

## PROSPECTUS

### I. General characteristics

► **Name:**

**HSBC RESPONSIBLE INVESTMENT FUNDS**

► **Legal form and Member State in which the fund was established:**

French SICAV (open-ended investment fund).

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

SICAV authorised under the Nanterre Trade and Companies Register 682 002 134 and SIRET 682 002 134 00026

By the French financial markets authority (AMF) on 11 October 1998

► **Date of creation and expected term:**

The SICAV was created on 2 December 1968 for a term of 99 years.

The subfunds below were created on 12 July 2019 through the merger of the following mutual funds:

- **HSBC EUROPE EQUITY GREEN TRANSITION**, established on 22 March 2002, which became the HSBC RESPONSIBLE INVESTMENT FUNDS – EUROPE EQUITY GREEN SOLUTIONS subfund
- **HSBC SRI GLOBAL EQUITY**, established on 19 November 1999 as the HSBC RESPONSIBLE INVESTMENT FUNDS – SRI GLOBAL EQUITY subfund
- **HSBC SRI EUROLAND EQUITY**, established on 29 December 1995, which became the HSBC RESPONSIBLE INVESTMENT FUNDS – SRI EUROLAND EQUITY subfund
- **HSBC SRI EURO BOND**, established on 12 March 2004, which became the HSBC RESPONSIBLE INVESTMENT FUNDS – SRI EURO BOND subfund

The subfunds below were created on 30 September 2019:

- **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE**
- **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED**
- **HSBC EUROLAND RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC**

► **Summary of the investment management offer:**

- **HSBC Responsible Investment Funds - Europe Equity Green Solutions:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
AC	FR0000982449	Accumulated	EUR	1 thousandth of a share	All subscribers
AD	FR0000982456	Net income: distribution Net realised gains:	EUR	1 thousandth of a share	All subscribers

		Accumulation and/or distribution on the Management Company's decision each year			
<b>IC</b>	FR0011235340	Accumulated	EUR	EUR 100,000*	All subscribers, especially institutional investors
<b>ID</b>	FR0013476181	Net income: distribution Net realised gains: Accumulation and/or distribution on the Management Company's decision each year	EUR	EUR 100,000*	All subscribers, especially institutional investors
<b>K C-D</b>	FR0012114239	Net income and net realised gains: Accumulation and/or distribution on the Management Company's decision each year	EUR	EUR 1,000,000	Reserved for KOREGE
<b>SC</b>	FR0014004XN1	Accumulated	EUR	EUR 25,000,000	All subscribers, especially institutional investors
<b>ZC</b>	FR0013437183	Accumulated	EUR	One thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
<b>BC</b>	FR0013287224	Accumulated	EUR	1 thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

\*With the exception of the management company, which has a minimum of one share

- **HSBC Responsible Investment Funds - SRI Global Equity:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
<b>AC</b>	FR0000438905	Accumulated	Euro	One thousandth of a share	All subscribers
<b>IC</b>	FR0010761072	Accumulated	Euro	€100,000	All subscribers, but especially intended for institutional investors
<b>IC (USD)</b>	FR001400RAJ4	Accumulated	US dollar	\$100,000	All subscribers, but especially intended for institutional investors
<b>ZC</b>	FR0013076007	Accumulated	Euro	One thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
<b>JC</b>	FR0013356722	Accumulated	Euro	One thousandth of a share	Reserved for HSBC group UCIs and mandates
<b>BC</b>	FR0013287265	Accumulated	Euro	One thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

- **HSBC Responsible Investment Funds - SRI Euroland Equity:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
<b>AC</b>	FR0000437113	Accumulated	Euro	One thousandth of a share	All subscribers
<b>IC</b>	FR0010250316	Accumulated	Euro	€100,000	All subscribers, especially institutional investors.
<b>ZC</b>	FR0010250324	Accumulated	Euro	1 share	Reserved for investment funds and mandates of HSBC Global Asset Management (France) (excluding company employee savings schemes and feeder hedge funds).
<b>BC</b>	FR0013287257	Accumulated	Euro	One thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager
<b>SC</b>	FR0014003KN0	Accumulated	Euro	€30,000,000	All subscribers, especially institutional investors.

- **HSBC Responsible Investment Funds - SRI Euro Bond:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
AC	FR0010061283	Accumulated	Euro	One thousandth of a share	All subscribers
AD	FR0011332733	Net income: distribution Net realised gains: Accumulation and/or distribution on the Management Company's decision each year	Euro	One thousandth of a share	All subscribers
IC	FR0010489567	Accumulated	Euro	€100,000*	All subscribers, especially institutional investors
ZC	FR0013015542	Accumulated	Euro	One thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)
BC	FR0013287232	Accumulated	Euro	One thousandth of a share	Subscription for this share is subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager

- **HSBC Responsible Investment Funds - SRI Moderate:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
AC	FR0013443132	Accumulated	Euro	One thousandth of a share	All subscribers
IC	FR0013443140	Accumulated	Euro	€100,000	All subscribers, especially institutional investors.
RC	FR0013443157	Accumulated	Euro	One thousandth of a share	Reserved for UCIs and mandates of HSBC Global Asset Management (France)

- **HSBC Responsible Investment Funds - SRI Balanced:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
AC	FR0013443181	Accumulated	Euro	One thousandth of a share	All subscribers
IC	FR0013443199	Accumulated	Euro	€100,000	All subscribers, especially institutional investors.

- **HSBC Responsible Investment Funds - SRI Dynamic:**

Share type	ISIN codes	Appropriation of distributable amounts	Currency of issue	Minimum initial subscription amount	Target subscribers
AC	FR0013443165	Accumulated	Euro	One thousandth of a share	All subscribers
IC	FR0013443173	Accumulated	Euro	€100,000	All subscribers, especially institutional investors.

► **Where to obtain the most recent annual report and interim statement:**

The SICAV's articles of association, most recent annual documents, and asset composition will be sent within eight working days of the shareholder's written request submitted to the SICAV's delegated financial manager.

HSBC Global Asset Management (France)  
Email: [hsbc.client.services-am@hsbc.fr](mailto:hsbc.client.services-am@hsbc.fr)

## II. Parties

### ► SICAV:

HSBC Responsible Investment Funds

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

### **Composition of the Board of Directors:**

The annual report includes information on the composition of the Board of Directors, as well as the activities carried out by the members of the management body when they are significant compared with those carried out in the SICAV.

This information is produced under the responsibility of each of the members mentioned.

### ► **Delegated Management Company (financial manager):**

#### **HSBC Global Asset Management (France)**

Company address: Cœur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

Portfolio management company authorised by the French financial markets authority (Autorité des Marchés Financiers - AMF) on 31 July 1999 under number GP99026

HSBC Global Management (France) will be responsible for the financial management of the SICAV, AMF filings, the corporate affairs of the SICAV, and oversight.

HSBC Global Asset Management (France) is the delegated Management Company of the SICAV.

### ► **Depositary and custodian:**

#### **CACEIS Bank**

Public limited company, credit institution approved by the ACPR (French prudential supervision and resolution authority), and investment services credit institution

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary's duties cover the tasks, as defined by the applicable regulations, of safekeeping of assets, verification of the validity of the management company's decisions, and monitoring of the cash flows of UCITS.

The depositary is independent of the management company.

#### Agents:

The description of the delegated asset custody functions, the list of delegates and sub-delegates of CACEIS Bank, and the information related to conflicts of interest that may arise out of these delegations are available on the CACEIS website: [www.caceis.com](http://www.caceis.com)

Up-to-date information is available to investors upon request.

### ► **Subscription and redemption order centralising agent appointed by the Management Company:**

#### **CACEIS Bank**

Public limited company, credit institution approved by the ACPR (French prudential supervision and resolution authority), and investment services credit institution

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

The depositary is also responsible, by delegation of the Management Company, for managing the liabilities of the SICAV, which covers the centralisation of subscription and redemption orders for shares of the SICAV as well as the management of SICAV's share issue account.

► **Statutory auditor:**

**Ernst & Young et Autres**

Tour First

TSA 14444

92037 Paris – La Défense Cedex

Represented by Youssef Boujanoui

► **Marketing agent(s):**

**HSBC Global Asset Management (France)**

Company address: Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Agents:**

**Administrative and Accounting Manager**

CACEIS Fund Administration

Company address: 89-91 rue Gabriel Péri – 92120 Montrouge

Postal address: 12 place des États-Unis - CS 40083 - 92549 Montrouge CEDEX

CACEIS FUND ADMINISTRATION, a subsidiary of the CACEIS group, is a commercial company specialising in UCI accounting.

Among its responsibilities are valuation of the SICAV and preparation of interim documents.

**III. Operating and management procedures**

**3.1 General characteristics:**

These general characteristics are common to all of the SICAV's subfunds.

► **Characteristics of the shares:**

**Nature of the rights attached to the shares:** each shareholder has a voting right proportional to the number of shares held.

**Liability accounting** is administered by CACEIS Bank

The shares are administered by Euroclear FRANCE.

**Voting rights:** as voting rights are attached to the SICAV shares, decisions are taken by the SICAV's Board of Directors at the initiative of the Management Company.

**Form of shares:** bearer or registered shares, at the option of subscribers. Subscriptions in directly registered form are authorised only on the prior decision of the management company.

**Fractional units:** Subscriptions and redemptions may be down to thousandths of shares.

► **Closing date:**

Final valuation day of December (closure of 1<sup>st</sup> financial year: last trading day of December 1969).

► **Taxation:**

The SICAV is not subject to corporate tax. In accordance with the principle of transparency, the tax authorities consider that the shareholder is the direct holder of a fraction of the financial instruments and cash held in the SICAV.

The tax system applicable to the amounts distributed by the SICAV or to the unrealised or realised capital gains or losses of the SICAV depends on the tax provisions applicable to the investor. The investor is advised to contact a specialised advisor on this matter.

The following subfunds are eligible for the PEA (equity savings plan):

- HSBC Responsible Investment Funds – Europe Equity Green Solutions;
- HSBC Responsible Investment Funds – SRI Euroland Equity;
- HSBC Responsible Investment Funds – SRI Dynamic.

Note:

*Depending on your tax system, any gains and income from holding shares of the SICAV may be subject to taxation. We recommend that you seek advice on this subject from the marketing agent of the SICAV.*

**Provisional measures prohibiting subscriptions to the SICAV from 12 April 2022:**

*Effective 12 April 2022, in view of the provisions of EU Regulation No. 833/2014 as amended and EU Regulation No. 765/2006 as amended, subscription for shares in this SICAV is prohibited to any Russian or Belarusian national, any natural person residing in Russia or Belarus, except (i) for Russian nationals if they are nationals of a Member State of the European Union (EU), a State of the European Economic Area, or Switzerland, or natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU), a Member State of the European Economic Area, or Switzerland and (ii) for Belarusian nationals if they are nationals of a Member State of the European Union (EU) or natural persons holding a temporary or permanent residence permit in a Member State of the European Union (EU).*

**Regulations for Automatic Exchange of Tax Information:**

*“FATCA” refers to Sections 1471 to 1474 of the US Code, any current or future regulation or their official interpretations, any agreement concluded pursuant to Section 1471(b) of the US Code, or any tax regulation, law, or practice adopted pursuant to any intergovernmental agreement concluded with a view to implementing these sections of the US Code. FATCA was implemented in France through the signing of the intergovernmental agreement concluded between France and the United States on 14 November 2013 for application of the US Foreign Account Tax Compliance Act (FATCA).*

*“US Code” refers to the United States Internal Revenue Code of 1986;*

*“Common Reporting Standard (CRS)” refers to Council Directive 2014/107/EU of 9 December 2014 (the “DAC 2 Directive”) amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation as well as the conventions entered into by France enabling the automatic exchange of information in tax matters. This is based on the regulations on the automatic exchange of information in tax matters drafted by the OECD.*

*The FATCA and CRS regulations were transposed into French law by Article 1649 AC of the French General Tax Code. They require financial institutions to formally collect information related to their clients’ US Person status and tax residence of, particularly when they open a financial account.*

*These financial institutions must send to the French tax authorities, for transmission to the corresponding foreign tax authorities, certain information relating to the reportable financial*

accounts of their US Person clients and clients who are tax resident outside of France in an EU Member State or in a country with which an agreement covering the automatic exchange of information is applicable.

The determination of the financial institution upon which these obligations are incumbent depends on how the shares are held.

► **Restrictions on share issuance and redemption for US Persons**

**Green Card Holder** means a person who is a permanent resident of the United States (even if the person does not actually reside in the United States).

**Non-Resident US Investor** means a citizen of the United States (including a Green Card holder) residing outside the United States.

**United States** means the United States of America (i.e. its states and the District of Columbia), its territories and possessions, and all other regions under its jurisdiction.

**United States Citizen** means a person born in the United States, a person with at least one parent who is a United States citizen, or a foreigner who has been naturalised as an United States citizen.

**United States Law** means the laws of the United States, its territories, possessions, and all other areas subject to its jurisdiction. This also includes all applicable rules and regulations, which may be subject to occasional additions and amendments, and which are issued by US regulatory authorities, including but not limited to the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). All references to law in this policy pertain to United States Law.

Shares of the SICAV may not be offered or sold to any US person. For the purposes of this restriction, the term “US person” (“USP”) refers to:

1. A person-who is a citizen of the United States or holds a Green Card who resides in the United States) under one of the laws of the United States;
2. A person who is a US citizen who has not officially renounced his or her US citizenship (including a person with dual or multiple nationality) or who holds a Green Card although he or she may not reside in the United States;
3. A company, partnership, limited liability company, collective investment vehicle, investment company, joint account, or any other firm, investment or legal entity:
  - a. that was created or organised under a law of the United States,
  - b. that was, regardless of its place of inception or incorporation, incorporated mainly for passive investments (such as a company or an investment fund or a similar entity, other than an employee savings scheme or an employee savings fund); and
    - I. that is held directly or indirectly by one or more “US Persons” who hold, directly or indirectly, a total interest of 10% or more, provided that such US Persons are not defined as meeting the criteria of “Qualified Eligible Person” under CFTC Regulation 4.7(a);
    - II. in which a “US Person” is the general partner, a member of management, the chief executive officer, or any other person with power to direct the activities of the entity;
    - III. where the entity was incorporated by or for a “US Person” primarily for the purpose of investing in securities that are not registered with the SEC, unless such entity is composed of “Accredited Investors” as defined by-Regulation D, 17 CFR 230.501(a)), and none of them is a natural person; or
    - IV. where more than 50% of equity securities with or without voting rights are held directly or indirectly by “US Persons”.
  - c. that is an agency or branch of a foreign entity located in the United States; or
  - d. whose principal place of business is in the United States;

4. A trust:

a. created or organised under the laws of the United States; or

b. where, regardless of where it is incorporated or organised:

I. a founder, trustee, or other person responsible in whole or in part for the investment decisions of the trust is a "US Person";

II. the administration of the trust or its governing documents are under the supervision of one or more US courts; or

III. its income is subject to US income tax, regardless of its source.

5. The estate of a deceased person:

a. who was a resident of the United States at the time of death or whose income is subject to US income tax, regardless of its source; or

b. where, regardless of the residence of the deceased during his or her lifetime, an executor or administrator with full or shared discretion over investment matters is a "US Person" or where the estate is governed by United States law.

6. A benefit or pension plan that is:

a. created and administered in accordance with the laws of the United States; or

b. created for employees of a legal entity that is a US Person or whose principal place of business is located in the United States.

7. A discretionary or non-discretionary or similar account (including a joint account) where:

a. one or more beneficial owners are USPs, or it is held for the benefit of one or more US Persons; or

b. the discretionary or similar account is held by a broker or trustee incorporated in the United States.

If, as the result of an investment in the SICAV, shareholders become a US Person, they shall be prohibited from (i) making additional investments in the SICAV, and (ii) their shares shall be the subject of a forced redemption as soon as possible by the SICAV (subject to the provisions of the applicable law).

From time to time, the management company may amend or waive the aforementioned restrictions.

► **Restrictions on the issuance and redemption of shares for Canadian residents**

The shares of the SICAV appearing in this prospectus may be distributed in Canada only through a distributor appointed by HSBC Global Asset Management (France).

Although investments initiated directly by a Canadian resident are permitted by regulation, HSBC Global Asset Management (France) has decided not to accept them.

Solicited or unsolicited subscriptions by non-residents of Canada (including legal entities) may be authorised by HSBC Global Asset Management (France) provided that the residence address is not in Canada.

Furthermore, this prospectus may not be used for solicitation purposes or constitute a solicitation to subscribe for shares in Canada unless the distributor appointed by HSBC Global Asset Management (France) makes such solicitation.

