

Product name: HSBC EURO GVT BOND FUND

Legal Entity Identifier:

9695008B49FJ4QA9GZ24

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?



Yes



No

The Fund made **sustainable investments with an environmental objective**: _%

in economic activities that are considered environmentally sustainable under the EU Taxonomy

in economic activities that are not considered environmentally sustainable under the EU Taxonomy

The product carried out **sustainable investments with a social objective**: _%



The product promoted **environmental and/or social characteristics (E/S)** and although it did not have sustainable investment objectives, sustainable investments accounted for 15.45% of its assets.



with an environmental objective and carried out in activities that are not considered environmentally sustainable under the EU Taxonomy



with an environmental objective and carried out in activities that are not considered environmentally sustainable under the EU Taxonomy



With a social objective



The product promoted E/S characteristics, but **did not carry out any sustainable investments.**

Sustainable investment refers to an investment in an economic activity that contributes to an environmental or social objective, provided that it does not cause significant harm to any of those objectives and that investee companies apply best governance practices.

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



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

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

The fund promotes E, S and G characteristics by investing principally in Euro-denominated bonds issued or guaranteed by a Member State of the Economic and Monetary Union, UCITS invested exclusively in securities issued or guaranteed by these governments, and Euro-denominated bonds issued by supranational issuers.

The non-financial approach consists in obtaining a better ESG rating for the Fund compared to the benchmark (FTSE EMU Government Bond Index (EGBI)). The ESG rating is calculated as a weighted average of the MSCI ESG ratings assigned to the issuers of portfolio holdings.

To this end, ESG benchmarks are embedded within the investment process. ESG benchmarks may include, but are not limited to, environmental and social factors that could have a material impact on the financial performance of a given issuer and its market valuation. The fund aims to increase exposure to ESG and/or sustainability bonds. In addition, the fund commits to carrying out enhanced due diligence on issuers considered to carry high risks due to a poor ESG assessment from the management company. This enhanced due diligence may result in the exclusion of the issuer.

The fund is managed actively and aims to outperform its benchmark over the recommended investment horizon: FTSE EMU Government Bond Index (EGBI). However, this index was not designated to determine whether the fund is aligned with the environmental or social characteristics it promotes.

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

Indicator	Fund	Benchmark
ESG Score	6.44	6.15
E Pillar	4.50	4.13
S Pillar	7.37	7.38
G Pillar	7.16	7.12
15. GHG intensity - Metric in kilo tons per unit of GDP (in millions of Euros)	122.79	140.86
16. # Participating countries subject to social violations	0.00	0.00
16. % Participating Countries Subject to Social Violations	0.00%	0.00%

Reporting data as of December 31, 2023

Benchmark - FTSE EGBI

● **... and compared to previous periods?**

Not applicable

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

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

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

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

Principal adverse impacts

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

How were negative impact indicators taken into account?

The assessment of issuer compliance with DNSH is carried out as part of HSBC Asset Management's sustainable investment process, which includes the consideration of principal adverse impacts (PAI). This involves conducting a holistic analysis of the company based on its multiple impacts for sustainability, rather than focusing on a single dimension. When an issuer has been identified as potentially controversial, it loses its status as a sustainable investment. Thus, all relevant PAIs are reviewed and integrated into the investment process using an approach that combines exclusions (sector-based, the most severe ESG controversies, and norms-based exclusions...) with voting and stewardship initiatives to foster and sustain a dynamic force for change within companies. In addition, a company will be considered non-sustainable when it does not comply with the UN Global Compact Principles and its associated international standards, conventions and treaties, or if it is involved in weapons banned by international conventions. Except for the latter two PAIs, we use proxies. In our view, setting exclusion thresholds (e.g., GHG emissions) for each of the PAIs is not always relevant and could jeopardize the fact that many sectors and companies are on transition trajectories. In addition, shareholder engagement is essential to ensure that companies with limited disclosure, particularly in emerging economies, are initially excluded from the definition of sustainable investing and allow us to catalyse positive environmental or social change. For example, we apply a 10% threshold on revenue derived from thermal coal mining (and power generation from thermal coal) as an exclusion filter to indirectly address all PAIs related to Greenhouse Gas emissions.

