

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 either of these objectives and that the financial product's 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**. 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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<div><input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes</div> <div><input type="checkbox"/> It made sustainable investments with an environmental objective: _ % <div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <input type="checkbox"/> It made sustainable investments with a social objective: _ %</div>	<div><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</div> <div><input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a minimum proportion of 37.78% sustainable investments <div><input type="checkbox"/> with an environmental objective and made in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <input type="checkbox"/> It promoted E/S characteristics but did not make any sustainable investments.</div>



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

Sustainability indicators measure how the environmental or social characteristics

The subfund 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 in a universe of issues that meet Environmental, Social and Governance (ESG) criteria. The subfund is invested, at its manager's discretion, either in securities of companies or countries or in UCIs managed by the HSBC Group.

For public or private listed corporate issues: the manager uses a best-in-class approach to select within each sector the companies that have the best ESG practices compared with their peers within each sector of the economy. For each ESG pillar, several criteria are used, including CO2 emissions for the E pillar, management of staff for the S pillar, and level of independence of directors for the G pillar.

For government issues (bonds): euro-denominated issuing countries are classified according to their overall "ESG" rating, which is based 50% on the Environmental pillar (E) and 50% on the Social/Governance pillar (S/G). 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 manager uses an ESG Selection approach to select the countries with a minimum ESG rating according to the non-financial rating agency ISS-Oekom from among euro-denominated issuing countries.

In addition, the subfund will:

- Exclude issuers in violation of one or more of the 10 principles of the United Nations Global Compact (or at least two alleged violations) and the OECD Guidelines for Multinational Enterprises.
- Exclude securities of companies involved in the production of controversial weapons or their components. Controversial weapons include, but are not limited to, anti-personnel mines, depleted uranium weapons and white phosphorus when used for military purposes. This exclusion is in addition to the exclusion policy on weapons prohibited by international treaties.
- Exclude securities of companies in the defence sector.
- Exclude securities of companies engaged in thermal coal activities. Companies that derive more than 10% of their revenue from electricity generated using thermal coal are partially excluded. Mining companies are completely excluded.
- Exclude securities of companies involved in the production of tobacco.
- Carefully consider environmental issues through voting and engagement activities.

The subfund is actively managed and does not track a benchmark. There is no benchmark representative of our management philosophy and therefore of our investment universe, nor has any index been designated to determine whether the subfund is aligned with the environmental or social characteristics that it promotes.

How did the sustainability indicators perform?

Indicator	Fund	Benchmark
ESG Score	6.83	6.54
E Pillar	7.42	6.60
S Pillar	6.28	6.32
G Pillar	6.79	6.70
3. GHG emissions intensity of beneficiary companies - tonnes of CO2 equivalent per million euros of revenue	71.24	90.63
10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	0.00%	0.06%
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%	0.01%

The data in this report are as of 31 December 2024, based on the average of the positions at the end of each of the four quarters of the financial year ended 31 December 2024.

Benchmark - 5% MSCI World Net 25% MSCI EMU Net 70% Bloomberg Barclays Euro Aggregate 500MM

...and compared to previous periods?

Indicator	End of the financial year	Fund	Benchmark Reference
ESG Score	31 December 2024	6.83	6.54
	31 December 2023	6.53	6.17
	31 December 2022	6.53	6.22
E Pillar	31 December 2024	7.42	6.60
	31 December 2023	7.08	5.83
	31 December 2022	7.03	5.90
S Pillar	31 December 2024	6.28	6.32
	31 December 2023	6.28	6.33
	31 December 2022	6.51	6.51
G Pillar	31 December 2024	6.79	6.70
	31 December 2023	6.58	6.58
	31 December 2022	6.45	6.48
3. GHG emissions intensity of beneficiary companies - tonnes of CO2 equivalent per million euros of revenue	31 December 2024	71.24	90.63
	31 December 2023	72.91	99.33
	31 December 2022	109.92	144.42
10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	31 December 2024	0.00%	0.06%
	31 December 2023	0.00%	0.10%
	31 December 2022	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)	31 December 2024	0.00%	0.01%
	31 December 2023	0.00%	0.02%
	31 December 2022	0.00%	0.00%

● **What were the objectives of the specific sustainable investments that the financial product intended to make and how did its sustainable investments help meet such objectives?**

The subfund's sustainable investments are aligned with its environmental characteristics. The identification and ESG analysis of companies are performed as part of the investment decision-making process to reduce sustainability risks and increase returns.

● **How did the specific sustainable investments that the financial product made not cause significant harm to any environmental or social sustainable investment objective?**

The principle of “do no significant harm” to environmental or social objectives applies only to the underlying sustainable investments of the subfund. This principle is incorporated into the investment decision-making process, which includes consideration of principal adverse impacts.

Principal adverse impacts

are the most significant adverse 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 have the indicators for adverse impacts on sustainability factors been taken into account?