### 3.2 Special provisions:

#### HSBC RESPONSIBLE INVESTMENT FUNDS - HSBC EUROPE EQUITY GREEN SOLUTIONS

##### ► Creation date

The subfund below was created on 12 July 2019 by merging the following mutual fund:

- HSBC Europe Equity Green Solutions (formerly HSBC Europe Equity Green Transition), formed on 22 March 2002

##### ► ISIN codes:

AC share: FR0000982449  
AD share: FR0000982456  
IC share: FR0011235340  
ID share: FR0013476181  
K C-D share: FR0012114239  
SC share: FR0014004XN1  
ZC share: FR0013437183  
BC share: FR0013287224

##### ► Classification:

International equities

##### ► Management objective:

This subfund:

- Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088)
- Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on sustainable investment is available in the SFDR appendix of the annual report.

The subfund's investment objective is to maximise performance over the recommended investment period of five years by investing in equities issued by European companies whose activities contribute to climate solutions. Portfolio companies are selected for their best environmental, social, and governance practices and for their financial quality.

##### ► Benchmark:

The subfund has no benchmark but for information purposes, the subfund may be compared with broad indices representative of the European equities market, such as the MSCI Europe IMI GDP weighted Net Return. This index captures large-, mid-, and small-cap representation across 15 developed markets countries in Europe.

As administrator of the MSCI Europe IMI GDP weighted Net Return index, MSCI Limited is included in the register of administrators and benchmarks kept by the ESMA.

Additional information on the benchmark is accessible via the website of the administrator, MSCI Limited: <http://www.msci.com>

The management company has a procedure for monitoring benchmarks used. It describes the measures to be implemented if substantial modifications are made to an index or an index ceases to be provided.

► **Investment strategy:**

The subfund invests in equities of all capitalisations issued by European companies whose activities contribute to climate solutions. The security selection process, which consists of two independent and successive steps, is based on both non-financial and financial criteria.

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

The portfolio is constructed as follows:

1) Definition of the universe of securities eligible

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

The initial investment universe consists of around 1,200 European large-, mid-, and small-cap companies.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the Greenfin label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the prospectus.

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](http://www.assetmanagement.hsbc.fr).

The second step then involves defining the universe of eligible securities from within the SRI universe. To achieve its investment objective, the subfund primarily invests (at least 80%) in equities of all capitalisations issued by European companies whose activities contribute to climate solutions. Climate solutions are products or services that directly or indirectly provide essential support for the decarbonisation of players involved in the energy and ecological transition, i.e. the shift from a highly fossil fuel-dependent economic model (oil, gas, coal) to a more sustainable, or even carbon-neutral, model. A detailed description of the above-mentioned products and services can be found in the SFDR appendix to the SICAV's prospectus.

To combat climate change, the subfund actively contributes to the financing of companies that provide the necessary solutions to decarbonise economic players and benefit from green growth. One of the indicators used to monitor and measure the portfolio's environmental performance is the avoided emissions indicator. Emissions avoided correspond to future emissions of green technology compared with conventional technology that the subfund would replace during its life cycle. The subfund aims to have more avoided emissions than those of the MSCI Europe IMI GDP weighted Net Return, the indicator used for information purposes to assess its performance.

This step focuses on analysing companies' activities in order to identify those that belong to sustainable themes such as renewable energy, industry and energy efficiency, the circular economy (including waste management and pollution control in particular) and organic farming.

Securities are then classified on the basis of their green intensity. This green intensity is defined as the contribution of eligible activities relative to the company's total turnover (less than 10%, between 10% and 50%, and more than 50% of turnover).

This step is completed in collaboration with our fundamental research teams, which provide knowledge of the issuers through direct discussions with the companies and the use of external data providers. This step includes an assessment of activities that are contrary to the green transition.

The subfund's investment universe may be extended to securities that are not part of the above-mentioned eco-sectors but are identified as contributing to the strategy's environmental objectives while complying with the exclusion rules mentioned above.

The selected companies are selected for the quality of their ESG profile (2) and for their financial attractiveness (3).

## 2) Selection according to non-financial criteria (SRI filter)

The subfund adopts an active management philosophy based on Environmental, Social, and Corporate Governance (ESG) criteria across the universe (thematic and diversification universe).

The companies identified above are all reviewed and selected according to ESG criteria and sustainability indicators adapted to the specific characteristics of the subfund.

The ESG rating of issuers, used in the selectivity approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

Environmental aspects are connected with the nature of the company's activity and its particular sector. 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. 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.

With regard to Governance, the second Social pillar 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

The relative weight of each of the three pillars 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](http://www.assetmanagement.hsbc.fr)).

The SRI universe consists in taking account of ESG criteria, rating companies, and classifying them into quartiles within each sector.

The SRI selection will be done within the thematic universe, supplemented by the diversification universe.

The SRI filter involves unlimited investment in stocks in the top three quartiles. Stocks in the bottom quartile are excluded. We consider that businesses that meet all these criteria conduct their activities with a long-term development approach.

The SRI universe ratings of the HSBC Responsible Investment Funds - Europe Equity Green Solutions subfund are updated each month.

The subfund's portfolio must be brought into line with changes in quartiles resulting from changes in ratings within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, on an exceptional basis, this period may be extended by three additional months, at the manager's discretion, for companies in the bottom quartile.

For companies for which no data has been disclosed by external data providers, the manager conducts a detailed internal analysis using the company's data. The list of external suppliers of ESG data is available in the subfund's ESG Information section on our website [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)

This "best-in-class" SRI approach aims to select high-rated securities from an ESG perspective, helping to mitigate the potential impact of sustainability risks on portfolio returns.

### 3) Determination of the final portfolio

This step involves analysing securities within the screened universe based on fundamental financial analysis. Investment decisions are based on fundamentals and valuations analysis.

The Transparency Code for the HSBC Responsible Investment Funds - Europe Equity Green Solutions subfund is publicly available at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the theme-based "energy transition" approach and the integration of ESG criteria of the subfund. This information is also available in the annual report.

Information on the ESG quality criteria in the investment policy of this subfund is available on HSBC Global Asset Management's website at [www.assetmanagement.hsbc.fr](http://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, engagement actions, and exercising voting rights attached to the securities held in the portfolio. The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

#### ► Instruments used:

##### **Equities:**

A minimum of 90% of the subfund's assets are invested in the equities of companies of all capitalisation sizes of the countries of the European Union, the United Kingdom and the European Free Trade Association (EFTA).

Exposure to the European equities market is a minimum of 90% and 100% maximum of net assets.

The currency risk arising from investing in equities denominated in European currencies other than the euro are not hedged. The portfolio's exposure to currency risk may reach 100% of its assets.

##### **Debt securities and money market instruments:**

The subfund may hold up to 10% maximum of fixed-rate, variable-rate and inflation-linked bonds, short- and medium-term negotiable securities, and real estate bonds whose rating will be A1/P1 (Standard & Poor's short-term rating or equivalent and/or long-term equivalent), to help achieve the investment objective, but also used for cash management, as well as certificates, listed on European stock exchanges and used to optimise the subfund's income.

However, the Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

Duration: no constraint is imposed on the duration of the securities chosen individually.

Private/public debt allocation: this can be both public and private debt.

**Shares or units of other UCIs or investment funds (up to 10% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

**Derivatives**

The subfund does not use derivatives.

**Securities with embedded derivatives**

The subfund does not use instruments with embedded derivatives, but the portfolio may hold warrants issued in respect of a security held in the portfolio.

Fund manager's target risks:

- equity for exposure purposes;
- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

**Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

**Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

**Repos and reverse repos**

The subfund may not engage in repos and reverse repos.

► **Risk profile:**

**Main risks:**

- **Risk of capital loss:** the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- **Discretionary management risk:** the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times, resulting in lower performance.
- **Equity risk:** the subfund is exposed to equity risk through securities, units, or shares of UCIs and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets.
- **Small- and mid-cap risk:** the subfund may invest in small and mid-caps, which may involve a more significant and rapid decline in the value of the subfund.

As the subfund's exposure to the highly volatile equity markets is between 90% and 100% maximum, the subfund's net asset value may fall significantly.

- **Currency risk:** this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund.
- **Risk of potential conflicts of interest:** the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

**Incidental risks:**

- **Interest rate risk:** the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. **Credit risk:** Credit risk is the risk that the financial position of the issuer will deteriorate, the extreme risk being default by the issuer. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the investment-grade category to the high-yield category.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

## **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or “SDFR”).

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact (“UNGC”), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company’s strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company’s objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company’s website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment’s performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position.

Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

As part of its investment strategy, the subfund makes investments that contribute to the environmental objectives of limiting and adapting to climate change.

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

The subfund does not commit to making investments that contribute to the following environmental objectives:

- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems

For further details, please refer to the Appendix to the prospectus.

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC and AD shares: all subscribers

IC and ID shares: all subscribers, especially institutional investors

K C-D shares: reserved for KOREGE

SC shares: all subscribers, especially institutional investors

ZC shares: reserved for UCIs and mandates managed by HSBC Global Asset Management (France)

BC shares: subscriptions for B shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager. The subfund is intended for investors seeking exposure to the equity markets of innovative European companies in the field of energy transition and offering solutions to the challenges of climate change.

This subfund may be subscribed to as part of a PEA (equity savings plan).

The recommended minimum investment period is 5 years.

The proportion of the portfolio that an investor can invest in this subfund depends on individual factors such as the amount of their assets, their preference for security, and their investment horizon.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

**► Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors’ fees, as well as all income relating to securities that constitute the subfund’s portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points 1 and 2 above may be distributed independently of each other, in whole or in part.

<b>Distributable amounts</b>	<b>Equities AC, IC, ZC, and BC</b>	<b>AD and ID shares</b>	<b>K C-D shares</b>
Net income (1)	Accumulated	Distributed	Accumulation and/or distribution on the Management Company’s decision each year
Net realised gains (2)	Accumulated	Accumulation and/or distribution on the Management Company’s decision each year	Accumulation and/or distribution on the Management Company’s decision each year

**Distribution frequency:**

For AD, ID, and K C-D shares, annual distribution on the Management Company’s decision if the subfund’s accounting result permits it.

**Characteristics of the shares:**

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares or for an amount.

Initial net asset value of the acquired mutual fund:

AC and AD shares: EUR 100

IC shares: EUR 10,000

ID shares: EUR 10,000<sup>1</sup>

K C-D shares: EUR 1,000

SC shares: EUR 1,000

ZC shares: EUR 1,000<sup>2</sup>

BC shares: EUR 100

**Minimum initial subscription amount:**

AC and AD shares: 1 thousandth of a share

IC shares: EUR 100,000 (with the exception of the management company, whose minimum is one share)

ID shares: EUR 100,000

K C-D shares: EUR 1,000,000

SC shares: EUR 25,000,000

ZC shares: 1 thousandth of a share

BC shares: 1 thousandth of a share

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+2 business days	D+2 business days
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

<sup>1</sup> This share class was created on 11 February 2020.

<sup>2</sup> This share class was created on 30 September 2019.

## **Existence of a gate:**

The sub-fund has a gate mechanism to cap redemptions.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

If, at the time of centralisation, combined redemption requests (net of subscriptions) from one or more unitholders account for over 5% of net assets, the management company may choose to spread these redemptions (gate) if it considers the mechanism to be relevant in the circumstances, notably to lower impact on liquidity management. This mechanism preserves the fund's equilibrium and therefore ensures the equal treatment of shareholders.

If the management company chooses to activate the gate mechanism, redemptions (across all share classes) that were not fully honoured on the NAV of the day will be automatically carried over to the next NAV if the gate threshold is exceeded. These redemption orders shall be processed in no order of priority and in the same proportion for each order.

As the sub-fund includes several share classes, the trigger point is identical for all classes.

On each NAV calculation date, if total redemptions minus total subscriptions on the same NAV account for 5% or more of the sub-fund's net assets, the management company may lower each redemption order within the maximum redemption limit of the sub-fund. The management company shall then lower all redemption orders proportionally up to the maximum redemption limit. Redemption requests will therefore be reduced proportionally and expressed as a whole number of shares (rounded up).

The maximum redemption limit of the sub-fund on each NAV calculation date is defined as 5% of the net assets of the Fund, or a higher amount set by the management company if market liquidity permits.

Remaining redemptions over the maximum redemption limit are not cancelled and will be automatically carried forward to the next NAV and handled together with the orders on that NAV. Orders carried forward in this manner cannot be cancelled and will not have priority over subsequent redemptions.

Under such circumstances, and as soon as possible, the Centralising Agent notifies affected shareholders individually of the amount of their order carried forward, as instructed by the management company.

Information is provided on the management company's website if the gate mechanism is activated.

The trigger mechanism is waived in the following cases:

Redemptions followed by a subscription executed on the same day and NAV for an identical number of securities and by the same shareholder will not be carried forward, provided that they were expressly notified to the centralising agent.

Example of a gate mechanism

If on the centralisation date, redemption orders (net of subscriptions) account for 10% of the sub-fund's net assets and the management company chooses to activate the redemption gate clause at 5% of the fund's net assets:

- two days after the NAV date, investors who submitted a redemption order will receive 50% (i.e. 5% divided by 10%) of the total redemption amount they requested;

- the remaining 50% will be carried over to the following NAV date.

If, on the following centralisation date, redemption orders net of subscriptions (new orders + orders carried over) account for 50% of the sub-fund's net assets and the management company chooses to cap redemptions at 40%, all orders, including those previously carried over, will be 80% met (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.*

**Date and frequency of NAV calculation:**

Valuation is daily with the exception of public holidays, within the meaning of the French Labour Code, and days on which Euronext or the London Stock Exchange is closed or not operating. It is carried out at closing prices.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in*

investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate				
		AC and AD shares:	IC, ID, and SC shares:	K C-D shares:	ZC shares:	BC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	3% maximum	3% maximum	6% maximum	6% maximum	3% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None				
Redemption fee not paid into the subfund	net asset value × number of shares	None				
Redemption fee paid into the subfund	net asset value × number of shares	None				

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

#### Charges:

Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.

The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:

- performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;
- activity fees charged to the subfund;
- a share of the income from temporary purchases and sales of securities.

In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.

	Charges to the subfund	Base	Scale rate					
			AC and AD shares:	IC and ID shares:	SC shares:	K C-D shares:	ZC shares:	BC shares:
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1.50% incl. tax	Maximum 0.75% incl. tax	Maximum 0.55% incl. tax	Maximum 0.325% incl. tax	None	Maximum 0.75% incl. tax
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.10% incl. tax (*)					
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Immaterial(**)					
4	Activity fees	Deducted from each transaction	None					

5	Performance commission	Daily net assets	None
---	------------------------	------------------	------

(\*) *Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.*

(\*\*) *The subfund invests less than 20% in UCIs, which is below the regulatory threshold of 20%*

(1) *A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund*

(2) *Operating and other service costs include:*

*I. Fund registration and listing fees*

*:*

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);*
- fees for listing the subfund and publishing net asset values to keep investors informed;*
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function*

*II. Costs for keeping clients and distributors informed*

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;*
- the costs of providing regulatory information to distributors;*
- the costs of providing information to unitholders by all means;*
- information specific to direct and indirect holders: letters to holders;*
- website administration costs;*
- translation costs specific to the subfund.*

*III. Data costs*

- costs of data used for redistribution to third parties;*
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)*

*IV. Depositary, legal, audit, tax fees, etc.*

- statutory audit fees;*
- depositary fees;*
- fees for delegation of administrative and accounting management;*
- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);*
- legal fees specific to the subfund;*
- Costs of creating a new subfund, amortisable over 5 years.*

*V. Costs relating to compliance with regulatory obligations and regulatory reporting*

- costs for submitting regulatory reports to the regulator specific to the subfund;*
- fees for compulsory professional associations*
- operating costs for deployment of voting policies at General Meetings*

**The following costs may be added to the above-listed fees charged to the subfund:**

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;*
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);*
- exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).*

### **Additional information on temporary purchases and sales of securities:**

The Management Company receives no remuneration for these temporary purchases and sales of securities.

Revenue and income generated by repos and reverse repos are fully paid into the subfund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

Operating costs and expenses relating to these transactions may also be borne by the Management Company and not charged to the subfund.

For further information, shareholders are invited to refer to the annual report of the subfund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

#### **Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

### **HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY**

#### **► Creation date**

The subfund below was created on 12 July 2019 by merging the following mutual fund:

- HSBC SRI Global Equity, established on 19 November 1999

#### **► ISIN codes:**

AC shares: FR0000438905

IC shares: FR0010761072

IC shares (USD): FR001400RAJ4

ZC shares: FR0013076007

JC shares: FR0013356722

BC shares: FR0013287265

#### **► Classification:**

International equities

#### **► Management objective:**

This subfund:

- Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on environmental or social characteristics is available in the SFDR appendix to the annual report.

