of environmental and social indicators, including greenhouse gas (GHG) emissions, water pollution, and gender pay gaps.

How have the indicators for adverse impacts on sustainability factors been taken into account?

All mandatory PAIs as defined in Table 1 of Annex 1 of the regulatory technical standards for Regulation 2019/2088 are used to assess whether the subfund's sustainable investments do not cause significant harm to environmental or social objectives.

To conduct the DNSH assessment, absolute and relative minimum thresholds have been established for the 14 mandatory PAIs.

If there is disagreement with external data or if the data are insufficient, a qualitative or quantitative assessment may be conducted by the investment teams, in collaboration with the Responsible Investment team, to make a final decision. When it is determined that an issuer causes or contributes to significant harm, the security may still be held in the subfund, but it will not be taken into account in the subfund's share of "sustainable investments".

A description of HSBC Asset Management's sustainable investment methodology applied by HSBC Global Asset Management (France) is available on the management company's website: <http://www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsibleinvesting/policies>.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

An external data provider is used to monitor issuers and detect controversies that may indicate potential violations of the principles of the United Nations Global Compact (UNGC). These principles are aligned with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The 10 principles of the UNGC include the assessment of non-financial risks such as human rights, working conditions, the environment, and anti-corruption. Issuers flagged for potential violations of the principles of the United Nations Global Compact are excluded, unless they have been subject to an ESG due diligence review establishing that they are not in violation of these principles.

HSBC Asset Management is also a signatory to the United Nations Principles for Responsible Investment.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the principal adverse impacts of investments are considered in the management of the subfund as follows:

For the selection of investments, the manager has chosen indicators relating to the environment, social issues, and respect for human rights. Depending on the sustainability indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicator		Measurement of the indicator	Commitment made by the subfund on the indicator
Environment	GHG intensity (PAI 3*)	GHG intensity of investee companies	Commitment to attaining a better ESG performance than non-binding reference indicator, reduced to non-government issues
Respect for human rights	Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises (PAI 10*)	Share of investments in companies that breached the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises	Exclusion of any issuer found to have violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises
Respect for human rights	Lack of human rights policy (PAI 9*)	Share of investments in entities without a human rights policy	Commitment to attaining a better ESG performance than non-binding reference indicator, reduced to non-government issues
Social issues	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) (PAI 14*)	Share of investments in investee companies involved in the manufacture or selling of Share weapons.	Exclusion of any issuer involved in the manufacture or sale of controversial weapons.

* In accordance with Table 1 (PAI 3, PAI 10, and PAI 14) and Table 3 (PAI 9) of Annex 1 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022.

HSBC Asset Management considers PAIs as part of its engagement plan, especially when issuers do not publish data for the GHG Intensity PAI and the lack of human rights policy PAI.

Certain PAIs, especially in the case of controversial weapons, are taken into consideration through exclusions

Information on the principal adverse impacts taken into account by the subfund will be published in the SFDR

☐ No



What investment strategy does this financial product follow?

The subfund's investment strategy is direct management in eurozone bonds and debt securities within an SRI (Socially Responsible Investment) universe.

The minimum non-financial analysis rate of the subfund's eligible assets is 90%.

The Subfund may directly hold up to 10% of its assets in issues not rated according to ESG criteria.

The process of selecting securities, consisting of two successive, independent steps, is based on non-financial and financial criteria.

The integration of non-financial criteria into the securities analysis and selection process begins with determining the SRI universe of the subfund based on an initial investment universe. This initial investment universe consists of approximately 4,000 euro-denominated bonds.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions based on Environmental, Social, and Governance (ESG) criteria defined by the SRI label framework, HSBC Asset Management's responsible investment policies, and exclusions applicable to the "Paris Agreement" reference benchmarks in accordance with the ESMA fund naming guidelines.

A detailed description of the subfund's exclusions is presented in the section detailing the binding elements defined in the investment strategy.

