

HSBC GLOBAL INVESTMENT FUNDS – GLOBAL CORPORATE BOND CLIMATE TRANSITION

Legal entity identifier: 213800QEYRD0II07S350

Environmental and/or social characteristics

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.



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/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___ 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 environmental and/or social characteristics (“**E/S characteristics**”) promoted by this sub-fund are:

1. The Investment Adviser will construct a **portfolio that is on a clear and measurable path** to decarbonise overtime.
2. The sub-fund identifies **which issuers are on a clear and measurable transition pathway** as informed by HSBC Asset Management’s proprietary climate transition assessment to determine an issuer’s progress or commitment towards alignment with “Net Zero” pathways
3. Consideration of **responsible business practices in accordance with United Nations Global Compact (“UNGC”) and OECD Guidelines for Multinational Enterprises (“OECD”) principles**. Where instances of potential violations of UNGC principles are identified, issuers will be subject to HSBC’s proprietary ESG due diligence checks to determine their suitability for inclusion in the sub-fund’s portfolio and, if deemed unsuitable, excluded.
4. A minimum proportion of the sub-fund shall meet **minimum ESG standards**, with the issuers that the sub-fund invests in meeting minimum ESG and E and S and G score levels.

5. Excluding activities covered by HSBC Asset Management’s Responsible Investment Policies (the “**HSBC Excluded Activities**”) and the EU Climate Transition Benchmark exclusions (the “**CTB Excluded Activities**”) (together referred to as the “**Excluded Activities**”) as listed below.

The attainment of the E/S characteristics are measured using the sustainability indicators below, some of which are measured against the ICE Global Corporate Climate Transition Index Hedged USD which is a climate transition benchmark designed to achieve net zero carbon emissions by 2050 as the **Reference Benchmark** for the sub-fund. However, this benchmark has not been designated for the purpose of achieving the E/S characteristics promoted by the sub-fund.

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

Sustainability indicators measure the attainment of each promoted E/S characteristic and are therefore a key consideration in the Investment Adviser’s investment decision making process which comprise of:

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

	Environmental/Social characteristic	Sustainability indicator
1.	Portfolio on a clear and measurable path	Portfolio decarbonisation over a clear and measurable path to climate transition, demonstrated with a weighted average carbon intensity of the portfolio, compared to the weighted average carbon intensity of the constituents of the Reference Benchmark.
2.	Issuers are on a clear and measurable transition pathway	Issuers that are positively categorised within the HSBC Asset Management proprietary climate transition assessment. The Investment Adviser considers that for a sub-fund that is decarbonising at a portfolio level, it may consider the following classifications for Issuers on a clear and measurable pathway, Achieving Net Zero, Aligned, Aligning, Committed to Aligning or Not Aligned with Green Solutions
3.	Responsible business practice in line with UNGC and OECD principles	All investments are assessed against the ten principles of the UNGC and the OECD. Issuers that are identified as having violated one of the ten principles of the UNGC or OECD guidelines are systematically excluded, unless they have gone through an ESG due diligence assessment, undertaken by HSBC, and are determined not to be in breach of the principles or guidelines.
4.	Minimum ESG Standards	At least 80% of the sub-fund’s investments shall meet minimum ESG standards, i.e. –the issuers that the sub-fund invests in are required to meet minimum ESG and E, and S and G score levels.
5.	Excluded Activities	Exclusion of issuers that are not in compliance with Excluded Activities.

- **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?**

Not applicable for this sub-fund.

- **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?**

Not applicable for this sub-fund.

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

Not applicable for this sub-fund.

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

Not applicable for this sub-fund.

The EU Taxonomy sets out a “do not 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.

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.



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

- Yes, HSBC Asset Management considers Principal Adverse Impacts (“PAIs”) at group level as part of its stewardship process and issuers that are identified for severe violations or worst in class performers on certain PAIs may be subject to further dialogue and ESG due diligence. Certain PAIs will also be considered through exclusions - including for example controversial weapons and UNGC violations. Potential UNGC violations are identified by a third-party controversies-based research service.