The investment objective of the subfund is to be exposed to international equity markets by picking corporate stocks selected for their good environmental, social, and governance practices and their financial quality. With that in mind, the fund manager aims to seek the best performance through discretionary management on international equity markets over a recommended investment period of at least five years.

► **Benchmark:**

The HSBC Responsible Investment Funds - SRI Global Equity subfund has no benchmark. There is no representative benchmark of our management philosophy and therefore of our investment universe.

For information purposes, the subfund may be compared with the broad indices representative of the international equity market, such as the MSCI World, which does not define the investment universe restrictively but makes it possible to qualify the market performance of the securities represented.

The MSCI World Index is a broad index of companies listed on the stock exchanges of around 23 developed countries.

It is representative of the world's largest capitalisations in developed industrialised countries. This index is calculated in euros and net dividends reinvested by the Morgan Stanley Capital Index (DataStream code: MSWRLD\$(NR)~E).

The MSCI Limited administrator of the MSCI World index is entered in the register of administrators and benchmark indexes kept by the ESMA.

Further information on the benchmark can be found on the MSCI Limited administrator's website at <http://www.msci.com>

The management company has a procedure for monitoring benchmarks used. It describes the measures to be implemented if substantial modifications are made to an index or an index ceases to be provided.

► **Investment strategy:**

At all times, a minimum of 75% of the subfund is invested in and exposed to international equities on the markets of developed countries. The process of selecting securities, consisting of two independent and successive steps, is based on non-financial and financial criteria.

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

1. Non-financial criteria:

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

This initial investment universe is made up of around 1600 securities, mainly including securities of companies listed on international developed markets and, on an ancillary basis, securities of companies from developed industrialised countries outside the OECD.

The subfund is generally invested in large-cap equities (and similar securities), but it reserves the right to invest up to 100% of its assets in small and mid-cap securities.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the SRI label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the prospectus.

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](http://www.assetmanagement.hsbc.fr).

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

- 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 benchmark used for information purposes.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling the portfolio to have an ESG rating higher than that of the benchmark used for information purposes, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

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

The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

- Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

A list of external providers of ESG data is available in the subfund's ESG information section on our website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

The transparency code for the HSBC Responsible Investment Funds - SRI Global Equity subfund is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

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, engagement actions, and exercising voting rights attached to the securities held in the portfolio. The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

## 2. Financial criteria:

The second stage is devoted to the selection of securities within the SRI investment universe based on financial criteria such as company size, liquidity, geographical area, and sectors.

The portfolio is then constructed overweighting stocks with the highest scores while avoiding focus in a single sector, country, or region.

### ► Instruments used:

#### **Equities:**

At all times, a minimum of 75% of the subfund's assets are invested in or exposed to international equities.

The subfund may invest secondarily in securities of developed industrialised countries outside the OECD including emerging countries. The subfund is generally invested in large-cap equities (and similar securities), but it reserves the right to invest up to 100% of its assets in small and mid-cap securities.

#### **Debt securities and money market instruments:**

The manager may invest on an ancillary basis in public or private debt securities with a short-term rating A-1/P-1 (Moody's rating agency) or deemed equivalent by the Management Company as well as in term deposits.

#### **Shares or units of other UCIs or investment funds (up to 10% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

#### **Derivatives**

The manager will not use derivatives.

Currency risk against the euro is not systematically hedged.

#### **Securities with embedded derivatives**

The subfund does not use derivatives.

## Deposits

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

## Cash loans

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the subfund may find itself temporarily in a debit situation and, in this case, borrow cash up to a maximum of 10% of the assets.

## Repos and reverse repos

The subfund may not engage in repos and reverse repos.

## ► Risk profile:

This subfund is influenced by fluctuations in international equities markets. It therefore has a high risk profile.

### Main risks:

- Risk of capital loss: the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- Discretionary management risk: the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times, resulting in lower performance.
- Market risk and equity risk: market risk is the systematic risk incurred by investors due to being invested in the markets, as opposed to the specific risk specific to each security. It is a function of the greater or lesser correlation between the portfolio invested and the market as a whole. The subfund is subject to the risk of fluctuation in the markets in which it is invested. The subfund is exposed to equity risk through UCI securities, units, or equities and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets. The subfund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the subfund.
- Currency risk: this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the euro may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund. The maximum share of the assets exposed to currency risk is 100%.
- Risk of potential conflicts of interest: the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the Management Company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

### Incidental risks:

- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the fund. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to

it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the investment-grade category to the high-yield category. The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

- **Interest rate risk:** the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the fund manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.
- **Emerging market investment risk:** the subfund may invest in emerging markets through securities, units or shares of UCIs and/or financial instruments whose value is likely to fluctuate significantly, which may lead to more significant or rapid decreases in net asset value than the change observed in developed markets. The principal risks related to investments in emerging countries may be the strong volatility of securities, the volatility of currency in these countries, potential political instability, governmental interventionist policies, the existence of different financial and accounting practices and less liquidity.
- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

### **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.
4. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers, but especially intended for institutional clients.

IC (USD) shares: all subscribers, but especially for institutional clients.

ZC shares: shares reserved for investment funds and mandates of HSBC Global Asset Management (France).

JC shares: shares reserved for HSBC Group UCIs and mandates.

BC shares: subscriptions for B shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager.

The recommended minimum investment period is 5 years.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

<b>Distributable amounts</b>	<b>Equities</b>
Net income (1)	Accumulated
Net realised gains (2)	Accumulated

**Characteristics of the shares:**

AC, IC, ZC, JC, and BT shares are denominated in euros.

IC (USD) shares are denominated in US dollars.

Subscriptions and redemptions may be made in thousandths of shares for the AC, IC, IC (USD), ZC, and JC shares.

Subscriptions and redemptions may be made in thousandths of shares or for an amount for the BC shares.

Initial net asset value (of the merged fund for classes created before 12 July 2019):

AC shares: EUR 150.

IC shares: EUR 10,000.

ZC shares: EUR 1,000.

JC shares: EUR 1,000.

BC shares: EUR 100.

Initial net asset value of IC (USD) shares: USD 10,000.

**Minimum initial subscription amount:**

AC shares: one thousandth of a share.

IC shares: EUR 100,000.

IC shares (USD): USD 100,000

ZC shares: one thousandth of a share.

JC shares: one thousandth of a share.

BC shares: one thousandth of a share.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and

redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Subscription and redemption of the JC unit:**

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+2 business days	D+2 business days
Centralisation of subscription orders before 11 a.m.*	Centralisation of redemption orders before 11 a.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution.

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time.

They are executed on the basis of the NAV calculated on the day's closing prices. Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day.

Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Settlements relating to subscription and redemption requests are carried out on the second business day (D+2) following the centralisation date.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Existence of a gate**

The subfund has a gate mechanism.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more shareholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the fund and therefore equal treatment of shareholders.

If the management company triggers the gate, redemption requests, for all share classes combined, not fully honoured by the net asset value calculation date will be automatically carried over to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple share classes, and the trigger threshold will be the same for each share class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then reduce all redemption orders proportionally to meet the maximum redemption limit. Redemption requests will be proportionally reduced and expressed in whole shares (rounded up).

The subfund's maximum redemption limit on each net asset value (NAV) calculation date is defined as 5% of the subfund's net assets or a higher amount at the discretion of the management company if market liquidity permits.

The remaining portion of redemptions exceeding the maximum redemption limit is not cancelled and will be automatically carried over to the next NAV date, where it will be processed in the same manner as redemption orders submitted for the subsequent NAV date. Orders carried over cannot be cancelled and will not take priority over subsequent redemption requests.

In such cases, unitholders affected by the reduction of orders will be individually informed of the amount of their order carried over as soon as possible by the centralising agent, following instructions from the management company.

The triggering of the gate is communicated on the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same shareholder will not be carried over, provided that the centralising agent has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets, and the management company decides to trigger the gate at 5% of the subfund's net assets:

- 2 days after the NAV date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the redemption requested;
- the remaining 50% will be carried over to the next NAV date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of orders carried over) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously carried over, will be 80% honoured (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing*

agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

**Date and frequency of NAV calculation:**

Valuation is daily with the exception of public holidays, within the meaning of the French Labour Code, and days on which Euronext, Eurex, the Chicago Mercantile Exchange, and the London Stock Exchange are closed or not operating. It is carried out at closing prices.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate		
		AC, IC, BC, IC (USD) shares:	ZC shares:	JC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	3% maximum	6% maximum	None
Subscription fee paid into the subfund	net asset value × number of shares	None		
Redemption fee not paid into the subfund	net asset value × number of shares	None		
Redemption fee paid into the subfund	net asset value × number of shares	None		

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.*

*The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:*

- *performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;*
- *activity fees charged to the subfund;*

- a share of the income from temporary purchases and sales of securities.

In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.

	Charges to the subfund	Base	Scale rate			
			AC shares	IC, BC and IC (USD) shares	JC shares:	ZC shares:
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1.50% incl. tax	Maximum 0.75% incl. tax	Maximum 0.375% incl. tax	None
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.05% incl. tax (*)			
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Immaterial(**)			
4	Activity fees	Deducted from each transaction	None			
5	Performance commission	Daily net assets	None			

(\*) Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.

(\*\*) The subfund invests less than 20% in UCIs, which is below the regulatory threshold of 20%

(1) A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund

(2) Operating and other service costs include:

I. Fund registration and listing fees:

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);
- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

II. Costs for keeping clients and distributors informed

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

III. Data costs

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

IV. Depositary, legal, audit, tax fees, etc.

- statutory audit fees;
- depositary fees;
- fees for delegation of administrative and accounting management;

- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);
- legal fees specific to the subfund;
- Costs of creating a new subfund, amortisable over 5 years.

*V. Costs relating to compliance with regulatory obligations and regulatory reporting*

- costs for submitting regulatory reports to the regulator specific to the subfund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

**The following costs may be added to the above-listed fees charged to the subfund:**

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);
- exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).

**Additional information on temporary purchases and sales of securities:**

The Management Company receives no remuneration for these temporary purchases and sales of securities.

Revenue and income generated by repos and reverse repos are fully paid into the subfund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

Operating costs and expenses relating to these transactions may also be borne by the Management Company and not charged to the subfund.

For further information, shareholders are invited to refer to the annual report of the subfund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

**Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties according to a procedure in accordance with applicable regulations. As part of this selection, the management company fulfils its best execution obligation at all times. The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY

### ► Creation date

The subfund below was created on 12 July 2019 by merging the following mutual fund:

- HSBC SRI Euroland Equity, established on 29 December 1995

### ► ISIN codes:

AC shares: FR00000437113

IC shares: FR0010250316

ZC shares: FR0010250324

BC shares: FR0013287257

SC share: FR0014003KN0

### ► Classification:

Eurozone equities

### ► Management objective:

This subfund:

Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on environmental or social characteristics is available in the SFDR appendix to the annual report.

The objective of the HSBC Responsible Investment Funds - SRI Euroland Equity subfund is to maximise the subfund's performance over a recommended investment period of at least 5 years by investing in corporate stocks selected on the basis of their good environmental, social and governance practices and their financial quality.

### ► Benchmark:

The HSBC Responsible Investment Funds - SRI Euroland Equity subfund has no benchmark.

There is no representative benchmark of our management philosophy and therefore of our investment universe.

For your information, the subfund may be compared with broad indexes representative of the eurozone equity markets, such as the MSCI EMU (NR) , which does not define the investment universe restrictively, but solely makes it possible to assess the market performance of eurozone stocks.

Description of the MSCI EMU (NR): large index comprising around 250 equities representing the largest market capitalisations in the eurozone countries. This index is calculated in euros and net dividends reinvested by the Morgan Stanley Capital Index (DataStream code: MSEMUIL(NR)).

The MSCI Limited administrator of the MSCI World index is entered in the register of administrators and benchmark indexes kept by the ESMA.

Further information on the benchmark can be found on the MSCI Limited administrator's website at <http://www.msci.com>

The management company has a procedure for monitoring benchmarks used. It describes the measures to be implemented if substantial modifications are made to an index or an index ceases to be provided.

► **Investment strategy:**

HSBC Responsible Investment Funds - SRI Euroland Equity is invested in eurozone equities. The companies are selected according to Environmental, Social and Corporate Governance (ESG) criteria, as well as to traditional economic and financial criteria. We consider that businesses that meet all these criteria conduct their activities with a long-term development approach.

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

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

1. Non-financial criteria:

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

This initial investment universe consists of around 250 securities, mainly including corporate securities on the equity market of eurozone countries and, on an ancillary basis, on markets outside the eurozone.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the framework of the SRI Towards Sustainability labels, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the prospectus.

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](http://www.assetmanagement.hsbc.fr).

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

- Taking into consideration three specific sustainability indicators: an environmental indicator (greenhouse gas intensity), an indicator relating to respect for human rights (lack of human rights policy), and a social indicator (gender equality indicator within governance bodies).

For the greenhouse gas intensity indicator and the lack of human rights policy indicator, the subfund commits to obtaining a better ESG performance than that of the benchmark used for information purposes.

In addition, in order to comply with the requirements of the Towards Sustainability label, the subfund commits to obtaining a better ESG performance than that mentioned in the label's reference framework for indicators on greenhouse gas intensity and gender diversity within governance bodies. The ESG performances mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling the portfolio to have an ESG rating higher than that of the benchmark used for information purposes, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

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

In addition, to comply with the requirements of the Towards Sustainability label, the portfolio's ESG rating must be 15% higher (in relative terms) than that of the benchmark used for information purposes. The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

A list of external providers of ESG data is available in the subfund's ESG information section on our website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

The transparency code for the HSBC Responsible Investment Funds - SRI Euroland Equity subfund is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

The Subfund also uses an "engagement" approach. This approach is implemented through an engagement policy established by the management company, which involves one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio. The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

## 2. Financial criteria:

The second step is dedicated to the selection of securities within this universe, based on purely financial criteria.

The strategy consists in seeking stocks of companies whose current valuation does not reflect the structural profitability that they are likely to generate in normal times. Investment decisions are based on fundamentals and valuations analysis.

Exposure to currency risk will not exceed 10% of assets.

► **Instruments used:**

**Equities:**

At all times, a minimum of 75% of the portfolio's net assets will be invested in and exposed to the equity market.

The portfolio will be invested in securities of eurozone countries, of all capitalisations, selected according to ESG criteria.

Investments may be made, on an ancillary basis, on markets outside the eurozone.

**Debt securities and money market instruments:**

The subfund invests in debt securities and money market instruments within a proposed range of 0% to 25%, whose rating will be A1/P1 (Standard & Poor's short-term rating or equivalent or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the investment objective and possibly for cash management.

The management company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of the assets and in the selection of securities to buy and sell.

**Shares or units of other UCIs or investment funds (up to 10% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment fund governed by French law, including equity, bond, short-term money market, or mixed funds;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

**Derivatives**

Type of investment markets:

- regulated;
- organised;
- OTC.

Risks in which the manager wishes to trade, for the purpose of hedging, exposure, and arbitrage of the portfolio:

- equity;
- interest rate;
- currency;
- credit;
- other risks (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure; Due to the use of derivatives, there could be an overall overexposure of 100% to equity risk, which could increase the subfund's overall exposure to 200%. The derivatives used could be calls/puts on socially responsible securities.
- arbitrage;
- other type (specify).

Type of instruments used:

- futures;
- options;
- currency swaps; for hedging and/or exposure purposes;
- currency futures for hedging purposes;
- credit derivatives;
- other type (specify).

The Fund shall not use any total return swaps (TRS).

Strategy for using derivatives to achieve the management objective:

- general hedging of the portfolio, certain risks, securities, etc.;
- reconstitution of synthetic exposure to assets (equities and currencies), risks (equity and foreign exchange);
- increase in market exposure and specification of the maximum leverage authorised (up to 2);
- other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.
- The assets accepted as collateral, which may consist of cash, government bonds, short/medium-term negotiable debt securities, and bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bonds must have maximum maturity of 50 years.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered offices are in an OECD member country or a third country with equivalent prudential rules,
- invested in high-quality government bonds,

- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the subfund may recall cash at any time,
- invested in short-term money market collective investment schemes.

Financial collateral delivered in the form of securities and/or cash is held in segregated accounts by the custodian.

### **Securities with embedded derivatives**

The subfund does not use instruments with embedded derivatives, but the portfolio may hold warrants issued in respect of a security held in the portfolio.

Fund manager's target risks:

- equity for hedging and exposure purposes;
- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

### **Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

### **Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

### **Repos and reverse repos**

The subfund may carry out purchases and sales of securities, up to a limit of 10% of its assets.

Types of transactions used:

- repos and reverse repos within the meaning of the French monetary and financial code;
- lending and borrowing of securities within the meaning of the French Monetary and Financial Code;
- other type (specify)

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

Temporary purchases and sales of securities are carried out to achieve the management objective and in the best interest of the subfund. Only fixed-income instruments may be the subject of temporary purchases and sales of securities.