HSBC Asset Management's responsible investment policies applied by HSBC Global Asset Management (France) are available on the management company's website at www.assetmanagement.hsbc.fr.

Then, from the SRI universe, the portfolio is determined by:

1. For non-government issues:

- Taking into account two specific sustainability indicators: an environmental indicator (greenhouse gas intensity) and a social indicator (lack of human rights policy). For these two sustainability indicators, the subfund is committed to achieving a better ESG performance than that of the non-binding reference indicator reduced to non-government issues.

In addition, the fund commits to excluding any issuer found to have violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

- Also incorporating the analysis of issuers' ESG criteria.

Based on a score improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than that of non-binding reference indicator, reduced to non-government issues, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

The weight of non-government issues in the non-binding reference indicator is adjusted to reflect the target sector weightings of the subfund in the event of significant deviations.

2. For government issues and exposures:

Using an ESG Selection approach to select the countries with a minimum ESG rating according to the external ESG data provider, ISS ESG, from among euro-denominated issuing countries.

In addition, at least 80% of investments must meet minimum E, S, G, and ESG ratings.

A) Non-government issues:

The ESG rating of issuers, used in the score improvement approach, is constructed from an E score, an S score, a G score, and an aggregate ESG score.

The scores of the pillars (E, S, and G) are provided by external ESG data providers that assess the non-financial aspects of the business sector to which the rated company belongs.

For each E, S, and G score, several aspects are assessed, such as:

- Environmental aspects are linked to the nature of the company's activity and the sector to which it belongs. In extractive industries, utilities, and air transport, for example, the release of CO2 emissions directly related to the company's activity is of paramount importance: not measuring or controlling these emissions can represent a major industrial risk and result in major financial penalties and/or reputational damage. For example, if a cement or energy company is highly exposed to climate risk and does not take adequate mitigation measures, it may face an increased risk of sanctions or production disruptions in the event of major climate events for which it is not prepared.

- The second pillar, social, covers concepts related to relations with civil society, staff management, remuneration and training policy, respect for trade union law, occupational health and the issuer's safety and security policy. The very nature of the company's business will strongly affect the nature and relative importance of these practices. In sectors where there is a proven risk of accidents, such as construction and mining, the prevention of accidents in the workplace and compliance with safety standards are priority criteria.

- Lastly, with regard to Governance, aspects such as the structure and representativeness of the board of directors, the attendance rate and level of independence of directors, the robustness of audit and control processes, and respect for minority shareholders' rights are systematically analysed. The assessment of the company's performance in these areas also takes into account, for example, the country in which the company is located, the country in which it is listed, and/or the country in which it has its registered office.

The relative weight of each of the three pillars in the final rating is at least 20% and varies according to the specific features of the company's sector of activity. The sector groupings are based on the GICS level 1 and level 2 classification, which is then aggregated into 12 economic "macro-sectors". The weighting of each of the E, S, and G pillars within these 12 macro-sectors reflects the perspective of the ESG investment and research teams regarding ESG risks and opportunities. These sector weightings are available online in the Subfund's Transparency Code (www.assetmanagement.hsbc.fr).

The selection of securities based on these ESG criteria is thus based on an in-house ESG analysis model with data from external data providers and in-house research.

B) Government issues and exposures:

Euro-issuing countries are ranked according to their overall "ESG" rating, which is based 50% on the Environmental (E) pillar and 50% on the Social/Governance (S/G) pillar.

The Social and Governance pillar includes the analysis of the political and governance system, human rights and fundamental freedoms, and social conditions. The Environmental pillar includes the analysis of natural resources, climate change and energy, production, and sustainable consumption.

The scores, resulting from the analysis by the non-financial rating agency ISS-ESG, range from A+ to D-.

The SRI strategy consists of selecting countries with a minimum ESG rating from among issuing countries. Thus:

- for countries rated between A+ and B-, there are no investment limits.
- for countries rated C+, the weight of these States in the portfolio cannot exceed the representative weight of these countries in the Bloomberg Capital Euro Aggregate 500MM index.
- for countries rated between C and D-, investments are not permitted.