HSBC Asset Management's “do no significant harm” (DNSH) assessment of issuers as part of its sustainable investment process includes consideration of principal adverse impacts (PAI). It involves a holistic analysis of the company's multiple sustainability impacts rather than focusing on a single factor. When an issuer is identified as potentially controversial, it cannot be considered a sustainable investment. All relevant PAIs are thus examined and integrated into the investment process according to an approach that combines exclusions (sectoral, the most severe ESG controversies, norms-based exclusions, etc.) with voting and shareholder engagement activities to instil and maintain a positive change dynamic within companies. Furthermore, a company will not qualify as sustainable if it does not comply with the principles of the United Nations Global Compact and its associated international standards, conventions, and treaties or if it is involved in weapons banned by international conventions. With the exception of these last two PAIs, we use proxies. In our view, the setting of exclusion thresholds (e.g. GHG emissions) for each PAI is not always relevant and could compromise the fact that many sectors and companies are in a transition strategy. In addition, engagement is essential to ensure that companies with limited disclosure, particularly in emerging economies, are initially excluded from the definition of sustainable investment and allow us to be a catalyst for positive environmental or social change. For example, we use a 10% threshold on revenues from thermal coal mining (and coal-fired power generation) as an exclusion filter to indirectly address all PAIs related to greenhouse gas emissions. HSBC's sustainable investment methodology is available on the management company's website: www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible-investors/policies

Were the fund's sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

HSBC is committed to applying and promoting international standards. The ten principles of the United Nations Global Compact are among the priorities of HSBC's Responsible Investment Policy. These principles include non-financial risks such as human rights, labour standards, the environment, and anti-corruption. HSBC is also a signatory to the United Nations Principles for Responsible Investment. They provide a framework for the identification and management of sustainability risks. In this subfund, companies with a proven violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded. Companies are also assessed according to international standards such as the OECD Guidelines for Multinational Enterprises.

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 criteria specific to the EU.

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 European Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also do no significant harm to any environmental or social objectives.



How did this financial product take into consideration principal adverse impacts on sustainability factors?

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 an environmental indicator: “Greenhouse Gas Intensity”. The subfund’s consideration of this indicator stems from, in particular, the application of our coal phase-out policy. In addition, the manager favours companies with low CO2 emissions or companies working to reduce their carbon intensity.
- Exclusion of issuers:
 - Considered non-compliant with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises;
 - Exposed to controversial weapons.
- Lastly, the subfund takes into consideration the principal adverse impacts in its engagement approach, which incorporates several levers for action including 1) direct dialogue with companies about their consideration of environmental and social issues to ensure that they are able to face the future and maintain long-term financial viability, 2) the exercising of voting rights by which we express our support for positive development initiatives or, conversely, our disagreement when directors do not meet our expectations, and 3) a gradual escalation procedure with companies when the ESG risks or controversies to which they are exposed are not managed. In practice, the Greenhouse Gas Intensity indicator is taken into consideration, in particular, through dialogue with companies to assess how their carbon neutrality transition plans take into account impacts on employees, supply chains, communities and consumers.



The list comprises the investments making up the **largest proportion of the financial product's investments** at: Average of the positions at the end of each of the four quarters of the reference period ended 31/12/2024

What were this financial product's largest investments?

Largest investments	Sector	% of assets	Country
HSBC RIF SRI Global Equity ZC 10257451	Other	5.05%	France
SAPSE	Information technology	1.47%	Germany
Government Of Italy 6.0% 01- may-2031	Sovereign	1.34%	Italy
Government Of Spain 5.75% 30- jul-2032	Sovereign	1.32%	Spain
Schneider Electric SE	Industry	1.19%	The United States
Government Of France 1.25% 25- may-2036	Sovereign	1.15%	France
Government Of Italy 1.5% 01- jun- 2025	Sovereign	1.15%	Italy
Iberdrola SA	Utilities	1.15%	Spain
HSBC SRI Money ZC 10141294	Other	1.11%	France
Munchener Ruckversicherungs- Gesellschaft AG	Financial	1.04%	Germany
ASML Holding NV	Information technology	1.02%	Netherlands
Government Of Italy 3.5% 01- mar- 2030	Sovereign	1.02%	Italy
Government Of Spain 4.7% 30- jul- 2041	Sovereign	1.00%	Spain
Government Of Italy 3.45% 01- mar- 2048	Sovereign	0.95%	Italy
Government Of Germany 1.8% 15- aug-2053	Sovereign	0.89%	Germany

Cash and derivatives are excluded



What was the proportion of sustainability-related investments?