- cash management;
- optimisation of the subfund's income;
- potential contribution to the subfund's leverage;
- other type (specify).

For protection against counterparty default, temporary purchases and sales of securities may give rise to the delivery of financial collateral in the form of securities and/or cash held in separate accounts by the depository. These conditions are stipulated in the section "Derivatives".

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

The counterparties used and financial guarantees put in place in connection with temporary purchases and sales of securities have the same criteria and characteristics as those described in paragraph 3 "Financial futures and options".

Level of use envisaged: up to 10%

Potential leverage: exercised for the optimisation of dividends

Remuneration: see additional information in the "Charges and fees" section.

#### ► Risk profile:

##### **Main risks:**

- **Risk of capital loss:** the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- **Discretionary management risk:** the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times, leading to a weaker performance
- **Equity risk:** the subfund is exposed to equity risk through securities, units, or shares of UCIs and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets. The subfund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the subfund. Due to the use of derivatives, there could be an overall overexposure of 100% to equity risk, which could increase the subfund's overall exposure to 200%.
- **Risk of potential conflicts of interest:** the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depository). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

##### **Incidental risks:**

- **Currency risk:** this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the euro may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund. The maximum share of the assets exposed to currency risk is 10%.

- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.
- **Derivatives risk:** the subfund may invest up to 100% of its assets in futures. This exposure to markets, assets, and indexes through financial futures may lead to significantly greater or more rapid declines in the net asset value than is observed in fluctuations in underlying investments in these instruments.
- **Counterparty risk:** the subfund is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been signed does not meet its obligations (delivery, payment, redemption, etc.).

In this case, the counterparty's breach may decrease the NAV of subfund. This risk is reduced by putting in place financial guarantees between the subfund and the counterparty, such as the exchange of collateral.

- **Interest rate risk:** the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the fund manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.
- **Financial collateral management risk:** the shareholder may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the subfund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the shareholder may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.
- **Credit risk:** the subfund is exposed to credit risk, which is understood as the risk that a debt purchased from a counterparty may not be repaid or that the counterparty's rating is downgraded (change in the rating to a lower rating) and therefore loses some or all of its value.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

### **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify

companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. The subfund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the subfund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic

activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all investors, but especially institutional investors.

ZC shares: reserved for HSBC Global Asset Management (France) UCIs and mandates, excluding company employee savings schemes and feeder hedge funds.

BC shares: subscriptions for BC shares are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager.

SC share: all investors, but especially institutional investors.

This product is directed more specifically to subscribers who wish to choose a product invested in companies that meet high Sustainable Development standards, while at the same retaining, in the long term, a performance objective equivalent to that of traditional equity funds.

The recommended minimum investment period is 5 years.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;

2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

Distributable amounts	Equities
Net income (1)	Accumulated
Net realised gains (2)	Accumulated

**Characteristics of the shares:**

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares or for an amount.

Initial net asset value of the acquired mutual fund:

AC shares: EUR 15.24

IC shares: EUR 100

ZC shares: EUR 100

BC shares: EUR 1,000

SC shares: EUR 1000.

**Minimum initial subscription amount:**

AC shares: one thousandth of a share

IC shares: EUR 100,000

ZC shares: one share

BC shares: one thousandth of a share

SC shares: EUR 30,000,000.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Technical centralisation:** for feeder AIFs (only) of the "HSBC Responsible Investment Funds - SRI Euroland Equity" subfund, the time for centralising subscriptions and redemptions is 12:30 p.m. (Paris time).

#### **Existence of a gate:**

The sub-fund has a gate mechanism to cap redemptions.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

If, at the time of centralisation, combined redemption requests (net of subscriptions) from one or more unitholders account for over 5% of net assets, the management company may choose to spread these redemptions (gate) if it considers the mechanism to be relevant in the circumstances, notably to lower impact on liquidity management. This mechanism preserves the fund's equilibrium and therefore ensures the equal treatment of shareholders.

If the management company chooses to activate the gate mechanism, redemptions (across all share classes) that were not fully honoured on the NAV of the day will be automatically carried over to the next NAV if the gate threshold is exceeded. These redemption orders shall be processed in no order of priority and in the same proportion for each order.

As the sub-fund includes several share classes, the trigger point is identical for all classes.

On each NAV calculation date, if total redemptions minus total subscriptions on the same NAV account for 5% or more of the sub-fund's net assets, the management company may lower each redemption order within the maximum redemption limit of the sub-fund. The management company shall then lower all redemption orders proportionally up to the maximum redemption limit. Redemption requests will therefore be reduced proportionally and expressed as a whole number of shares (rounded up).

The maximum redemption limit of the sub-fund on each NAV calculation date is defined as 5% of the net assets of the Fund, or a higher amount set by the management company if market liquidity permits.

Remaining redemptions over the maximum redemption limit are not cancelled and will be automatically carried forward to the next NAV and handled together with the orders on that NAV. Orders carried forward in this manner cannot be cancelled and will not have priority over subsequent redemptions.

Under such circumstances, and as soon as possible, the Centralising Agent notifies affected shareholders individually of the amount of their order carried forward, as instructed by the management company.

Information is provided on the management company's website if the gate mechanism is activated.

The trigger mechanism is waived in the following cases:

Redemptions followed by a subscription executed on the same day and NAV for an identical number of securities and by the same shareholder will not be carried forward, provided that they were expressly notified to the centralising agent.

Example of a gate mechanism

If on the centralisation date, redemption orders (net of subscriptions) account for 10% of the sub-fund's net assets and the management company chooses to activate the redemption gate clause at 5% of the fund's net assets:

- two days after the NAV date, investors who submitted a redemption order will receive 50% (i.e. 5% divided by 10%) of the total redemption amount they requested;

- the remaining 50% will be carried over to the following NAV date.

If, on the following centralisation date, redemption orders net of subscriptions (new orders + orders carried over) account for 50% of the sub-fund's net assets and the management company chooses to cap redemptions at 40%, all orders, including those previously carried over, will be 80% met (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.*

**Date and frequency of NAV calculation:**

The valuation is daily with the exception of Saturdays, Sundays, legal holidays in France, and days on which the French stock market is closed. It is carried out at closing prices.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

**► Charges and fees:****Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate		
		AC, IC, and SC shares:	ZC shares:	BC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	3% maximum	5% maximum	3% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None		
Redemption fee not paid into the subfund	net asset value × number of shares	None		
Redemption fee paid into the subfund	net asset value × number of shares	None		

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.*

*The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:*

- *performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;*
- *activity fees charged to the subfund;*

- a share of the income from temporary purchases and sales of securities.

In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.

	Charges to the subfund	Base	Scale rate			
			AC shares:	SC shares:	ZC shares:	IC and BC shares:
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1.50% incl. tax	Maximum 0.60% incl. tax	None	Maximum 0.75% incl. tax
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.05% incl. tax (*)			
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Immaterial(**)			
4	Activity fees	Deducted from each transaction	None			
5	Performance commission	Daily net assets	None			

(\*) Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.

(\*\*) The subfund invests in UCIs, which is below the regulatory threshold of 20%

(1) A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund

(2) Operating and other service costs include:

*I. Fund registration and listing fees:*

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);
- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

*II. Costs for keeping clients and distributors informed*

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

*III. Data costs*

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

*IV. Depositary, legal, audit, tax fees, etc.*

- statutory audit fees;
- depositary fees;
- fees for delegation of administrative and accounting management;

- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);
- legal fees specific to the subfund;
- Costs of creating a new subfund, amortisable over 5 years.

V. Costs relating to compliance with regulatory obligations and regulatory reporting

- costs for submitting regulatory reports to the regulator specific to the subfund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

**The following costs may be added to the above-listed fees charged to the subfund:**

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);
- exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).

**Additional information on temporary purchases and sales of securities:**

The Management Company receives no remuneration for these temporary purchases and sales of securities.

Revenue and income generated by repos and reverse repos are fully paid into the subfund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

Operating costs and expenses relating to these transactions may also be borne by the Management Company and not charged to the subfund.

For further information, shareholders are invited to refer to the annual report of the subfund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

**Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

### ► Creation date

The subfund below was created on 12 July 2019 by merging the following mutual fund:

- HSBC SRI Euro Bond, established on 12 March 2004

### ► ISIN codes:

AC shares: FR0010061283

AD shares: FR0011332733

IC shares: FR0010489567

ZC shares: FR0013015542

BC shares: FR0013287232

### ► Classification:

Bonds and other debt securities in euros

### ► Management objective:

This subfund:

- Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).
- Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on environmental or social characteristics is available in the SFDR appendix to the annual report.

The management objective is to increase the long-term capital invested by selecting bonds issued by companies or countries in a universe of issues that meet socially responsible economic, environmental, social and governance criteria.

### ► Benchmark:

This subfund does not have a benchmark.

However, the Bloomberg Euro Aggregate 500MM Index may be used for information purposes. This subfund is actively managed, meaning that it may have a different performance and risk profile than that index. As a result, the index mentioned above is only a comparison with the performance of the subfund.

#### Bloomberg Euro Aggregate 500MM:

This index comprises all fixed rate bonds denominated in euros, with a residual maturity of more than 1 year at the time of rebalancing, with at least 500 million euros in outstandings and with an investment grade rating.

Following Brexit, Bloomberg Fixed Income Indexes, as administrator of the Bloomberg Euro Aggregate 500MM index, must register with the ESMA pursuant to the regime for recognition of third-country administrators under the Benchmark Regulation.

Additional information on the benchmark index is available on the administrator's website: <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/> The management company has a procedure for monitoring the benchmark indexes used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the provision of this index.

► **Investment strategy:**

The subfund will be invested in bonds and debt securities through an issue universe that meets socially responsible economic, environmental, social and governance (ESG) criteria.

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

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

1. Non-financial criteria

The first step in the process consists in determining the subfund's SRI universe 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 with regard to environmental, social, and governance (ESG) by the ISR label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the subfund's rules.

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

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 benchmark used for information purposes reduced to non-government issues.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling part of the portfolio excluding government exposures to have an ESG rating higher than that of the benchmark used for information purposes, reduced to non-government issues, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

The weight of non-government issues in the benchmark used for information purposes is adjusted to reflect the subfund's target sector weightings in the event of significant deviations.

For government issues and exposures:

By using an ESG Selection approach to select the countries with a minimum ESG rating according to the external supplier of ESG data ISS ESG from among euro-denominated issuing countries.

a) Non-government issues

The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

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

- Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

#### b) Government issues and exposures

Euro-issuing countries are ranked 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 scores, resulting from the analysis by the external supplier of ESG data, 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 their representative weight in the Bloomberg Capital Euro Aggregate 500MM index.

- for countries classified between C and D-, investments are not permitted.

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

A list of external providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)

Up to 10% of the subfund's net assets may be invested in stocks not rated according to Environmental, Social, and Governance criteria.

The Subfund also uses an "engagement" approach. This approach is implemented through an engagement policy established by the management company, which involves one-on-one meetings and engagement actions.

The reports on engagement activities are available on the Management Company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

The transparency code for the HSBC Responsible Investment Funds - SRI Euro Bond is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

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 SICAV's annual report.

## 2. Financial criteria

Management will take advantage of the following sources of performance:

- 1- *Active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the subfund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *Active management of credit risk*, which is broken down into a credit allocation: this allocation between government and non-government issuers depends on the relative value analysis of non-government securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared with its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts:

- Good sector and issuer diversification (specific monitoring of the breakdown of securities by type of asset (corporate bonds, ABS, etc.), sector (underlying ABS and industries) and rating). The tobacco and weapons sectors are systematically excluded, as well as all companies that have been found to have violated one of the 10 principles of the United Nations Global Compact.
- The subfund's assets are invested in the following types of assets: Fixed-rate bonds and other negotiable debt securities including short/medium-term negotiable securities, EMTNs, up to 100% of the assets, the proposed holding range being 60% to 100%;
- Floating-rate and/or inflation-linked bonds up to 100% of assets, with the proposed holding range of 0% to 25%;
- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the proposed holding range being 0% to 30%.
- Private debt can account for 100% of assets.

However, depending on market conditions, the manager may choose to deviate significantly from the ranges indicated above, while nevertheless complying with the regulatory provisions.

The subfund is primarily invested in issuers belonging to the investment grade rating category: issuers rated at least BBB- by Standard and Poor's or equivalent, or deemed equivalent by the Management Company, at the time of acquisition.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

The manager may also decide to invest less than 10% of the assets in UCITS and ETFs (Exchange Traded Funds).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

The subfund's sensitivity range is 0 to +10. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

The manager may invest in securities denominated in currencies other than the euro. However, exposure to currency risk must remain incidental.

► **Instruments used:**

**Equities:**

None

**Debt securities and money market instruments:**

The subfund's assets are invested in the following debt securities and money market instruments:

- Fixed-rate bonds and other short/medium-term negotiable securities (including EMTNs), up to 100% of the assets, with the proposed holding range of 60% to 100%;
- Floating-rate and/or inflation-linked bonds up to 100% of assets, with the proposed holding range of 0% to 25%;
- Securitisation vehicles and mortgage bonds, up to 100% of the assets, the proposed holding range being 0% to 30%.

However, depending on market conditions, the manager may choose to deviate significantly from the ranges indicated above, while nevertheless complying with the regulatory provisions.

- Distribution of private/public debt: Up to 100% private debt
- Level of credit risk envisaged at purchase: Up to BBB- long term or A-3 short term by Standard and Poor's or equivalent or deemed equivalent by the Management Company
- Existence of rating criteria: Yes, limited to BBB- or A-3 (Standard and Poor's or equivalent, or deemed equivalent by the management company) on purchase.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

Duration: no constraint is imposed on the duration of the securities chosen individually. The subfund's sensitivity range is 0 to +10.

**Shares or units of other UCIs or investment funds**

Authorised level of use: up to 10% of assets

To help achieve the management objective and for cash management.

UCITS under French or European law;

- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager will invest in investment funds managed or distributed by an entity of the HSBC Group, unless such investment funds are not eligible or suitable.

### **Derivatives**

Authorised level of use: up to 100% of assets

Type of investment markets:

- regulated;
- organised;
- OTC.

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;
- other risks (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage; simultaneous long and short positions are taken on various points of the yield curve in order to benefit from a deformation of the yield curve (flattening, steepening and curvature) while maintaining the total sensitivity of these positions at 0. Curve arbitrage is one of the subfund's performance drivers.

The intensity of curve arbitrage decisions is measured using the methodology of risk units, which makes it possible to determine, for each portfolio, the anticipated distribution of the ex-ante tracking error by risk factor (duration, curve arbitrage, credit allocation, selection of sector, and selection of security) and the average size of active exposures necessary depending on the relative contribution of each source of performance.

The manager may put credit arbitrage strategies in place, particularly using CDS.

- other type (specify)

Type of instruments used:

- futures (regulated markets): on European government bonds, on swap notional for exposure and hedging purposes
- options on futures and securities (regulated markets): on European government bonds, on swap notional for exposure and hedging purposes
- options on securities (OTC markets): on European government bonds for exposure or hedging purposes
- swaps (OTC instruments): the subfund manager may use interest rate swaps for hedging or exposure;
- currency futures (OTC instruments) for exposure or hedging against currency risk for investors in euros;
- credit derivatives: for the purpose of exposure, arbitrage and hedging; mainly single name CDS; Indexes (iTraxx, CDX in particular) and CDS sector sub-indices; Tranches of indexes; CDOs, CLOs (senior and mezzanine tranches);

Credit derivatives make it possible to convey the Management Company's fundamental expectations on the credit market easily and efficiently. They are used as part of directional strategies (hedging or exposure to changes in credit spreads) and arbitrage strategies (use of credit market inefficiencies).

The Fund shall not use any total return swaps (TRS).

Strategy for using derivatives to achieve the management objective:

- general hedging of the portfolio, certain risks, securities, etc.;
- reconstitution of synthetic exposure to assets and risks;
- increase in market exposure and accuracy of the maximum authorised leverage (up to 100% of assets, or leverage of 2);
- other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.
- The assets accepted as collateral, which can be composed of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bonds must have maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Haircuts may be applied to collateral received; they take into account in particular the securities' credit quality and price volatility.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered offices are in an OECD member country or a third country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the subfund may recall cash at any time,
- invested in short-term money market funds.

Financial collateral delivered in the form of securities and/or cash is held in segregated accounts by the custodian.

#### **Securities with embedded derivatives**

Authorised level of use: up to 100% of assets, with expected holding range of 0 to 50%.

Fund manager's target risks:

- equity;

- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

Type of instruments used: EMTN, callable bonds/puttables

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

### **Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

### **Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the manager may borrow cash up to a maximum of 10% of the assets.

### **Repos and reverse repos**

The subfund may exceptionally carry out temporary purchases and sales of securities.