The rating of issuing countries is reviewed on an annual basis.

The list of external ESG data providers is available in the section on the subfund's ESG information online at www.assetmanagement.hsbc.fr.

The subfund also uses an "engagement" approach. This approach is implemented through an engagement policy established by the management company, which involves maintaining a presence with companies through one-on-one meetings and engagement actions. The engagement policy is available on the Management Company's website at www.assetmanagement.hsbc.fr.

Information on the social, environmental, and quality of governance criteria in this subfund's investment policy is available on the management company's website and in the subfund's annual report.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The subfund applies exclusions based on environmental, social, and governance (ESG) criteria defined by the SRI label framework, HSBC Asset Management's responsible investment policies, and exclusions applicable to the "Paris Agreement" reference benchmarks in accordance with the ESMA fund naming guidelines, detailed in the appendix below.

The subfund commits to:

1. For non-government issues:

- Taking into account two specific sustainability indicators (greenhouse gas intensity and lack of human rights policy). For these two indicators, the subfund commits to attaining a better ESG performance than that of non-binding reference indicator reduced to non-government issues.

In addition, the fund commits to excluding any issuer found to have violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.

- Incorporating the analysis of issuers' ESG criteria. Based on a score improvement approach, the subfund selects the securities enabling the portion excluding government exposures of the portfolio to have a weighted average ESG score higher than the weighted average ESG score of non-binding reference indicator, reduced to non-government issues, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

- Applying a minimum non-financial analysis rate of 90% to the subfund's eligible assets.

2. For government issues and exposures

The subfund commits to:

- Complying with maximum weightings in the portfolio relative to the Bloomberg Euro Aggregate 500MM index for countries rated C+; and
- Excluding countries rated between C and D-.

At least 80% of investments must meet minimum E, S, G, and ESG ratings.

Lastly, the Subfund also relies on an "engagement" approach.

These binding elements are detailed in the section on investment strategy. Expertise, research, and information provided by data providers may be used to identify issuers exposed to excluded activities. An exhaustive list of external providers of ESG data is available in the section on the subfund's ESG information online (www.assetmanagement.hsbc.fr).

Investors should be aware that these exclusions reduce the investment universe and prevent the subfund from benefiting from any potential returns from these issuers.

HSBC Asset Management's responsible investment policies applied by HSBC Global Asset Management (France) are available on the management company's website at www.assetmanagement.hsbc.fr.

Appendix detailing exclusions based on environmental, social, and governance (ESG) criteria