HSBC uses external providers to identify companies and governments with a poor track record with regards to managing ESG risks. A description of HSBC's sustainable investing methodology can be found on the company's website: <http://www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsibleinvesting/policies>

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

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

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

The principle of "do no significant harm" to environmental or social objectives applies only to the underlying investments within the Fund that take into account the European Union's criteria regarding environmentally sustainable activities. The underlying investments within the remaining segment of this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

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



How did this financial product consider principal adverse impacts on sustainability factors?

The fund promotes all pillars (E, S and G). Therefore, the main sustainability indicator used to measure the ESG performance of the portfolio is the ESG score. The fund aims to improve the portfolio's ESG (Environment/Social/Governance) rating relative to the fund's representative investment universe: the FTSE EMU Government Bond Index (EGBI).

The Fund also takes into consideration the principal adverse impacts listed below:

- Intensity of beneficiary countries' greenhouse gas emissions,
- Investment countries subject to social violations.



What were the main investments held by this financial product?

The Fund's **largest positions** are listed below:

31/12/23

Largest investments	Sector	% assets	Country
Government Of France 0.75% 25-May-2028	Sovereign	5.73%	France
Government Of Spain 1.95% 30-Jul-2030	Sovereign	4.44%	Spain
Government Of Spain 1.6% 30-Jul-2025	Sovereign	3.98%	Spain
Government Of Italy 0.95% 01-June-2032	Sovereign	3.93%	Italy
Government Of Italy 2.0% 01-Feb-2028	Sovereign	3.85%	Italy
Government Of Italy 0.95% 01-Aug-2030	Sovereign	3.54%	Italy
Government Of Austria 2.4% 23-May-2034	Sovereign	3.39%	Austria
Government Of Italy 2.3% 15-Feb-2033	Sovereign	3.28%	Germany
Government Of France 0.0% 25-feb-2026	Sovereign	3.16%	France
Government Of Spain 1.4% 30-apr-2028	Sovereign	2.96%	Spain
Government Of Germany 0.0% 15-aug-2030	Sovereign	2.83%	Germany
Government Of France 4.25% 25-oct-2023	Sovereign	2.80%	France
Government Of Finland 1.5% 15-Sep-2032	Sovereign	2.73%	Finland
Government Of Italy 1.6% 01-June-2026	Sovereign	2.59%	Italy
Government Of Italy 0.5% 15-Feb-2025	Sovereign	2.50%	Germany

Cash and derivatives are excluded

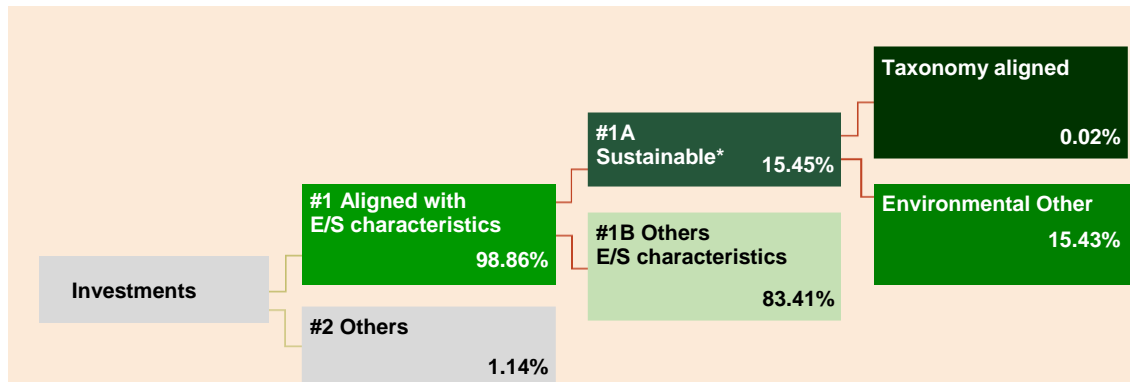


What was the percentage of sustainability-related investments?

Sustainable investments accounted for 15.45% of assets.

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

What was the asset allocation?



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

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

Category **#1 Aligned** with E/S characteristics includes:

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

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

In which sectors did the Fund invest?

Sector/ Sub-Sector	% assets
Sovereign	98.34%
Cash and derivatives	1.27%
Finance	0.09%
Other	1.48%
Total	100.0%

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



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

The fund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the European Union's taxonomy. However, when assessing issuers, the fund manager takes into account an environmental PAI.