Types of transactions used:

- repos and reverse repos within the meaning of the French monetary and financial code;
- lending and borrowing of securities within the meaning of the French Monetary and Financial Code;
- other type (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- cash management;
- optimisation of the subfund's income;
- potential contribution to the subfund's leverage;
- other type (specify).

Temporary purchases and sales of securities are carried out to achieve the management objective and in the best interest of the subfund. Only fixed-income instruments may be the subject of temporary purchases and sales of securities.

For protection against counterparty default, temporary purchases and sales of securities may give rise to the delivery of financial collateral in the form of securities and/or cash held in separate accounts by the depositary. These conditions are stipulated in the section "Derivatives".

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

Authorised level of use: up to 100% of assets

Remuneration: see additional information in the "Charges and fees" section.

► **Risk profile:**

**Main risks:**

- **Risk of capital loss:** the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- **Discretionary management risk:** the discretionary management style of the subfund relies upon the anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times.
- **Interest rate risk:** the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the fund manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.
- **Credit risk:** credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with the credit risk: issuers from the investment grade category to the high-yield category.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

- **Risk of potential conflicts of interest:** the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

**Incidental risks:**

- **Securitisation risk:** for these instruments, credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt instruments, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The materialisation of these risks may lead to a decrease in the subfund's net asset value.

Securitisation vehicles are currently less liquid securities compared with conventional bond issues.

- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.
- **Derivatives risk:** the subfund may invest up to 100% of its assets in futures. This exposure to markets, assets, and indexes through financial futures may lead to significantly greater or more

rapid declines in the net asset value than is observed in fluctuations in these instruments' underlying products.

- **Counterparty risk:** the subfund is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been signed does not meet its obligations (delivery, payment, redemption, etc.).

In this case, the counterparty's breach may decrease the NAV of subfund. This risk is reduced by putting in place financial guarantees between the subfund and the counterparty, such as the exchange of collateral.

- **Currency risk:** this is the risk of investment currencies falling in relation to the portfolio's reference currency. Fluctuations in currencies against the portfolio's reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund.

- **Financial collateral management risk:** the shareholder may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the subfund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In the event of exceptional market circumstances, the shareholder may also be exposed to liquidity risk resulting in, for example, difficulties in trading certain securities.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

### **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. The subfund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the subfund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;

- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC and AD shares: all subscribers

IC shares: all investors, especially institutional investors

ZC shares: reserved for UCIs and mandates managed by HSBC Global Asset Management (France)

BC shares: subscriptions for the BC share are subject to the existence of a specific remuneration agreement between the subscriber and the distributor or the portfolio manager  
The recommended minimum investment period is 3 years.

This product is especially intended for subscribers wishing to invest in bonds issued by companies that meet high sustainable development standards all while retaining a long-term performance objective equivalent to that of traditional bond UCIs.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

<b>Distributable amounts</b>	<b>AC, I, ZC, BC shares</b>	<b>AD shares</b>
------------------------------	-----------------------------	------------------

Net income (1)	Accumulated	Distributed
Net realised gains (2)	Accumulated	Accumulation and/or distribution on the Management Company's decision each year

**Distribution frequency:**

For AD shares, at the Management Company's discretion, annual distribution if the accounting result of the subfund so permits.

**Characteristics of the shares:**

The shares are denominated in euros.

For the AC, AD, ZC, and BC shares, subscriptions and redemptions may be made in thousandths of shares or for an amount.

For the I shares, subscriptions and redemptions may be made in ten-thousandths of shares or for an amount.

Initial net asset value of the acquired mutual fund:

AC shares: EUR 1,000

AD shares: EUR 1,000

IC shares: EUR 100,000

ZC shares: EUR 1,000

BC shares: EUR 1,000

**Minimum initial subscription amount:**

AC shares: the minimum initial subscription amount is one thousandth of a share.

AD shares: the minimum initial subscription amount is one thousandth of a share.

IC shares: the minimum amount of the initial subscription is 100,000 euros, except for equities subscribed by the management company or by a company connected to it or an HSBC Group entity.

ZC shares: the minimum initial subscription amount is one thousandth of a share.

BC shares: the minimum initial subscription amount is one thousandth of a share.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

**AC, AD, IC, ZC, and BC shares:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Technical centralisation:** For feeders funds (only) of the "HSBC Responsible Investment Funds - SRI Euro Bond" subfund, the centralisation time of subscriptions and redemptions in the master subfund is 12:30 p.m. (Paris time).

#### **Existence of a gate:**

The sub-fund has a gate mechanism to cap redemptions.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

If, at the time of centralisation, combined redemption requests (net of subscriptions) from one or more unitholders account for over 5% of net assets, the management company may choose to spread these redemptions (gate) if it considers the mechanism to be relevant in the circumstances, notably to lower impact on liquidity management. This mechanism preserves the fund's equilibrium and therefore ensures the equal treatment of shareholders.

If the management company chooses to activate the gate mechanism, redemptions (across all share classes) that were not fully honoured on the NAV of the day will be automatically carried over to the next NAV if the gate threshold is exceeded. These redemption orders shall be processed in no order of priority and in the same proportion for each order.

As the sub-fund includes several share classes, the trigger point is identical for all classes.

On each NAV calculation date, if total redemptions minus total subscriptions on the same NAV account for 5% or more of the sub-fund's net assets, the management company may lower each redemption order within the maximum redemption limit of the sub-fund. The management company shall then lower all redemption orders proportionally up to the maximum redemption limit. Redemption requests will therefore be reduced proportionally and expressed as a whole number of shares (rounded up).

The maximum redemption limit of the sub-fund on each NAV calculation date is defined as 5% of the net assets of the Fund, or a higher amount set by the management company if market liquidity permits.

Remaining redemptions over the maximum redemption limit are not cancelled and will be automatically carried forward to the next NAV and handled together with the orders on that NAV. Orders carried forward in this manner cannot be cancelled and will not have priority over subsequent redemptions.

Under such circumstances, and as soon as possible, the Centralising Agent notifies affected shareholders individually of the amount of their order carried forward, as instructed by the management company.

Information is provided on the management company's website if the gate mechanism is activated.

The trigger mechanism is waived in the following cases:

Redemptions followed by a subscription executed on the same day and NAV for an identical number of securities and by the same shareholder will not be carried forward, provided that they were expressly notified to the centralising agent.

Example of a gate mechanism

If on the centralisation date, redemption orders (net of subscriptions) account for 10% of the sub-fund's net assets and the management company chooses to activate the redemption gate clause at 5% of the fund's net assets:

- two days after the NAV date, investors who submitted a redemption order will receive 50% (i.e. 5% divided by 10%) of the total redemption amount they requested;

- the remaining 50% will be carried over to the following NAV date.

If, on the following centralisation date, redemption orders net of subscriptions (new orders + orders carried over) account for 50% of the sub-fund's net assets and the management company chooses to cap redemptions at 40%, all orders, including those previously carried over, will be 80% met (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.*

**Date and frequency of NAV calculation:**

The net asset value is calculated daily, except on Saturdays, Sundays, legal holidays in France and days when the French market is closed. The net asset value can be obtained from the Management Company.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate	
		AC, AD, IC, and BC shares:	ZC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	1.50% maximum	6% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None	
Redemption fee not paid into the subfund	net asset value × number of shares	None	
Redemption fee paid into the subfund	net asset value × number of shares	None	

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.*

*The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:*

- *performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;*
- *activity fees charged to the subfund;*
- *a share of the income from temporary purchases and sales of securities.*

*In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.*

	Charges to the subfund	Base	Scale rate		
			AC and AD shares:	IC and BC shares:	ZC shares:
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 0.80% incl. tax	Maximum 0.40% incl. tax	None
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	Maximum 0.10% incl. tax <sup>(*)</sup>		
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Immaterial <sup>(**)</sup>		
4	Activity fees	Deducted from each transaction	None		
5	Performance commission	Daily net assets	None		

<sup>(\*)</sup> Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.

<sup>(\*\*)</sup> The subfund invests in UCIs, which is below the regulatory threshold of 20%

<sup>(1)</sup> A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund

<sup>(2)</sup> Operating and other service costs include:

*I. Fund registration and listing fees:*

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);
- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

*II. Costs for keeping clients and distributors informed*

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

*III. Data costs*

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

*IV. Depositary, legal, audit, tax fees, etc.*

- statutory audit fees;
- depositary fees;
- fees for delegation of administrative and accounting management;

- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);
- legal fees specific to the subfund;
- Costs of creating a new subfund, amortisable over 5 years.

- V. Costs relating to compliance with regulatory obligations and regulatory reporting
- costs for submitting regulatory reports to the regulator specific to the subfund;
  - fees for compulsory professional associations

**The following costs may be added to the above-listed fees charged to the subfund:**

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);
- exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).

### **Additional information on temporary purchases and sales of securities:**

The Management Company receives no remuneration for these temporary purchases and sales of securities.

Revenue and income generated by repos and reverse repos are fully paid into the subfund, after deducting, depending on the type of transactions, certain direct and indirect operational costs (in particular, the remuneration of any lending agent).

Operating costs and expenses relating to these transactions may also be borne by the Management Company and not charged to the subfund.

For further information, shareholders are invited to refer to the annual report of the subfund or the management report of the management company, which will include additional details if the value of these services exceeds 1% of the management company's turnover.

### **Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE

### ► Creation date

The subfund was created on 30 September 2019.

### ► ISIN codes:

AC shares: FR0013443132

IC shares: FR0013443140

RC shares: FR0013443157

### ► Management objective:

This subfund:

- Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).
- Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on environmental or social characteristics is available in the SFDR appendix to the annual report.

The investment objective of the HSBC Responsible Investment Funds – SRI Moderate subfund is to maximise a performance corresponding to an investment with a moderate exposure to equity market risk over a recommended investment period of at least 3 years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance (ESG) practices and their financial quality. The long-term strategic allocation is composed of 30% equities and 70% international bonds with a euro bias.

### ► Benchmark:

The Responsible Investment Funds – SRI Moderate subfund does not have a benchmark index.

There is no representative benchmark of our management philosophy and therefore of our investment universe.

### ► Investment strategy:

The HSBC Responsible Investment Funds – SRI Moderate subfund is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 30% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

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

The sources of performance of the subfund reside in:

- tactical allocation of asset classes;
- selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk.

The subfund's investment strategy is therefore broken down into several successive steps:

1) *Tactical allocation between asset classes:*

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimize the overall exposure of the portfolio through joint management of multiple asset classes.

From a strategic allocation consisting on average of 70% of rates, the manager exposes 65-75% of the subfund to the rates market in order to adapt our forecasts to our economic scenario. Hence, the anticipation of a medium-term rise in rate markets results in greater exposure of the portfolio to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

2) *Assessment and selection of securities according to non-financial criteria*

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

This initial investment universe consists of issues selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers of:

- An investment sub-universe composed of equities of eurozone countries, represented by the MSCI Emu, a benchmark given for information purposes.
- An investment sub-universe composed of international equities, represented by the MSCI World, a benchmark given for information purposes.
- An investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a benchmark given for information purposes.

The weight of non-government issues in the above-mentioned index is adjusted to reflect the subfund's target sector weightings in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the subfund's non-financial performance.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the SRI label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the subfund's prospectus.

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment is determined:

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, for each of its segments, the subfund commits to obtaining a better ESG performance than the ESG performance of each of the above-mentioned benchmarks.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG rating higher than the ESG rating of each of the above-

mentioned benchmark indicators, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

For government issues and exposures:

By using an ESG Selection approach to select the countries with a minimum ESG rating according to the external supplier of ESG data ISS ESG from among euro-denominated issuing countries.

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

a) Non-government issues:

The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external ESG rating agencies that assess the non-financial aspects of the business sector to which the rated company belongs.

- Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

b) Government issues and exposures

Euro-issuing countries are ranked 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 scores, resulting from the analysis by the external supplier of ESG data, 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 their representative weight in the Bloomberg Capital Euro Aggregate 500MM index.
- for countries classified between C and D-, investments are not permitted.

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

A list of external providers of ESG data is also available in the subfund's ESG information section on our website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Up to 10% of the subfund's net assets may be invested in stocks not rated according to Environmental, Social, and Governance criteria.

Lastly, the Subfund 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, engagement actions, and exercising voting rights attached to the securities held in the portfolio.

The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

The transparency code for the HSBC Responsible Investment Funds - SRI Moderate subfund is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

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 SICAV's annual report.

### 3) *Assessment of financial criteria*

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not reflect the structural profitability that they are likely to generate in normal times, in our view. Investment decisions are based on fundamentals and valuations analysis.

The strategy for selecting bonds and debt securities

- 1- *Active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the subfund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *Active management of credit risk*, which is broken down into a credit allocation: this allocation between government and non-government issuers depends on the relative value analysis of non-government securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared with its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF – SRI Euroland Equity; HRIF – SRI Euro Bond; and HRIF – SRI Global Equity subfunds of the Responsible Investment Funds SICAV.

Active management of forex risk: investment decisions in currencies other than the euro are based on the analysis of the macroeconomic context and specific factors in forex markets.

Currency risk exposure is permitted for up to 10% of assets.

► **Instruments used:**

**Equities:**

The subfund invests a minimum of 25% and a maximum of 35% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

**Debt securities and money market instruments:**

Between 65% and 75% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

However, the manager may invest in these instruments through a French or European investment fund.

The subfund can invest up to 75% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated "Investment Grade" (minimum rated BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company). The rating considered is the lower of the two.

The subfund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor's or equivalent or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

The subfund's sensitivity range is +3.5 to +6. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

**Shares or units of other UCIs or investment funds (up to 10% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager invests in UCIs managed or distributed by an entity of the HSBC Group, unless such UCIs are not eligible or not suitable. The UCIs must meet the financial and non-financial objectives defined.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

**Derivatives**

Type of investment markets:

- regulated;
- organised;

OTC.

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;
- other risks (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify)

Type of instruments used:

- futures (regulated markets);
- options on futures and securities (regulated markets);
- options on securities (over-the-counter markets);
- swaps (over-the-counter instruments);
- currency futures (over-the-counter instruments);
- credit derivatives

The Fund shall not use any total return swaps (TRS).

Strategy for using derivatives to achieve the management objective:

- general hedging of the portfolio, certain risks, securities, etc.;
- reconstitution of synthetic exposure to assets and risks;
- increase in market exposure and specification of the maximum leverage authorised: 1;
- other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.
- The assets accepted as collateral, which can be composed of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bonds must have maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Haircuts may be applied to collateral received; they take into account in particular the securities' credit quality and price volatility.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered offices are in an OECD member country or a third country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the subfund may recall cash at any time,
- invested in short-term money market funds.

Financial collateral delivered in the form of securities and/or cash is held in segregated accounts by the custodian.

### **Securities with embedded derivatives (up to 100% of net assets)**

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

Type of instruments used: EMTN, callable bonds/puttables

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

### **Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

### **Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the subfund may find itself temporarily in a debit situation and, in this case, borrow cash up to a maximum of 10% of the assets.

### **Repos and reverse repos**

The subfund may not engage in repos and reverse repos.

### **► Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

### **Main risks:**

- **Discretionary management risk:** the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times, resulting in lower performance.
- **Risk of capital loss:** there is a risk that the initially invested capital will not be returned in full.
- **Interest rate risk:** the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the fund manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.
- **Credit risk:** credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the investment-grade category to the high-yield category. The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.
- **Equity risk:** the subfund is exposed to equity risk through securities, units, or shares of UCIs and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets.  
The subfund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the subfund.
- **Derivatives risk:** the subfund may invest up to 100% of its assets in futures. This exposure to markets, assets, indexes, and so forth through futures and options, including credit default swaps, may lead to a drop in the NAV significantly greater or more rapid than the variation observed in the elements underlying these instruments.
- **Risk of potential conflicts of interest:** the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

### **Incidental risks:**

- **Counterparty risk:** the subfund is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been signed does not meet its obligations (delivery, payment, redemption, etc.).

In this case, the counterparty's breach may decrease the NAV of subfund. This risk is reduced by putting in place financial guarantees between the subfund and the counterparty, such as the exchange of collateral.

- **Financial collateral management risk:** the investor may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the

subfund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the investor may also be exposed to liquidity risk, leading to difficulties trading certain securities, for example. Investors may be exposed to legal risks (in relation to legal documentation, execution of contracts, and limits of contracts), transactional risks, and risks related to the reuse of cash received as collateral. The mutual fund's net asset value may change due to fluctuations of the value of the securities purchased by investing cash received as collateral. In the event of exceptional market circumstances, the shareholder may also be exposed to liquidity risk resulting in, for example, difficulties in trading certain securities.

- **Currency risk:** this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund.
- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.
- **Securitisation risk:** for these instruments, credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt instruments, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The materialisation of these risks may lead to a decrease in the subfund's net asset value.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

- **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website.