Exclusions of non-government issues based on an environmental criterion	
Coal	<p>Any issuer that derives more than 5% of its revenue from the exploration or refining of thermal coal or the provision of products or services specifically designed for these activities, such as transport or storage;</p> <p>Any issuer developing new thermal coal exploration, extraction, and transport projects.</p> <p>With regard to electricity generation, companies that derive more than 10% of their revenue from electricity generated using thermal coal are partially excluded. Mining companies are completely excluded.</p> <p>Any issuer that derives 1% or more of its turnover from exploration, extraction, distribution, or refining of coal and lignite.</p>
Liquid or gaseous fuels	<p>Any issuer for which more than 5% of total liquid or gaseous fossil fuel production comes from the exploration, extraction, or refining of unconventional liquid or gaseous fossil fuels;</p> <p>Any issuer developing new projects for the exploration, extraction, and refining of liquid or gaseous, conventional and/or unconventional fossil fuels;</p> <p>Any issuer that derives 10% or more of its turnover from exploration, extraction, distribution, or refining of liquid fuels;</p> <p>Any issuer that derives 50% or more of its turnover from exploration, extraction, manufacture, or distribution of gaseous fuels.</p> <p>- Issuers for which HSBC Asset Management considers that the revenues generated by their activities exceed the following thresholds:</p> <ul style="list-style-type: none"> - 10% for oil and gas extraction in the Arctic region or tar sands extraction; - 35% for shale oil extraction and that, in HSBC Asset Management's opinion, does not have a credible transition plan.
Electricity generation	<p>Any issuer whose main activity is electricity generation and whose carbon intensity in the generation of electricity is not compatible with the goals of the Paris Agreement. The fund may apply the thresholds set by the International Energy Agency or any other scenario aligned with the goals of the Paris Agreement.</p> <p>Any issuer that derives 50% or more of its turnover from electricity generation with a GHG emissions intensity of more than 100 g CO₂ e/kWh.</p>
Exclusions of non-government securities based on a social criterion	
Weapons	Any issuer involved in developing, using, maintaining, offering for sale, distributing, importing or exporting, stockpiling, or transporting weapons prohibited by international treaties.
Weapons	Any issuer involved in activities related to controversial weapons (biological weapons, chemical weapons, anti-personnel mines, and cluster munitions). These exclusions include any issuer involved in the production of systems or services or components specifically designed for weapons whose use is prohibited by France's international commitments.
Weapons	Any issuer involved in the production of controversial weapons or their key components. Controversial weapons include, but are not limited to, depleted uranium weapons and white phosphorus when used for military purposes.
UNGC	Any issuer suspected of having violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.
Tobacco	Any issuer involved in tobacco cultivation and production and any issuer that derives more than 5% of its revenue from the distribution of tobacco or tobacco-containing products.
Exclusions of non-government issues based on a governance criterion	

Non-cooperative jurisdictions for tax purposes	Any issuer whose registered office is domiciled in a country or territory on the latest available version of the EU list of non-cooperative jurisdictions for tax purposes.
Exclusions of non-governmental issues not based on a governance criterion	
Countries or territories on a FATF list	Any issuer whose registered office is domiciled in a country or territory on the Financial Action Task Force (FATF) blacklist or grey list.
Exclusions of government issues	
Government issues by countries and territories	on the most recent version of the EU list of non-cooperative jurisdictions for tax purposes.
Government issues by countries and territories	on the Financial Action Task Force (FATF) blacklist or grey list
Government issues by countries and territories	with a score strictly below 40/100 on the latest version of the corruption perception index published by Transparency International

Good governance practices include sound management structures, employee relations, remuneration of staff, and tax compliance.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no minimum commitment rate.

- ***What is the policy to assess good governance practices of the investee companies?***

The quality of governance is assessed on the basis of criteria specified in the investment process that include business ethics, the company's culture and values, the governance framework, corruption, etc. We determine the materiality of governance both on an absolute basis, focusing in particular on the governance framework, controversies, and compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, and on a relative basis by comparing the quality of the company's governance practices with that of its industry peers. Where significant and/or impactful governance risks are identified, companies are subject to enhanced due diligence, which at minimum requires the management teams to perform additional analysis. Dialogue or engagement with the company is then monitored over time and kept on record. Lastly, we use our voting rights to express our support for companies' positive development initiatives or, if their directors do not meet our expectations, our disagreement. In addition, we exclude issuers in violation of one or more of one of the 10 Principles of the United Nations Global Compact and of the OECD Guidelines for Multinational Enterprises.

What is the asset allocation planned for this financial product?

The subfund invests in bonds and debt securities through an issue universe that meets socially responsible economic, Environmental, Social, and Governance (ESG) criteria.

The subfund may hold other investments listed in the prospectus, derivatives, and cash and cash equivalents.

The minimum proportion of investments used to attain the environmental or social characteristics promoted by the subfund is 80%. The remaining 20% of investments is detailed in the section "Investments included in category #2 'Other'" below.