The sub-fund will specifically consider the following PAIs:

- Greenhouse gas emissions (Scope 1, Scope 2 & Scope 3)
- Carbon footprint (Scope 1 & Scope 2)
- Greenhouse gas intensity of investee companies (Scope 1 & Scope 2)
- Violation of UNGC and OECD principles
- Share of investment involved in controversial weapons

The performance of these PAIs will be included in the Company’s annual report.

Further information can also be found in HSBC's User Guide on Principal Adverse Impacts available on the website at: www.assetmanagement.hsbc.com/about-

us/responsible-investing - select your location and then choose Policies and Disclosures.

No



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

What investment strategy does this financial product follow?

The sub-fund aims to provide long term total return and promote climate transition as its ESG characteristics at issuer level by investing in a portfolio of corporate bonds issued by issuers that are deemed to be on a clear and measurable path to climate transition, and at portfolio level by seeking a reduction in carbon intensity (calculated as a weighted average of the carbon intensities of the sub-fund's investments relative to the weighted average of the carbon intensities of the constituents of the Reference Benchmark).

The sub-fund invests (normally a minimum of 80% of its net assets) in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued in both developed markets and Emerging Markets. Investments will be denominated in developed market and Emerging Market currencies.

The sub-fund will invest a minimum of 80% of net assets in fixed income securities issued by issuers that are deemed to be on a clear and measurable path by meeting certain climate transition related criteria ("**Climate Transition Criteria**").

HSBC Asset Management has developed a proprietary climate transition assessment that evaluates an issuer's transition towards Net Zero. Net Zero in this context means that the total greenhouse gas emissions released into the atmosphere equal to the total greenhouse gas emissions removed from the atmosphere. The purpose of the climate transition assessment is to determine an issuer's progress or commitment towards alignment with Net Zero pathways (i.e. the projected emissions allowed to an issuer through to 2050 to meet the Paris Agreement goal to limit the temperature increase to 1.5 degrees Celsius compared to pre-industrial levels). Issuers are assessed for their emissions' performance, such as emission projections based on decarbonisation targets and robustness of climate governance, emission disclosures and green strategies. The outcome of the assessment currently categorises issuers as Achieving Net Zero, Aligned, Aligning, Committed to Aligning or Not Aligned.

The Investment Adviser considers that an issuer meets the Climate Transition Criteria when it is categorised as Achieving Net Zero, Aligned, Aligning, Committed to Aligning or Not Aligned but with green solutions. For example, a "Committed to Aligning" issuer would be expected to demonstrate a long-term decarbonisation goal consistent with achieving global net zero by 2050, whereas an "Aligned" issuer would be expected to have emission projections aligned to a 1.5°C pathway while demonstrating robust climate management approach, assessed through consideration of some of the following themes: emission performance that is on track of its short, medium and long-term decarbonisation targets (as evidenced by both reported and estimated data sources), climate governance such as the executive oversight of environmental strategy and performance and evidence of revenue-generating products and/or services that contribute to a low-carbon economy. A "Not Aligned but with green solutions" issuer may not have a public

commitment to decarbonise but would generate at least 20% of their total revenues from products and/or services that mitigate or contribute to the removal of greenhouse gas emissions. Issuers which issue “green bonds” meeting the Green Bond Principles of the International Capital Market Association would also be considered as meeting the Climate Transition Criteria.

The assessments of issuers are reviewed periodically with updated information on the different quantitative and qualitative metrics and may result in an issuer’s classification being upgraded, downgraded or staying the same. The climate transition assessment is expected to adapt over time as climate and financial data evolve, including the standards and scenarios used in the assessment.

Further details on HSBC’s Net Zero classifications can be found in HSBC’s Responsible Investment Methodology document available on the website at: www.assetmanagement.hsbc.com/about-us/responsible-investing - select your location and then choose Policies and Disclosures.