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. The subfund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the subfund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers, but especially intended for institutional clients.

RC shares: shares reserved for investment funds and mandates of HSBC Global Asset Management (France).

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

The recommended minimum investment period is 3 years.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

<b>Distributable amounts</b>	<b>Equities</b>
Net income (1)	Accumulated
Net realised gains (2)	Accumulated

**Characteristics of the shares:**

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC, IC, and RC shares.

Initial net asset value:

AC shares: EUR 100.

IC shares: EUR 10,000.

RC shares: EUR 1,000.

**Minimum initial subscription amount:**

AC shares: one thousandth of a share.

IC shares: EUR 100,000.

RC shares: one thousandth of a share.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Existence of a gate**

The subfund has a gate mechanism.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the

management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more shareholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the subfund and therefore equal treatment of shareholders.

If the management company triggers the gate, redemption requests, for all share classes combined, not fully honoured by the net asset value calculation date will be automatically carried over to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple share classes, and the trigger threshold will be the same for each share class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then reduce all redemption orders proportionally to meet the maximum redemption limit. Redemption requests will be proportionally reduced and expressed in whole shares (rounded up).

The subfund's maximum redemption limit on each net asset value (NAV) calculation date is defined as 5% of the subfund's net assets or a higher amount at the discretion of the management company if market liquidity permits.

The remaining portion of redemptions exceeding the maximum redemption limit is not cancelled and will be automatically carried over to the next NAV date, where it will be processed in the same manner as redemption orders submitted for the subsequent NAV date. Orders carried over cannot be cancelled and will not take priority over subsequent redemption requests.

In such cases, unitholders affected by the reduction of orders will be individually informed of the amount of their order carried over as soon as possible by the centralising agent, following instructions from the management company.

The triggering of the gate is communicated on the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same holder will not be carried over, provided that the centralising agent has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets, and the management company decides to trigger the gate at 5% of the subfund's net assets:

- 2 days after the NAV date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the redemption requested;
- the remaining 50% will be carried over to the next NAV date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of orders carried over) represent 50% of the subfund's net assets, and the management company

decides to cap redemptions at 40%, all orders, including the balance of orders previously carried over, will be 80% honoured (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.*

**Date and frequency of NAV calculation:**

The net asset value is calculated daily, except on Saturdays, Sundays, legal holidays in France and days when the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices of the previous day if it is a business day. The net asset value is available from the management company.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate	
		AC, IC shares:	RC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	2% maximum	6% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None	
Redemption fee not paid into the subfund	net asset value × number of shares	None	
Redemption fee paid into the subfund	net asset value × number of shares	None	

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

**Exception:** Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.*

*The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:*

- *performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;*
- *activity fees charged to the subfund;*
- *a share of the income from temporary purchases and sales of securities.*

*In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.*

	<b>Charges to the subfund</b>	<b>Base</b>	<b>AC shares</b>	<b>IC shares</b>	<b>RC shares</b>
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1% incl. tax	Maximum 0.50% incl. tax	Maximum 0.50% incl. tax
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.10% incl. tax (*)		
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Immaterial(**)		
4	Activity fees	Deducted from each transaction	None		
5	Performance commission	Daily net assets	None		

(\*) *Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.*

(\*\*) *The subfund invests in UCIs, which is below the regulatory threshold of 20%*

(1) *A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund*

(2) *Operating and other service costs include:*

*I. Fund registration and listing fees:*

*- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);*

- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

#### II. Costs for keeping clients and distributors informed

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

#### III. Data costs

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

#### IV. Depositary, legal, audit, tax fees, etc.

- statutory audit fees;
- depositary fees;
- fees for delegation of administrative and accounting management;
- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);
- legal fees specific to the subfund;
- Costs of creating a new subfund, amortisable over 5 years.

#### V. Costs relating to compliance with regulatory obligations and regulatory reporting

- costs for submitting regulatory reports to the regulator specific to the subfund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

#### The following costs may be added to the above-listed fees charged to the subfund:

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);
- exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).

### **Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED

### ► Creation date

The subfund was created on 30 September 2019.

### ► ISIN codes:

AC shares: FR0013443181

IC shares: FR0013443199

### ► Management objective:

This subfund:

Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on the environmental or social characteristics is available in the SFDR appendix to the prospectus. The investment objective of the HSBC Responsible Investment Funds - SRI Balanced subfund is to maximise performance corresponding to an investment moderately exposed to equity market risk over a recommended investment horizon of at least 4 years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance (ESG) practices and their financial quality. The long-term strategic allocation is composed of 50% equities and 50% international bonds with a euro bias.

### ► Benchmark:

The Responsible Investment Funds – SRI Balanced subfund does not have a benchmark index.

There is no representative benchmark of our management philosophy and therefore of our investment universe.

### ► Investment strategy:

The HSBC Responsible Investment Funds – SRI Balanced subfund is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 50% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

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

The sources of performance of the subfund reside in:

- tactical allocation of asset classes;
- selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;
- choice of investment vehicles.

The subfund's investment strategy is therefore broken down into several successive steps:

- 1) *Tactical allocation between asset classes*

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimize the overall exposure of the portfolio through joint management of multiple asset classes.

From a strategic allocation consisting on average of 50% of rates, the manager exposes 45-55% of the subfund to the rates market in order to adapt our forecasts to our economic scenario. Hence, the anticipation of a medium-term rise in rate markets results in greater exposure of the portfolio to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

## 2) *Assessment and selection of securities according to non-financial criteria*

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

This initial investment universe consists of securities selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers of:

- An investment sub-universe composed of equities of eurozone countries, represented by the MSCI Emu, a benchmark given for information purposes.
- An investment sub-universe composed of international equities, represented by the MSCI World, a benchmark given for information purposes.
- An investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a benchmark given for information purposes.

The weight of non-government issues in the above-mentioned index is adjusted to reflect the subfund's target sector weightings in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the subfund's non-financial performance.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the SRI label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the subfund's rules.

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment is determined:

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, for each of its segments, the subfund commits to obtaining a better ESG performance than the ESG performance of each of the above-mentioned benchmarks.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG rating higher than the ESG rating of each of the above-mentioned benchmark indicators, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

For government issues and exposures:

By using an ESG Selection approach to select the countries with a minimum ESG rating according to the external supplier of ESG data ISS ESG from among euro-denominated issuing countries.

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

a) Non-government issues:

The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

- Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its risk of sanctions or production disruptions in the event of major climate events for which it is not prepared.

The third 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

b) Government issues and exposures

Euro-issuing countries are ranked 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 scores, resulting from the analysis by the external supplier of ESG data, 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 their representative weight in the Bloomberg Capital Euro Aggregate 500MM index.

- for countries classified between C and D-, investments are not permitted.

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

A list of external providers of ESG data is available in the subfund's ESG information section on our website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Up to 10% of the subfund's net assets may be invested in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The Subfund also uses an "engagement" approach. This approach is implemented through an engagement policy established by the management company, which involves one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio (for the equities segment).

The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

The transparency code for the HSBC Responsible Investment Funds - SRI Balanced subfund is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

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 SICAV's annual report.

### 3) *Assessment of financial criteria*

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not reflect the structural profitability that they are likely to generate in normal times, in our view. Investment decisions are based on fundamentals and valuations analysis.

The strategy for selecting bonds and debt securities

- 1- *Active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the subfund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *Active management of credit risk*, which is broken down into a credit allocation: this allocation between government and non-government issuers depends on the relative value analysis of non-government securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared with its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF – SRI Euroland Equity; HRIF – SRI Euro Bond; and HRIF – SRI Global Equity subfunds of the Responsible Investment Funds SICAV.

Active management of forex risk: investment decisions in currencies other than the euro are based on the analysis of the macroeconomic context and specific factors in forex markets.

Forex exposure is authorised potentially up to 25% of assets.

#### ► **Instruments used:**

##### **Equities:**

The subfund invests a minimum of 45% and a maximum of 55% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

#### **Debt securities and money market instruments:**

Between 45% and 55% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

However, the manager may invest in these instruments through a French or European investment fund.

The subfund can invest up to 55% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated "Investment Grade" (minimum rated BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company).

The subfund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor's or equivalent or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

The subfund's sensitivity range is +2.5 to +4.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

#### **Shares or units of other UCIs or investment funds (up to 100% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager invests in UCIs managed or distributed by an entity of the HSBC Group, unless such UCIs are not eligible or not suitable. The UCIs must meet the financial and non-financial objectives defined.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

#### **Derivatives**

Type of investment markets:

- regulated;
- organised;
- OTC.

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;

other risks (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

hedging;

exposure;

arbitrage;

other type (specify)

Type of instruments used:

futures (regulated markets);

options on futures and securities (regulated markets);

options on securities (over-the-counter markets);

swaps (over-the-counter instruments);

currency futures (over-the-counter instruments);

credit derivatives

The Fund shall not use any total return swaps (TRS).

Strategy for using derivatives to achieve the management objective:

general hedging of the portfolio, certain risks, securities, etc.;

reconstitution of synthetic exposure to assets and risks;

increase in market exposure and specification of the maximum leverage authorised: 1

other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.

- The assets accepted as collateral, which can be composed of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bonds must have maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Haircuts may be applied to collateral received; they take into account in particular the securities' credit quality and price volatility.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered offices are in an OECD member country or a third country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the subfund may recall cash at any time,
- invested in short-term money market funds.

Financial collateral delivered in the form of securities and/or cash is held in segregated accounts by the custodian.

### **Securities with embedded derivatives (up to 100% of net assets)**

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

Type of instruments used: EMTN, callable bonds/puttables

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

### **Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

### **Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the subfund may find itself temporarily in a debit situation and, in this case, borrow cash up to a maximum of 10% of the assets.

### **Repos and reverse repos**

The subfund may not engage in repos and reverse repos.

### **► Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

### **Main risks:**

- **Discretionary management risk:** the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the fund may not be invested in the best-performing markets and securities at all times, resulting in lower performance.

- Risk of capital loss: the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- Interest rate risk: the price of fixed-rate bonds and other fixed-income securities fluctuates in an opposite direction from that of interest rates. Thus, when interest rates rise, the value of these bonds falls, as does the net asset value. In addition, the fund manager may carry out rate arbitrage transactions, which involves anticipating a distortion of the yield curve. However, it is possible that the manager will not anticipate a particular type of distortion of the curve, which could lead to a significant decline in the net asset value.
- Credit risk: credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the investment-grade category to the high-yield category. The management company does not rely exclusively or automatically on ratings provided by credit rating agencies; rather it prioritises its own credit risk analysis to assess the credit quality of assets and select securities for purchase and sale.
- Derivatives risk: the subfund may invest up to 100% of its assets in futures. This exposure to markets, assets, indexes, and so forth through futures and options, including credit default swaps, may lead to a drop in the NAV significantly greater or more rapid than the variation observed in the elements underlying these instruments.

Equity risk: the subfund is exposed to equity risk through securities, units, or shares of UCIs and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets.

The subfund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the subfund.

- Currency risk: this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund.
- Risk of potential conflicts of interest: the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the management company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

Incidental risks:

- Counterparty risk: the subfund is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the counterparty with which a contract has been signed does not meet its obligations (delivery, payment, redemption, etc.).

In this case, the counterparty's breach may decrease the NAV of subfund. This risk is reduced by putting in place financial guarantees between the subfund and the counterparty, such as the exchange of collateral.

- Financial collateral management risk: the investor may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the subfund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the investor may

also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example. Investors may be exposed to legal risks (in relation to legal documentation, execution of contracts, and limits of contracts), transactional risks, and risks related to the reuse of cash received as collateral. The mutual fund's net asset value may change due to fluctuations of the value of the securities purchased by investing cash received as collateral. In exceptional market circumstances, the investor may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.

- **Securitisation risk:** for these instruments, credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt instruments, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The materialisation of these risks may lead to a decrease in the subfund's net asset value.
- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

### **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can

take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. The subfund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the subfund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5. A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers, but especially intended for institutional clients.

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

The recommended minimum investment period is 4 years.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

<b>Distributable amounts</b>	<b>Equities</b>
Net income (1)	Accumulated
Net realised gains (2)	Accumulated

**Characteristics of the shares:**

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC and IC shares.

Initial net asset value:

AC shares: EUR 100.

IC shares: EUR 10,000.

**Minimum initial subscription amount:**

AC shares: one thousandth of a share.

IC shares: EUR 100,000.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Existence of a gate**

The subfund has a gate mechanism.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more shareholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the subfund and therefore equal treatment of shareholders.

If the management company triggers the gate, redemption requests, for all share classes combined, not fully honoured by the net asset value calculation date will be automatically carried over to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple share classes, and the trigger threshold will be the same for each share class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then reduce all redemption orders proportionally to meet the maximum redemption limit. Redemption requests will be proportionally reduced and expressed in whole shares (rounded up).

The subfund's maximum redemption limit on each net asset value (NAV) calculation date is defined as 5% of the subfund's net assets or a higher amount at the discretion of the management company if market liquidity permits.

The remaining portion of redemptions exceeding the maximum redemption limit is not cancelled and will be automatically carried over to the next NAV date, where it will be processed in the same manner as redemption orders submitted for the subsequent NAV date. Orders carried over cannot be cancelled and will not take priority over subsequent redemption requests.

In such cases, shareholders affected by the reduction of orders will be individually informed of the amount of their order carried over as soon as possible by the centralising agent, following instructions from the management company.

The triggering of the gate is communicated on the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same shareholder will not be carried over, provided that the centralising agent has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets, and the management company decides to trigger the gate at 5% of the subfund's net assets:

- 2 days after the NAV date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the redemption requested;
- the remaining 50% will be carried over to the next NAV date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of orders carried over) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously carried over, will be 80% honoured (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing*

agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.

**Date and frequency of NAV calculation:**

The net asset value is calculated daily, except on Saturdays, Sundays, legal holidays in France and days when the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices of the previous day if it is a business day. The net asset value is available from the management company.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC, IC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	2% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None
Redemption fee not paid into the subfund	net asset value × number of shares	None
Redemption fee paid into the subfund	net asset value × number of shares	None

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.*

The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:

- performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;
- activity fees charged to the subfund;
- a share of the income from temporary purchases and sales of securities.

In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.

	Charges to the subfund	Base	AC shares	IC shares
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1.20% incl. tax	Maximum 0.60% incl. tax
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.20% incl. tax (*)	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% incl. tax	
4	Activity fees	Deducted from each transaction	None	
5	Performance commission	Daily net assets	None	

(\*) Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.

(1) A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund

(2) Operating and other service costs include:

*I. Fund registration and listing fees:*

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);
- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

*II. Costs for keeping clients and distributors informed*

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

*III. Data costs*

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

*IV. Depositary, legal, audit, tax fees, etc.*

- *statutory audit fees;*
- *depositary fees;*
- *fees for delegation of administrative and accounting management;*
- *tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);*
- *legal fees specific to the subfund;*
- *Costs of creating a new subfund, amortisable over 5 years.*

*V. Costs relating to compliance with regulatory obligations and regulatory reporting*

- *costs for submitting regulatory reports to the regulator specific to the subfund;*
- *fees for compulsory professional associations*
- *operating costs for deployment of voting policies at General Meetings*

**The following costs may be added to the above-listed fees charged to the subfund:**

- *contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;*
- *exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);*
- *exceptional and non-recurring costs for debt collection (e.g. Lehman) or procedures to defend rights (e.g. class action procedures).*

**Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC

### ► Creation date

The subfund was created on 30 September 2019.

### ► ISIN codes:

AC shares: FR0013443165

IC shares: FR0013443173

### ► Management objective:

This subfund:

- Promotes environmental or social characteristics (Article 8 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).
- Has a sustainable investment objective (Article 9 of the Sustainable Finance Disclosure (SFDR) Regulation (EU) 2019/2088).

Information on environmental or social characteristics is available in the SFDR appendix to the annual report.

The investment objective of the HSBC Responsible Investment Funds - SRI Dynamic subfund is to maximise a performance corresponding to a diversified investment with high exposure to equity risk over a recommended investment period of at least 5 years. This investment is made by selecting securities of companies or countries selected for their good environmental, social, and governance (ESG) practices and their financial quality. The long-term strategic allocation is composed of 80% equities and 20% international bonds with a euro bias.

### ► Benchmark:

The HSBC Responsible Investment Funds – SRI Dynamic subfund does not have a benchmark index.

There is no representative benchmark of our management philosophy and therefore of our investment universe.

### ► Investment strategy:

The HSBC Responsible Investment Funds – SRI Dynamic subfund is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 80% equities on average, it constitutes an investment with a high exposure to equity market risk.