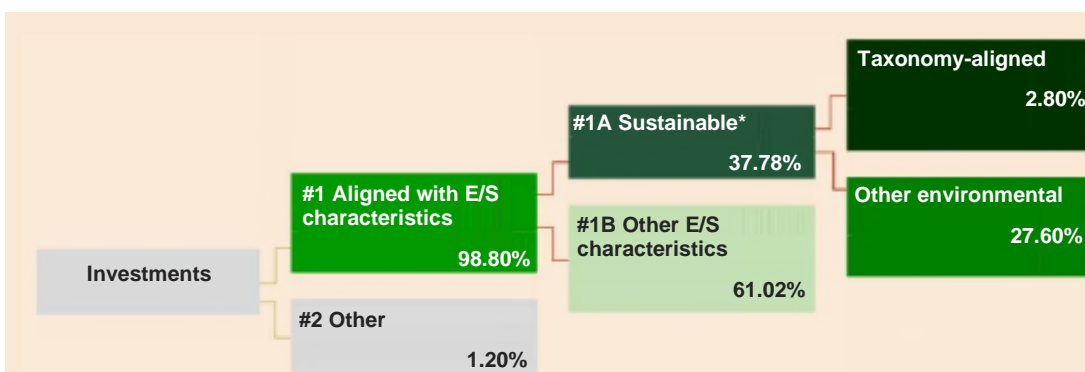
The proportion of sustainable investments was 37.78%.

The management company's sustainable investment methodology is available in the section "SFDR" Appendix of Regulation (EU) 2019/2088 of the annual report.

The asset allocation

describes the proportion of investments in specific assets.

What was the asset allocation?



The category **#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.

The category **#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.

The category **#1 Aligned** with E/S characteristics covers:

- the sub-category **#1A Sustainable** covering environmentally and socially sustainable investments;
- the sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments

* A company or issuer that is considered a sustainable investment can contribute to both an environmental and a social objective that may or may not be aligned with the EU taxonomy. The figures in the chart above take this into account, but a company or issuer can only be counted once in category #1A Sustainable.

In which economic sectors were the investments made?

Sector / Sub-Sector	% of assets
Sovereign	25.72%
Financial	23.82%
Industry	12.41%
Utilities	6.94%
<i>Electricity</i>	4.66%
<i>Gas</i>	0.71%
<i>Diversified businesses</i>	1.00%
Telecommunications services	5.55%
Consumer staples	4.66%
Information technology	4.53%
Consumer discretionary	4.01%
Health	3.75%
Materials	3.37%
Real estate	2.69%
Energy	1.00%
<i>Integrated Gas and Oil</i>	0.77%
<i>Oil and Gas Related Equipment and Services</i>	0.06%
<i>Oil and Gas Refining and Marketing</i>	0.17%
Cash and derivatives	0.82%
Other	0.74%
Total	100.00%

To comply with the EU Taxonomy, the criteria applicable to **natural gas** include emission limits and switching to entirely renewable sources of electricity or to low-carbon fuel by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



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

The proportion of sustainable investments aligned with the EU taxonomy is shown in the asset allocation table above.

Has the financial product invested in natural gas and/or nuclear energy generation activities that are compliant with the EU Taxonomy? ¹

☒ Yes:

☐ In natural gas ☒ In nuclear energy

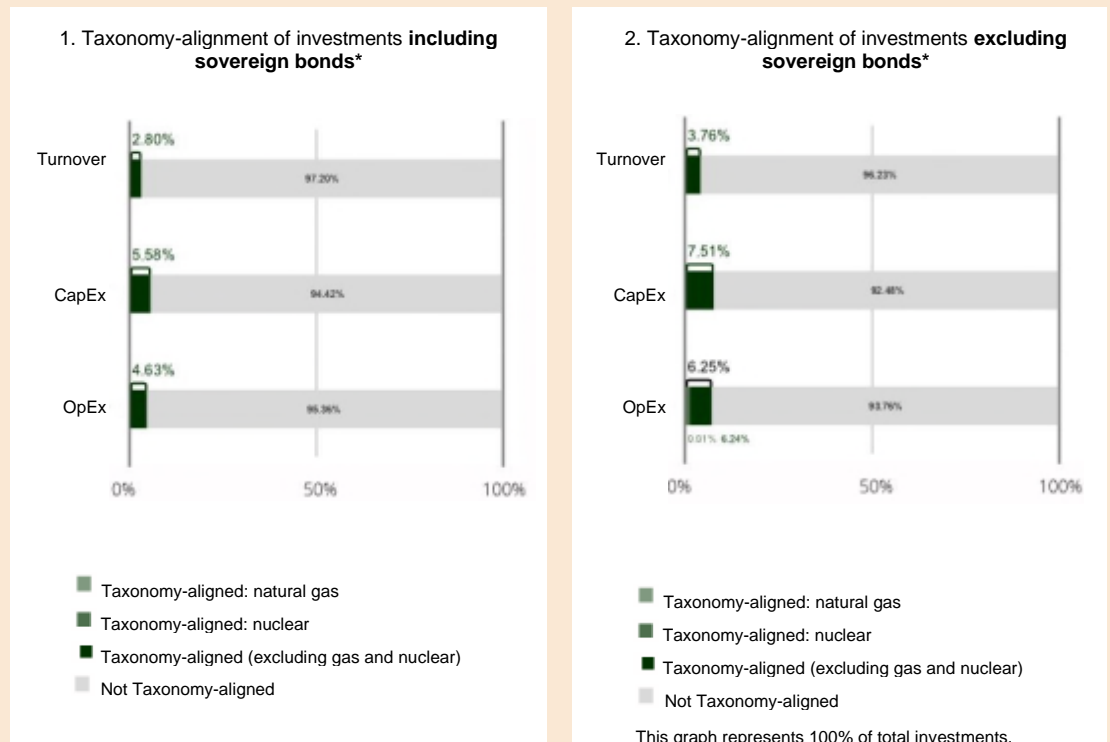
☐ No

¹ Natural gas and/or nuclear energy generation activities only qualify as EU Taxonomy-eligible if they help mitigate climate change ("mitigation of climate change") and cause no significant harm to any of the EU Taxonomy objectives (see the explanatory note in the sidebar on the left). The set of criteria for natural gas and nuclear energy generation activities that are compliant with the EU Taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

EU Taxonomy-aligned activities are expressed as a percentage of:

- **revenue** to reflect the current ecological nature of investee companies;
- **capital expenditure** (CapEx) to show the green investments made by investee companies, relevant for a transition to a green economy;
- **operational expenses** (OpEx) reflecting green operational activities of investee companies.

The two graphs below show, in green, the percentage 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.

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.


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

● **What was the share of investments made in transitional and enabling activities?**

During the reporting period, the proportion of investments made in transitional activities was 0.00% and the proportion of investments made in enabling activities was 3.14%.

● **How did the percentage of EU Taxonomy-aligned investments compare with previous reference periods?**

Indicator	2023-24	2022-23	2021-22
Revenue - Taxonomy aligned: fossil gas	N/A	N/A	0.00%
Turnover - Taxonomy-aligned: nuclear	0.00%	N/A	0.00%
Revenue - Taxonomy aligned (excluding gas and nuclear)	2.80%	2.37%	0.00%
Revenue - Not Taxonomy-aligned	97.20%	97.63%	100.00%
CapEx - Taxonomy-aligned: natural gas	N/A	N/A	0.00%
CapEx - Taxonomy-aligned: nuclear	0.00%	N/A	0.00%
CapEx - Not Taxonomy-aligned	5.58%	5.45%	0.00%
CapEx - Taxonomy-aligned (excluding gas and nuclear)	94.42%	94.55%	100.00%
CapEx - Taxonomy-aligned: natural gas	N/A	N/A	0.00%
OpEx - Taxonomy-aligned: nuclear	0.00%	0.01%	0.00%
OpEx - Taxonomy-aligned (excluding gas and nuclear)	4.63%	4.39%	0.00%
OpEx - Not Taxonomy-aligned	95.36%	95.60%	100.00%

 This symbol denotes sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU's Taxonomy Regulation 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Sustainable investments with an environmental objective not aligned with the EU taxonomy accounted for 27.60%. The fund has not committed to investments aligned with the EU taxonomy.

What was the share of socially sustainable investments?

The subfund does not commit to having a minimum share of socially sustainable investments. However, when assessing issuers, the subfund manager does look at their employment characteristics, respect for human rights and employee rights, management conduct, and corporate social responsibility.

What investments were included under “Other”, what was their purpose and were they covered by any minimum environmental or social safeguards?

The subfund holds cash, derivatives, as well as investments 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).



What actions have been taken to attain the environmental and/or social characteristics during the reference period?

The subfund promotes ESG characteristics by investing primarily in companies chosen for their good environmental, social and governance practices and their financial qualities. This approach consists of selecting the best companies within the investment universe according to ESG criteria.

During 2024, we constantly adjusted the portfolio to meet our commitments. For example, we sold our shares in BNP Paribas, Commerz Bank and Bouygues, which were no longer compatible with our objectives.



How did this financial product perform compared with its benchmark?

The subfund is actively managed and does not track a benchmark. There is no benchmark representative of our management philosophy and therefore of our investment universe, nor has any index been designated to determine whether the subfund is aligned with the environmental or social characteristics that it promotes. The information requested in this section is therefore not applicable to this product.

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



How does the benchmark differ from a broad market index?

Not applicable



How did this financial product perform with regard to the sustainability indicators designed to determine the benchmark's alignment with the environmental or social characteristics promoted?

Not applicable



How did this financial product perform compared with its benchmark?

Not applicable



How did this financial product perform compared with the broad market index?

Not applicable