In addition, the Investment Adviser aims to construct a portfolio which aims for a lower carbon intensity, calculated as a weighted average of the carbon intensities of the sub-fund’s investments, than the weighted average of the carbon intensities of the constituents of the Reference Benchmark which has been designed to achieve net zero carbon emissions by 2050.

All issuers in the sub-fund’s investment universe will be assessed for carbon intensity data and the Investment Adviser will exclude issuers with insufficient data to establish their carbon intensity.

Climate Transition Criteria are proprietary to HSBC, subject to ongoing research and may change over time as new criteria are identified.

The sub-fund will have a minimum proportion of the investments that meet minimum ESG standards with the issuers that the sub-fund invests in meeting minimum ESG and E and S and G score levels. The required ESG standards are measured via a minimum ESG total score as well as minimum E, and S and G scores for each separate sub-component. These scores represent the management of ESG risks or opportunities that are relevant to the sector in which the issuer operates. The issuers that have very low scores are deemed to have poor management of ESG risks and opportunities and are therefore excluded from contributing to promotion of environmental and social factors and corporate governance practices of the sub-fund.

Climate Transition Criteria, environmental and social factors, corporate governance practices and Excluded Activities and the need for ESG due diligence may be identified and analysed by using, but not exclusively, HSBC’s proprietary ESG Materiality Framework and scores, fundamental qualitative research and corporate engagement. When assessing issuers’ ESG scores, Climate Transition Criteria, carbon intensity, or their involvement in Excluded Activities, the Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.

The sub-fund is actively managed and the investment strategy is implemented on a continuous basis through compliance and monitoring of the binding elements as listed below.

- **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 binding elements of the investment strategy used to select the investments to attain each of the E/S characteristics are:

- The sub-fund will invest a minimum of 80% of its net assets in fixed income securities issued by issuers with a clear and measurable pathway as informed by HSBC Asset Management’s proprietary climate transition assessment that evaluates an issuer’s transition towards Net Zero.
- The sub-fund commits to have a minimum of 80% investments that are aligned with the E/S characteristics promoted by the sub-fund.
- The sub-fund will have a lower carbon intensity (calculated over a rolling 12-month period), calculated as a weighted average of the carbon intensities of the sub-fund’s investments, than the weighted average of the carbon intensities of the constituents of the Reference Benchmark.

Issuers considered for inclusion within the sub-fund's portfolio will be subject to Excluded Activities including but not limited to:

HSBC Excluded Activities	Details
Banned Weapons	<p>The sub-fund will exclude issuers HSBC considers to have verified or strongly indicated involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions.</p> <p>Where HSBC has identified potential involvement, those issuers may be subject to ESG due diligence checks to determine whether those issuers should be excluded from a sub-fund’s portfolio.</p> <p>Banned weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions & non-detectable fragments.</p>
Controversial Weapons	<p>The sub-fund will not invest in issuers HSBC considers to be directly involved in the production of controversial weapons or their key components. Controversial weapons include depleted uranium ammunition and depleted uranium armour, incendiary weapons, nuclear weapons and white phosphorus weapons.</p> <p>Where HSBC has identified potential involvement, those issuers may be subject to ESG due diligence checks to determine whether those issuers should be excluded from a sub-fund’s portfolio.</p> <p>HSBC may continue to invest in issuers with immaterial involvement. HSBC defines immaterial involvement as being issuers where less than 5% of revenues is derived from the production of controversial weapons or its key components.</p>
Thermal Coal 1 (Expanders)	<p>The sub-fund will not participate in initial public offerings (“IPOs”) or primary fixed income financing by issuers HSBC considers to be engaged in the expansion of thermal coal production.</p>
Thermal Coal 2 (Revenue threshold)	<p>The sub-fund will not invest in issuers HSBC considers having more than 10% revenue generated from thermal coal power generation or extraction and which, in the opinion of HSBC, do not have a credible transition plan.</p>
Arctic Oil & Gas	<p>Sub-funds will not invest in issuers HSBC considers to have more than 10% of their revenues generated from oil & gas extraction in the Arctic region and which, in the opinion of HSBC, do not have a credible transition plan.</p>