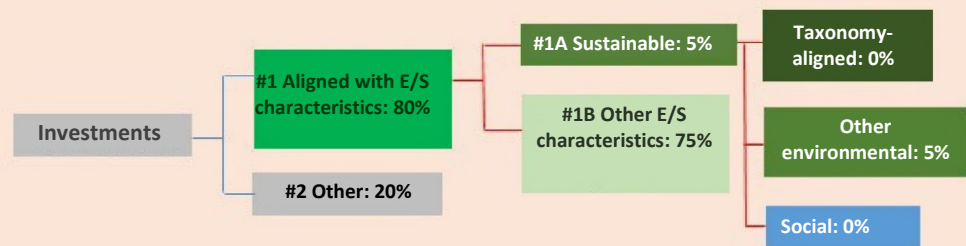
Although the subfund does not have sustainable investments as an objective, it commits to a minimum proportion of 5% of its assets in sustainable investments.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies;
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy;
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 'Aligned with E/S characteristics' includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 'Other' includes the remaining investments of the financial product that are neither aligned with the environmental or social characteristics nor are qualified as sustainable investments.

Category #1 'Aligned with E/S characteristics' covers:

- Sub-category #1A 'Sustainable' covers sustainable investments with environmental or social objectives;
- Sub-category #1B 'Other E/S characteristics' covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The use of derivatives will not help attain the subfund's environmental or social characteristics.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The subfund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the European Union's taxonomy.

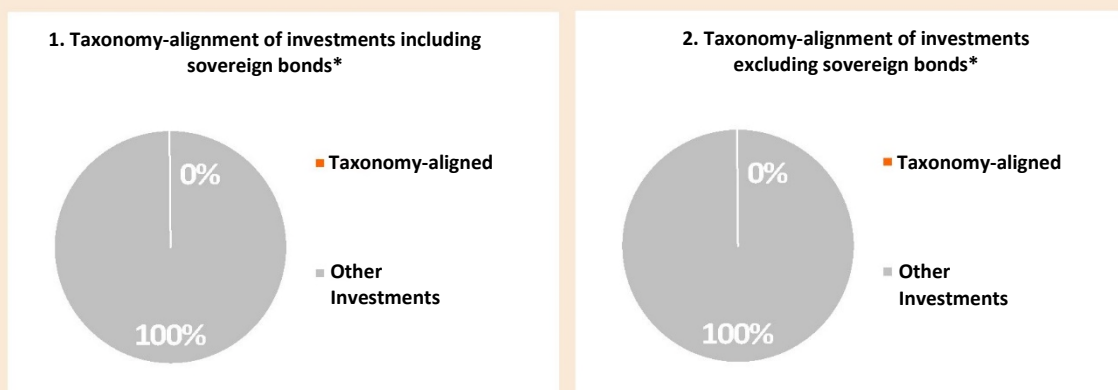
● **Does the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy?**

- ☐ Yes ☐ in natural gas ☐ in nuclear energy
- ☒ No

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.


The two graphs below show, in green, the minimum share of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, "sovereign bonds" include all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

This is not applicable, as the subfund does not have a specific minimum share of transitional and enabling activities as defined by the Taxonomy Regulation.

The  symbol denotes sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The subfund commits to investing a minimum of 5% in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The subfund does not commit to having investments aligned with the EU taxonomy due to the lack of coverage and availability of data.



What is the minimum share of socially sustainable investments?

The subfund does not commit to having a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose, and are there any minimum environmental or social safeguards?

The subfund may hold cash, derivatives, as well as investments not meeting the minimum ESG rating requirements or for which no non-financial analysis could be performed due to the unavailability of ESG data. Derivatives are used for portfolio risk adjustment (exposure, hedging).



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Bloomberg Euro Aggregate 500MM is the reference benchmark used to compare certain E/S characteristics of the subfund.

Benchmarks are indexes used to gauge whether the financial product attains the environmental or social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable



Where can I find more product-specific information online?

More product-specific information can be found on the management company's website at www.assetmanagement.hsbc.fr

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Last updated: 21/05/2025