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

The sources of performance of the subfund reside in:

- tactical allocation of asset classes;
- selection of securities that meet non-financial and financial criteria;
- active management of interest rate and credit risk;
- active management of currency risk;

- choice of investment vehicles.

The subfund's investment strategy is therefore broken down into several successive steps:

1) *Tactical allocation between asset classes:*

The allocation of assets is a significant source of added value given that the performances of financial markets vary and depend on the economic cycle. For instance, economic slowdowns generally translate into negative equity market performance, and positive bond market performance. Tactical allocation thus becomes quite significant by aiming to optimize the overall exposure of the portfolio through joint management of multiple asset classes.

From the strategic rate allocation of 20%, the manager exposes the subfund to 10-25% of rates in order to adapt our forecasts to our economic scenario. Hence, the anticipation of a medium-term rise in rate markets results in greater exposure of the portfolio to this asset class. The intensity of the overexposure in relation to the strategic allocation depends then on the certitude of the manager.

2) *Assessment and selection of securities according to non-financial criteria*

The first step in the process consists in determining the subfund's SRI universe based on an initial investment universe.

This initial investment universe consists of securities selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers of:

- An investment sub-universe composed of equities of eurozone countries, represented by the MSCI Emu, a benchmark given for information purposes.
- An investment sub-universe composed of international equities, represented by the MSCI World, a benchmark given for information purposes.
- An investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500 MM index, a benchmark given for information purposes.

The weight of non-government issues in the above-mentioned index is adjusted to reflect the subfund's target sector weightings in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the subfund's non-financial performance.

The SRI universe is obtained following the reduction of the initial investment universe, first by applying exclusions with regard to environmental, social, and governance (ESG) by the SRI label framework, HSBC Asset Management's responsible investment policies and the exclusions applicable to "Paris Agreement" benchmark indices, in accordance with ESMA guidelines on fund naming.

A detailed description of the subfund's exclusions is presented in the SFDR appendix to the subfund's rules.

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment is determined:

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, for each of its segments, the subfund commits to obtaining a better ESG performance than the ESG performance of each of the above-mentioned benchmarks.

- By also incorporating an analysis of issuers' ESG criteria. According to a rating improvement approach, the subfund selects the securities enabling the portion of the portfolio excluding government exposures to have an ESG rating higher than the ESG rating of each of the above-mentioned benchmark indicators, after eliminating at least 30% of the worst securities in terms of ESG rating and on the basis of the exclusions applied by the subfund.

For government issues and exposures:

By using an ESG Selection approach to select the countries with a minimum ESG rating according to the external supplier of ESG data ISS ESG from among euro-denominated issuing countries.

a) Non-government issues:

The ESG rating of issuers, used in the rating improvement approach, is constructed from an E rating, an S rating, a G rating, and an ESG aggregate rating. The ratings (E, S, and G) are provided by external suppliers of ESG data that assess the non-financial aspects of the business sector to which the rated company belongs.

- Environmental aspects are connected with the nature of the company's activity and its particular sector. 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 maximise its 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.

Finally, 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.

These three ratings are then weighted based on the weight assigned by the Management Company to each of the E, S, and G pillars within the company's specific sector and aggregated in order to establish an ESG rating for the ranking of companies by sector.

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](http://www.assetmanagement.hsbc.fr)).

b) Government issues and exposures

Euro-issuing countries are ranked 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 scores, resulting from the analysis by the external supplier of ESG data, 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 classified between C and D-, investments are not permitted.

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

A list of external providers of ESG data is available in the subfund's ESG information section on our website: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Up to 10% of the subfund's net assets may be invested in stocks not rated according to Environmental, Social, and Governance criteria. Non-rated stocks are stocks for which our ESG contributor does not provide the essential data for calculating the E, S, and G data and the combined rating.

The subfund also uses an "engagement" approach. This approach is implemented through an engagement policy established by the management company, which involves one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio. The policies and the reports concerning engagement activities and the exercise of voting rights are available on the management company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

The transparency code for the HSBC Responsible Investment Funds - SRI Dynamic subfund is available to the public online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the subfund's SRI approach. This SRI information is also available in the annual report.

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 SICAV's annual report.

### 3) *Assessment of financial criteria*

This step is dedicated to the selection of securities within the defined SRI universe, based on purely financial criteria. We consider that businesses that meet all these extra-financial and financial criteria conduct their activities with a long-term development approach.

The stock selection strategy is to look for companies whose current valuation does not reflect the structural profitability that they are likely to generate in normal times, in our view. Investment decisions are based on fundamentals and valuations analysis.

The strategy for selecting bonds and debt securities

- 1- *Active management of interest rate risk*, which is broken down into sensitivity management and curve strategies. The overall sensitivity of the subfund and the curve strategy are decided on the basis of the management team's market expectations regarding interest rate trends (in the event of a rise in interest rates, the value of fixed-rate bonds falls) and the deformation of the yield curve (exposure to specific yield curve points to take advantage of the flattening, steepening or curvature of the yield curve).

- 2- *Active management of credit risk*, which is broken down into a credit allocation: this allocation between government and non-government issuers depends on the relative value analysis of non-government securities carried out by the management team and based on qualitative and quantitative data to assess a security's relative price: our valuation of the security's value is compared with its market price.

Rigorous selection of issuers based on their risk-return profile, with the aim of minimising risk with equal return. This selection is based on in-depth knowledge of issuers, linked to the expertise of our team of credit analysts.

In addition, in order to achieve its investment objective, the manager will be able to invest in the HRIF – SRI Euroland Equity; HRIF – SRI Euro Bond; and HRIF – SRI Global Equity subfunds of the Responsible Investment Funds SICAV.

Active management of forex risk: investment decisions in currencies other than the euro are based on the analysis of the macroeconomic context and specific factors in forex markets.

Currency exposure is authorised potentially up to 10% of assets.

The subfund is eligible for the PEA.

► **Instruments used:**

**Equities:**

The subfund invests a minimum of 75% and a maximum of 90% of its assets in equities and other equivalent securities traded on French and foreign regulated markets. The subfund may invest in small-, mid-, and large-cap stocks.

The manager may also proceed with investing in these instruments through French or European investment funds.

**Debt securities and money market instruments:**

Between 10% and 25% of the subfund's assets are invested in fixed-rate bonds (including EMTN), negotiable debt instruments, floating-rate and inflation-indexed bonds, securitisation vehicles, and covered bonds.

However, the manager may invest in these instruments through a French or European investment fund.

The subfund can invest up to 25% of its assets in private debt.

Debt securities and money market instruments will be issued by issuers rated "Investment Grade" (minimum rated BBB-/Baa3 by Standard and Poor's or equivalent, or deemed equivalent by the Management Company). The rating considered is the lower of the two.

The subfund invested in debt securities and short-term money market instruments within a proposed range of 0% to 10%, whose rating will be equal to A1/P1 (Standard & Poor's or equivalent or deemed equivalent by the Management Company and/or long-term equivalent), used to help achieve the management objective and possibly for cash management.

The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.

The subfund's sensitivity range is 0 to +2.5. The sensitivity of a bond corresponds to the price variation of this bond when the interest rates vary.

**Shares or units of other UCIs or investment funds (up to 100% of its assets):**

To help achieve the management objective and for cash management.

- UCITS under French or European law;
- General investment funds governed by French law or AIFs governed by foreign law;
- other investment funds: trackers - ETFs (Exchange Traded Funds).

The manager invests in UCIs managed or distributed by an entity of the HSBC Group, unless such UCIs are not eligible or not suitable. The UCIs must meet the financial and non-financial objectives defined.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or different SRI approaches independent of the subfund.

**Derivatives**

Type of investment markets:

- regulated;

organised;

OTC.

Fund manager's target risks:

equity;

interest rate;

currency;

credit;

other risks (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

hedging;

exposure;

arbitrage;

other type (specify)

Type of instruments used:

futures (regulated markets);

options on futures and securities (regulated markets);

options on securities (over-the-counter markets);

swaps (over-the-counter instruments);

currency futures (over-the-counter instruments);

credit derivatives

The Fund shall not use any total return swaps (TRS).

Strategy for using derivatives to achieve the management objective:

general hedging of the portfolio, certain risks, securities, etc.;

reconstitution of synthetic exposure to assets and risks;

increase in market exposure and specification of the maximum leverage authorised: 1;

other strategy (specify).

Counterparties eligible for transactions on OTC financial futures are selected according to the procedure described in the paragraph: "Brief description of the intermediary selection procedure".

Financial collateral used for OTC financial futures is the subject of a financial collateral policy available on the management company's website.

These transactions may be completed with counterparties selected by the management company among financial institutions whose registered office is located in an OECD member country. These counterparties may be companies affiliated with the HSBC Group.

These counterparties must be highly creditworthy and without exception have a minimum Standard & Poor's rating of BBB-, the equivalent thereof with another rating agency or a rating deemed equivalent by the management company.

This financial collateral policy specifies:

- The haircut applicable to the financial collateral. It relies on the volatility of the security, which is characterised by the type of assets received, the rating, the maturity of the security, etc. This haircut has the effect of requiring financial collateral greater than the market value of the financial instrument.

- The assets accepted as collateral, which can be composed of cash, government securities, Negotiable European Commercial Paper, and debt securities/bonds issued by private issuers.

Financial collateral other than cash may not be sold, reinvested, or pledged. Bonds must have maximum maturity of 50 years.

Securities received as financial collateral may not be sold, reinvested or pledged as collateral. These securities must be liquid, transferable at any time and diversified, and must be issued by high-quality issuers that are not an entity of the counterparty or its group. Haircuts may be applied to collateral received; they take into account in particular the securities' credit quality and price volatility.

Financial collateral consisting of cash must be:

- deposited with credit institutions whose registered offices are in an OECD member country or a third country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in reverse repurchase agreements for which the counterparty is a credit institution subject to prudential supervision, and for which the subfund may recall cash at any time,
- invested in short-term money market funds.

Financial collateral delivered in the form of securities and/or cash is held in segregated accounts by the custodian.

### **Securities with embedded derivatives (up to 100% of net assets)**

Fund manager's target risks:

- equity;
- interest rate;
- currency;
- credit;
- other risk (specify).

Type of operations, all of which must be carried out for the sole purpose of achieving the management objective:

- hedging;
- exposure;
- arbitrage;
- other type (specify).

Type of instruments used: EMTN, callable bonds/puttables

Embedded derivatives are used as an alternative to direct investment in pure derivatives.

### **Deposits**

Within the meaning of the French Monetary and Financial Code, deposits contribute to achieving the subfund's management objective by allowing it to manage its cash.

Deposits may represent up to 10% of the subfund's net assets.

### **Cash loans**

Exceptionally, with the objective of investing in anticipation of a rise in the markets or more temporarily in the context of large redemptions, the subfund may find itself temporarily in a debit situation and, in this case, borrow cash up to a maximum of 10% of the assets.

### **Repos and reverse repos**

The subfund may not engage in repos and reverse repos.

► **Risk profile:**

Your money shall be invested mainly in financial instruments selected by the management company. These instruments shall be subject to market fluctuations and uncertainties.

**Main risks:**

- **Discretionary management risk:** the discretionary management style of the subfund relies upon the management company's anticipation of developments in markets and securities. There is a risk that the subfund may not be invested in the best-performing markets and securities at all times, resulting in lower performance.
- **Risk of capital loss:** the subfund does not offer any guarantees or protection of capital. It is therefore possible that the capital initially invested will not be returned in full.
- **Interest rate risk:** the portion of the portfolio invested in interest rate products may be impacted by interest rate fluctuations. When long-term interest rates increase, bond prices fall. These fluctuations may cause a decrease in the net asset value.
- **Credit risk:** credit risk is the risk that the issuer's financial situation deteriorates, with the extreme risk being the issuer's default. This deterioration could lead to a drop in the value of the issuer's securities and thus a reduction in the value of the portfolio. This may, for example, involve the risk of non-redemption of a bond on maturity. An issuer's credit risk is reflected in the ratings attributed to it by official rating agencies such as Moody's or Standard & Poor's. Ratings increase with credit risk: issuers from the investment-grade category to the high-yield category. The Management Company does not exclusively or mechanically use ratings provided by credit rating agencies and favours its own credit risk analysis to assess the credit quality of assets and in the selection of securities to buy or sell.
- **Equity risk:** the subfund is exposed to equity risk through securities, units, or shares of UCIs and/or financial instruments. Equity risk consists of the dependence of the value of stocks on market fluctuations. In case of declining stock markets, the subfund's NAV may drop more significantly than these markets.  
The subfund has the option of investing in small and medium capitalisations, which may involve a more significant and rapid decline in the value of the subfund.
- **Derivatives risk:** the subfund may invest up to 100% of its assets in futures. This exposure to markets, assets, indexes, and so forth through futures and options, including credit default swaps, may lead to a drop in the NAV significantly greater or more rapid than the variation observed in the elements underlying these instruments.
- **Risk of potential conflicts of interest:** the risk of conflicts of interest, in connection with transactions involving financial contracts and/or temporary purchases and sales of securities, can arise when the intermediary used to select a counterparty, or the counterparty itself, has a direct or indirect equity link with the Management Company (or the depositary). The management of this risk is described in the "Conflict of interest policy" established by the management company and available on its website.

Incidental risks:

- **Currency risk:** this is the risk of investment currencies falling in relation to the portfolio's reference currency. Currency fluctuations in relation to the reference currency may involve a drop in the value of these instruments, and consequently a drop in the net asset value of the subfund.
- **Counterparty risk:** the subfund is exposed to the counterparty risk resulting from the use of OTC financial futures and temporary purchases and sales of securities. This is the risk that the

counterparty with which a contract has been signed does not meet its obligations (delivery, payment, redemption, etc.).

In this case, the counterparty's breach may decrease the NAV of subfund. This risk is reduced by putting in place financial guarantees between the subfund and the counterparty, such as the exchange of collateral.

- **Financial collateral management risk:** the investor may be exposed to legal risk (in connection with the legal documentation, the application of the contracts and the limits thereof), operational risk and risk associated with the reuse of cash received as collateral, as the net asset value of the subfund may change depending on the fluctuation in the value of the securities acquired by investing the cash received as collateral. In exceptional market circumstances, the investor may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example. Investors may be exposed to legal risks (in relation to legal documentation, execution of contracts, and limits of contracts), transactional risks, and risks related to the reuse of cash received as collateral. The mutual fund's net asset value may change due to fluctuations of the value of the securities purchased by investing cash received as collateral. In exceptional market circumstances, the investor may also be exposed to a liquidity risk, leading to difficulties to trade certain securities, for example.
- **Securitisation risk:** for these instruments, credit risk is based primarily on the quality of the underlying assets, which can be of various types (bank loans, debt instruments, etc.). These instruments result from complex structures that may include legal risks and specific risks due to the characteristics of the underlying assets. The materialisation of these risks may lead to a decrease in the subfund's net asset value.
- **Liquidity risk:** the markets on which the subfund invests may occasionally and temporarily be affected by a lack of liquidity in certain market circumstances or configurations. These market disruptions may impact the pricing conditions under which the subfund may be led to liquidate, initiate, or change positions, and hence involve a drop in the net asset value of the subfund.

The risk factors outlined above are not exhaustive. Investors are responsible for analysing the risk inherent in such an investment and to form their own opinion independently of the HSBC Group, if necessary with the support of advisors specialising in these matters in order to ensure that this investment is appropriate for their financial position.

### **Integration of sustainability risks in investment decisions and likely impact of sustainability risks on performance**

1. As a financial market participant, the Investment Manager is subject to Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (or "SDFR").

As such, it has put in place a policy for integrating sustainability risks in its investment decision-making processes.

Sustainability risks relate to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The sustainability risk policy is centred on the ten principles of the United Nations Global Compact ("UNGC"), which defines the key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The management company relies on service providers to identify companies that perform poorly in these areas and, where potential sustainability risks are identified, it then conducts its own checks. The management company's strategy involves monitoring sustainability risks on an ongoing basis.

The management company acts in the best interest of investors. Over time, sustainability risks can influence the funds' performance through their investments in companies, sectors, regions and asset classes. While funds have their own management strategy, the management company's objective is to generate competitive risk-adjusted returns for investors. To do so, it conducts in-

depth financial analysis and comprehensive sustainability risk assessment as part of a broader risk assessment for each fund.

The sustainability risk policy can be found on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)

2. Companies that effectively manage sustainability risks should be better positioned to anticipate future sustainability risks and opportunities. This makes them strategically more resilient and thus able to anticipate and adapt to long-term risks and opportunities. Likewise, when they are not properly managed, sustainability risks can have negative impacts on the value of the underlying company or the competitiveness of a country that issues sovereign bonds. Sustainability risks can take different forms for the companies or governments in which the funds invest, such as: (i) a decline in revenue due to changing consumer preferences, negative impacts on the workforce, social unrest and a decline in production capacity; (ii) higher capital/operating costs; (iii) the depreciation and premature retirement of existing assets; (iv) reputational damage due to fines and court orders and the loss of licence to operate; and (v) credit and market risk on sovereign bonds. All these risks could potentially affect the funds' performance.