Oil Sands	Sub-funds will not invest in issuers HSBC considers to have more than 10% of their revenues generated from oil sands extraction and which, in the opinion of HSBC, do not have a credible transition plan.
Shale Oil	Sub-funds will not invest in issuers HSBC considers to have more than 35% of their revenues generated from the extraction of Shale Oil and which, in the opinion of HSBC, do not have a credible transition plan.
Tobacco	The sub-fund will not invest in issuers HSBC considers to be directly involved in the production of tobacco.
UNGC	The sub-fund will not invest in issuers HSBC considers to be non-compliant with United Nations Global Compact (UNGC) Principles. Where instances of potential violations of UNGC principles are identified, issuers may be subject to proprietary ESG due diligence checks to determine their suitability for inclusion in a sub-fund's portfolio.

In addition, HSBC apply the CTB Excluded Activities regarding investments in issuers for this sub-fund. In respect of investments in Green Bonds, the below exclusions will be applied at the level of the green bond proceeds, with the exception of the UNGC and OECD exclusions, which will be assessed at the level of the green bond issuer:

Additional CTB Excluded Activities	Details
Controversial weapons	The sub-fund will not invest in issuers involved in any activities related to controversial weapons, namely anti-personnel mines, cluster munitions, chemical weapons and biological weapons.
Tobacco	The sub-fund will not invest in issuers involved in the cultivation and production of tobacco.
UNGC and OECD	The sub-fund will not invest in issuers in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

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

The sub-fund does not have a committed minimum rate to reduce the scope of investments, however, its investment universe is naturally reduced based on its climate transition criteria as set out above.

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

Investments in the sub-fund are assessed for minimum good governance practices through consideration of UNGC principles, additionally good governance practice of issuers is viewed through ESG and G pillar scores. Investments considered to be Sustainable Investments must pass an additional good governance screen before they can be designated as such.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. UNGC violations are assessed through ESG due diligence as well as screening which are used to identify issuers that are considered to have poor governance. Issuers which meet the criteria of sustainable investment are assessed through minimum governance scores to ensure higher standards of governance and no association with severe controversy. Where relevant those issuers will then be subjected to further review, action and/or engagement.

HSBC's Stewardship team meets with issuers regularly to improve HSBC's understanding of their business and strategy, signal support or concerns we have with management

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

actions and promote best practice. HSBC believes that good corporate governance ensures that issuers are managed in line with the long-term interests of their investors.



What is the asset allocation planned for this financial product?

The sub-fund does not commit to holding a minimum percentage of sustainable investments (#1A Sustainable).