● Did the financial product invest in EU taxonomy-compliant fossil gas and/or nuclear energy activities? ¹

Yes: In fossil gas In nuclear energy

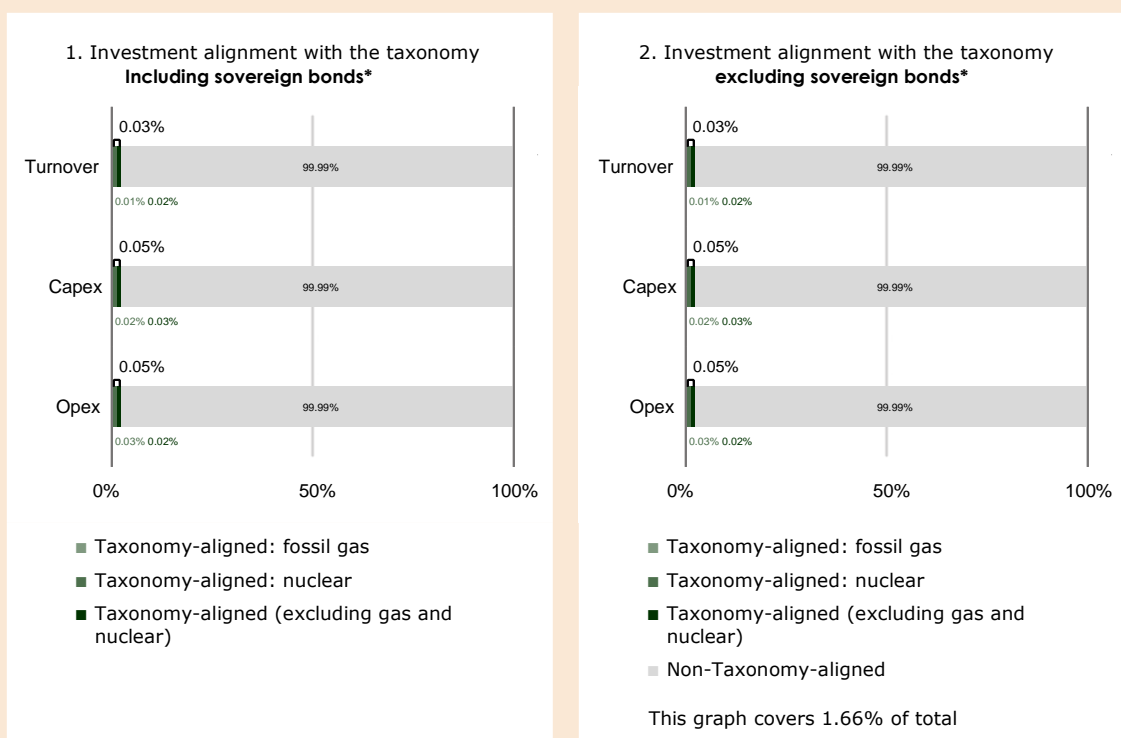
No

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

Taxonomy-aligned activities are expressed as a percentage:

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

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




*In these charts, the "sovereign bonds" category includes all sovereign exposure.


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


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


- **What was the percentage of investments made in transitional and enabling activities?**
During the reporting period, investments in transitional and enabling activities accounted for 0.01% and 0.01% of total assets, respectively.
- **Has the percentage of EU Taxonomy-aligned investments changed compared to previous reference periods?**
Not applicable.

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

 **Specify the minimum percentage of sustainable investments promoting an environmental objective but not aligned with the EU taxonomy.**
15.43%

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

 **What investments were included in the "other" category, what was their purpose, and did minimum environmental or social safeguards apply?**
The Fund held cash, derivatives, as well as investments that could not undergo extra-financial analysis due to the unavailability of ESG data. Derivatives are used for the purpose of adjusting portfolio risk (exposure, hedging, arbitrage).

 **What measures were taken to achieve environmental and/or social characteristics during the reporting period?**
Environmental and/or social characteristics were taken into account via the portfolio's ESG score, which is higher than that of the index.



How did this financial product perform compared to the benchmark?

The Fund is managed actively and independently from a benchmark designed to determine whether the Fund is aligned with the environmental or social characteristics that it promotes. As a result, the information requested in this section is not applicable to the product.

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

- ***How does the benchmark differ from a broad market index?***
Not applicable
- ***How did this financial product perform against sustainability indicators aimed at measuring the benchmark's alignment with the environmental or social characteristics promoted?***
Not applicable
- ***How did this financial product perform compared to the benchmark?***
Not applicable
- ***How did this financial product perform compared to the broad market index?***
Not applicable