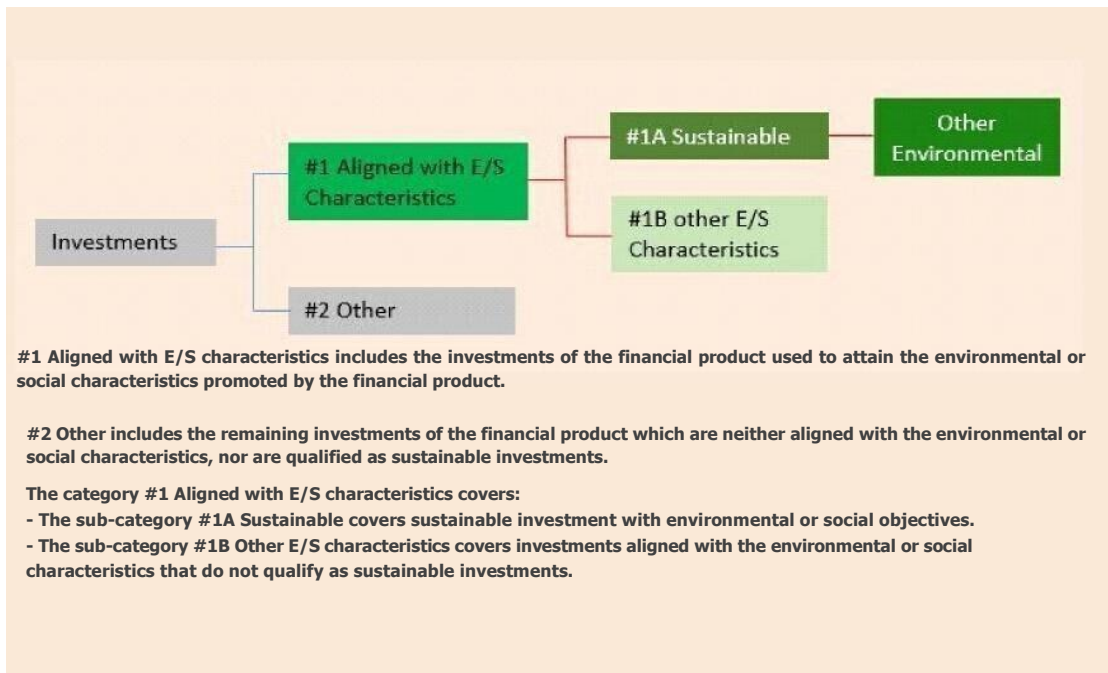
The sub-fund will have a minimum proportion of 80% of investments that are aligned with the E/S characteristics it promotes (#1 Aligned with E/S Characteristics). (#2 Other) includes liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments which may be used for efficient portfolio management.

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.

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

The sub-fund will not use derivatives to attain the E/S characteristics of the sub-fund.



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

Not applicable for this sub-fund.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

Yes:

In fossil gas

In nuclear energy

No

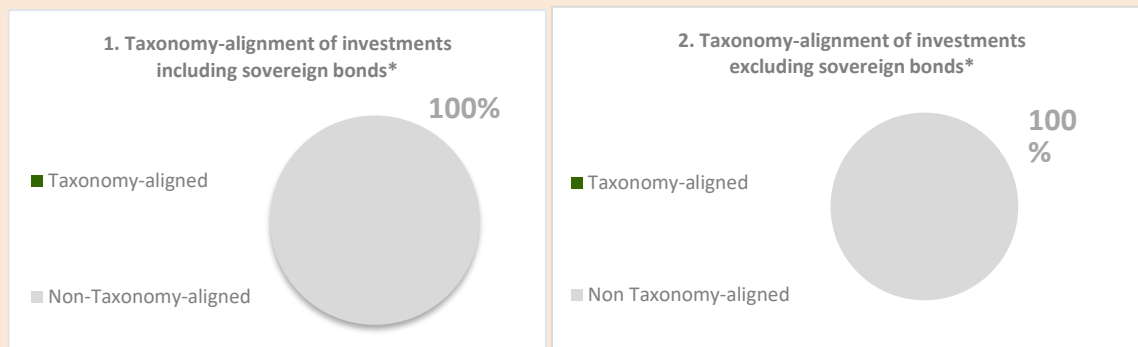
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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.

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 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.



This graph represents 100% of the total investments

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

Not applicable for this sub-fund.



are 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?

Not applicable for this sub-fund.



What is the minimum share of socially sustainable investments?

Not applicable for this sub-fund.



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

The sub-fund may invest in money market funds for liquidity management purposes, hold liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds), financial derivative instruments may also be used for efficient portfolio management. This may also include investments that are not aligned for other reasons such as corporate actions and non-availability of data.

Liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments are not considered to be aligned with E/S characteristics within the sub-fund and do not have any minimum environmental or social safeguards applied. However, money market funds which meet the requirements of Article 8 SFDR are deemed to have minimum environmental or social safeguards.



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?

No.

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

Not applicable for this sub-fund.

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

Not applicable for this sub-fund.

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

Not applicable for this sub-fund.

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

Not applicable for this sub-fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website: www.assetmanagement.hsbc.com

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