The potential impacts of sustainability risks on the funds' performance will also depend on these funds' investments and the materiality of the associated sustainability risks. The likelihood of sustainability risks materialising should be mitigated by integrating them into the investment decision-making process. The potential impacts of sustainability risks on the performance of funds that use ESG criteria are further mitigated. However, there is no guarantee that these measures will completely mitigate or prevent the occurrence of sustainability risks for these funds. As a result, the likely impact on the funds' performance of an actual or potential material decline in the value of an investment due to a sustainability risk will vary, depending on a number of factors.

3. The subfund takes sustainability risks into consideration in the investment decision-making process. The management company integrates sustainability risks by identifying the ESG factors likely to have a material financial impact on an investment's performance. Exposure to a sustainability risk does not necessarily mean that the management company will refrain from taking or maintaining a position. Rather, it means that the management company will take into consideration sustainability risk assessments, as well as other material factors, in the context of the company or issuer in which it is investing and the subfund's management objective and investment strategy.

4. The subfund may invest in derivatives. Sustainability risks are therefore more difficult to take into account because the subfund does not invest directly in the underlying asset. As of the date of the prospectus, no ESG integration methodology can be applied to derivatives.

5.A detailed description of the subfund's consideration of principal adverse impacts on sustainability factors is presented in the SFDR appendix to the prospectus.

The provisions of the SFDR are supplemented by those of Regulation (EU) 2020/852 of 18 June 2020, known as the Taxonomy Regulation, which establishes a European Union-wide classification system intended to provide investors and issuer companies with a common language to identify to what degree economic activities can be considered environmentally sustainable.

To be sustainable, an economic activity must meet the sustainability criteria of the Taxonomy Regulation, including doing no significant harm to any of the environmental objectives set out in this Regulation.

The principle of "do no significant harm" applies only to the underlying investments of the subfund that take into account the European Union's criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the subfund do not take into account the EU criteria for environmentally sustainable economic activities.

The subfund does not commit to making investments that contribute to the following environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;

- the transition to a circular economy;
- pollution prevention and control; and
- the protection and restoration of biodiversity and ecosystems.

► **Guarantee or protection:**

None

► **Target subscribers and typical investor profile:**

AC shares: all subscribers

IC shares: all subscribers, but especially intended for institutional clients.

This product is especially intended for subscribers seeking a diversification instrument combining equities and bonds that meet high sustainable development standards while maintaining a long-term performance objective.

The recommended minimum investment period is 5 years.

Shareholders are therefore urged to contact their relationship manager or usual advisor if they wish to carry out an analysis of their personal situation. Depending on the case, shareholders may be charged for such an analysis. Under no circumstances will the subfund or the management company assume these costs.

**In all cases, it is strongly recommended that investments be sufficiently diversified so that they are not exposed solely to the risks of this subfund.**

► **Calculation and allocation of distributable amounts:**

In accordance with the regulatory provisions, the net income for the financial year is equal to the amount of interest, arrears, dividends, premiums, bonuses, and directors' fees, as well as all income relating to securities that constitute the subfund's portfolio, plus income from temporary cash holdings, minus management fees and borrowing costs.

Amounts distributable by an undertaking for collective investment in transferable securities (UCITS) consist of:

1. Net income plus retained earnings and plus or minus the balance of the accrued income account;
2. Realised gains, net of costs, minus realised losses, net of costs, recognised during the financial year, plus net gains of the same type recognised during prior financial years that were not the subject of any distribution or accumulation, and minus or plus the balance of the accrued gains account.

The amounts indicated in points Nos. 1 and 2 above may be distributed independently of each other, entirely or partially.

Distributable amounts	Equities
Net income (1)	Accumulated
Net realised gains (2)	Accumulated

**Characteristics of the shares:**

The shares are denominated in euros.

Subscriptions and redemptions may be made in thousandths of shares for AC and IC shares.

Initial net asset value:

AC shares: EUR 100.

IC shares: EUR 10,000.

**Minimum initial subscription amount:**

AC shares: one thousandth of a share.

IC shares: EUR 100,000.

Switching from one share class to another or from one subfund to another is considered a sale and may therefore be subject to tax.

**Subscription and redemption:**

Orders are executed in accordance with the table below:

Business day D	Business day D	Business day D: day on which the net asset value is established	D+1 business day	D+1 business day	D+1 business day
Centralisation of subscription orders before 12 p.m.*	Centralisation of redemption orders before 12 p.m.*	Execution of the order at the latest on D	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions

\*Unless a specific deadline is agreed with your financial institution

Subscription and redemption requests are centralised every day at 12:00 p.m., Paris time. They are executed on the basis of the NAV calculated on the day's closing prices.

Subscription and redemption requests received after 12:00 p.m. will be executed on the basis of the net asset value calculated on the closing prices of the next working day. Subscription and redemption requests received on a non-trading day will be executed on the basis of the net asset value calculated on the closing prices of the first following trading day.

Subscribers are urged to send their instructions to their financial intermediary far enough in advance to allow them to be placed before the 12:00 p.m. deadline.

**Existence of a gate**

The subfund has a gate mechanism.

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions in exceptional circumstances and if deemed necessary to protect public or unitholders' interests.

The maximum duration of the capping mechanism is set at 20 NAVs over a maximum of three months and a maximum capping period of one month. By the set deadline at the latest, the management company must end the gate and consider another exceptional solution, which may include the suspension of redemptions or the liquidation of the collective investment undertaking.

This maximum period will not be valid after the enforcement of the Commission Delegated Regulation (EU) 2026/466 of 17/11/25 in France.

At the time of centralisation, if redemption requests (net of subscriptions) received simultaneously from one or more shareholders represent more than 5% of net assets, the management company may decide to stagger the redemption movements (gate) after assessing the relevance, in particular in view of the impact on liquidity management, in order to guarantee balanced management of the subfund and therefore equal treatment of shareholders.

If the management company triggers the gate, redemption requests, for all share classes combined, not fully honoured by the net asset value calculation date will be automatically carried over to the next net asset value for those exceeding the gate trigger threshold and processed in the same proportion for each order without any order of priority.

The subfund has multiple share classes, and the trigger threshold will be the same for each share class.

On each net asset value calculation date, if the amount of redemptions minus the amount of subscription orders on the same net asset value is 5% or more of the subfund's net assets, the management company may reduce each redemption order within the subfund's maximum redemption limit. The management company will then reduce all redemption orders proportionally to meet the maximum redemption limit. Redemption requests will be proportionally reduced and expressed in whole shares (rounded up).

The subfund's maximum redemption limit on each net asset value (NAV) calculation date is defined as 5% of the subfund's net assets or a higher amount at the discretion of the management company if market liquidity permits.

The remaining portion of redemptions exceeding the maximum redemption limit is not cancelled and will be automatically carried over to the next NAV date, where it will be processed in the same manner as redemption orders submitted for the subsequent NAV date. Orders carried over cannot be cancelled and will not take priority over subsequent redemption requests.

In such cases, shareholders affected by the reduction of orders will be individually informed of the amount of their order carried over as soon as possible by the centralising agent, following instructions from the management company.

The triggering of the gate is communicated on the management company's website.

Trigger exemption cases:

Redemptions followed by a subscription executed on the same day for the same net asset value and the same number of securities by the same shareholder will not be carried over, provided that the centralising agent has been expressly informed.

Example illustrating a gate

On the centralisation date, if redemption orders (net of subscriptions) represent 10% of the subfund's net assets, and the management company decides to trigger the gate at 5% of the subfund's net assets:

- 2 days after the NAV date, each investor who has submitted a redemption order will receive a settlement equal to 50% (5% divided by 10%) of the amount of the redemption requested;
- the remaining 50% will be carried over to the next NAV date.

At the next centralisation, if the redemption orders net of subscriptions (new orders + balance of orders carried over) represent 50% of the subfund's net assets, and the management company decides to cap redemptions at 40%, all orders, including the balance of orders previously carried over, will be 80% honoured (40% divided by 50%).

**Institutions designated to receive subscriptions and redemptions and responsible for applying the centralisation cut-off time indicated in the paragraph above:**

CACEIS Bank and HSBC Continental Europe for clients for whom they provide custody and management services.

*Shareholders should note that orders transmitted to marketing agents other than the institutions mentioned above must take into account the fact that the cut-off time for centralising orders applies to these marketing agents distributors with respect to CACEIS Bank. Accordingly, its marketing agents may apply their own cut-off time, prior to the time mentioned above, in order to take into account their deadline for transmitting orders to CACEIS Bank.*

**Date and frequency of NAV calculation:**

The net asset value is calculated daily, except on Saturdays, Sundays, legal holidays in France and days when the French market is closed. Where applicable, the net asset value will be calculated on the basis of the prices of the previous day if it is a business day. The net asset value is available from the management company.

Net asset values may be obtained from the management company at the following address:

*HSBC Global Asset Management (France)*

Coeur Défense – 110 esplanade du Général de Gaulle – La Défense 4 – 92400 Courbevoie

► **Charges and fees:**

**Subscription and redemption fees:**

*Subscription and redemption fees increase the subscription price paid by the investor or reduce the redemption price. The fees paid to the subfund are used to offset the costs incurred by the subfund in investing or divesting the assets entrusted. Fees not paid are paid to the management company, the marketing agent, etc.*

Charges payable by the investor, deducted at the time of subscriptions and redemptions	Base	Scale rate
		AC, IC shares:
Subscription fee not paid into the subfund	net asset value × number of shares	2% maximum
Subscription fee paid into the subfund	net asset value × number of shares	None
Redemption fee not paid into the subfund	net asset value × number of shares	None
Redemption fee paid into the subfund	net asset value × number of shares	None

UCIs and mandates managed by an HSBC Group entity are exempted from subscription fees.

Exception: Simultaneous redemption/subscription transactions based on the net asset value of subscription for a zero-balance transaction volume on the same subfund are carried out free of charge.

**Charges:**

*Financial management fees and administrative fees external to the management company cover all fees charged directly to the subfund, with the exception of transaction fees. Transaction fees*

include intermediation fees (brokerage, stock exchange taxes, etc.) and activity fees, where applicable, which may be collected in particular by the depositary and the management company.

The following fees may be payable in addition to financial management fees and costs of administrative services external to the management company:

- performance commissions. These commissions are paid to the management company when the subfund has exceeded its targets. They are therefore charged to the subfund;
- activity fees charged to the subfund;
- a share of the income from temporary purchases and sales of securities.

In that case, the management company will not be required to notify the shareholders in any particular way or offer the option to redeem their shares free of charge.

	<b>Charges to the subfund</b>	<b>Base</b>	<b>AC shares</b>	<b>IC shares:</b>
1	Financial management <sup>(1)</sup>	Daily net assets	Maximum 1.35% incl. tax	Maximum 0.70% incl. tax
2	Operating costs and other services <sup>(2)</sup>	Daily net assets	0.20% incl. tax (*)	
3	Maximum indirect charges (commissions and management fees)	Daily net assets	Maximum 0.30% incl. tax	
4	Activity fees	Deducted from each transaction	None	
5	Performance commission	Daily net assets	None	

(\*) Operating costs and other services are charged on a flat-rate basis. The flat rate may be deducted even if the actual costs are less than the flat rate. Any excess over this rate is covered by the management company.

(1) A percentage of management fees may be passed on to third-party marketing agents in return for marketing the subfund

(2) Operating and other service costs include:

*I. Fund registration and listing fees:*

- fees related to the subfund's registration in other Member States (including fees charged by advisors (lawyers, consultants, etc.) for carrying out marketing formalities with the local regulator on the asset management company's behalf);
- fees for listing the subfund and publishing net asset values to keep investors informed;
- distribution platform fees (excluding retrocessions), relating to agents in foreign countries that perform a distribution function

*II. Costs for keeping clients and distributors informed*

- the costs of drafting and distributing KIDs, prospectuses and regulatory reports;
- the costs of providing regulatory information to distributors;
- the costs of providing information to unitholders by all means;
- information specific to direct and indirect holders: letters to holders;
- website administration costs;
- translation costs specific to the subfund.

*III. Data costs*

- costs of data used for redistribution to third parties;
- costs for auditing and promoting labels (e.g. SRI label, Greenfin label)

#### IV. Depositary, legal, audit, tax fees, etc.

- statutory audit fees;
- depositary fees;
- fees for delegation of administrative and accounting management;
- tax-related fees including those of lawyers and external consultants (recovery of withholding tax on behalf of the fund, local tax agent, etc.);
- legal fees specific to the subfund;
- Costs of creating a new subfund, amortisable over 5 years.

#### V. Costs relating to compliance with regulatory obligations and regulatory reporting

- costs for submitting regulatory reports to the regulator specific to the subfund;
- fees for compulsory professional associations
- operating costs for deployment of voting policies at General Meetings

#### The following costs may be added to the above-listed fees charged to the subfund:

- contributions due for the management of the subfund pursuant to Article L. 621-5-3-II-4° of the French Monetary and Financial Code;
- exceptional and non-recurring taxes, levies and government duties (in relation to the subfund);
- exceptional and non-recurring costs for the recovery of receivables (e.g. Lehman) or proceedings to assert a right (e.g. class action).

### **Brief description of the intermediary selection procedure**

The management company selects brokers or counterparties using a procedure that complies with the regulations applicable to it. As part of this selection process, the management company fulfils its best execution obligation at all times.

The objective selection criteria used by the Management Company especially include the quality of order execution, fees applied, as well as the financial solvency of each broker or counterparty.

The counterparties, investment companies and service providers of HSBC Global Asset Management (France) are selected according to a specific evaluation process intended to ensure that the company receives a high-quality service. This is a key element in the general decision-making process which incorporates the impact of the broker service quality across all our departments, from Investment Management and Financial and Credit Analysis to Trading and the Middle Office.

Entities linked to the HSBC Group or to the fund's depositary may be selected as counterparties.

The Best Execution and Intermediary Selection Policy is detailed on the management company's website.

## **4. Commercial information on the SICAV**

All information concerning the SICAV may be obtained by contacting the marketing agent directly.

### **Information on environmental, social, and governance (ESG) criteria:**

In accordance with Article L.533-22-1 of the French Monetary and Financial Code, the policy on including environmental, social and governance quality (ESG) criteria in the investment strategy is available on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

## **5. SICAV investment rules**

The legal investment rules applicable to this SICAV are those governing UCITS governed by Directive 2009/65/EC, as well as those that apply to its AMF classification.

## **6. Overall risk of the SICAV**

The commitment method is used to calculate the overall risk on financial futures.

## **7. SICAV asset valuation and accounting rules**

**The asset valuation rules applied by the accounting manager are outlined below according to the instruments held by the subfund:**

The subfund has adopted the euro as the reference currency.

The prices used for the valuation of securities traded on the stock exchange are the closing prices.

The prices applied for the valuation of bonds are an average contributor.

Funds are valued at their last known price.

Negotiable debt securities with a residual life of more than three months are valued at the market rate, with the exception of variable-rate or adjustable-rate negotiable debt securities not presenting any particular market sensitivity.

A simple linearisation method is estimated for negotiable debt securities with a remaining life of less than three months and having no particular sensitivity to the market, based on the crystallised three-month rate.

Repurchase agreements are valued at the contract price.

Firm and optional forward transactions and swap transactions made on OTC markets and authorised under the applicable fund regulations are measured at their market value or at an estimated value using methods chosen by the management company. Interest rate and/or currency swaps are valued at their market value based on the price calculated by discounting future cash flows (principal and interest) at the prevailing market interest and/or exchange rates.

European and foreign futures are valued using their settlement prices.

Interest rate and foreign currency swaps are valued under market conditions.

The valuation of interest-rate swaps against share performance is carried out:

- under market conditions for the fixed income branch
- according to the underlying security rate for the equity branch.

The valuation of credit default swaps (CDS) stems from a model populated by market spreads.

Off-balance sheet commitments in European and foreign futures markets are calculated as follows:

- FUTURES

(Qty x Nominal x Daily price x Contract currency)

- OPTIONS

(Qty x delta) x (Nominal of underlying instrument x Daily price of underlying instrument x Contract currency).

For swaps, the off-balance-sheet commitment corresponds to the nominal value of the contract plus or minus the interest differential and the unrealised capital gain or loss on the closing date.

Interest is accounted for:

- according to the coupon received method for the following subfunds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - EUROPE EQUITY GREEN SOLUTIONS
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC
  
- according to the coupon accrued method for the following subfunds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

Items entered in the portfolio are entered at their acquisition price minus costs.

Transaction fees are recognised in specific accounts of each subfund and are not added to the price.

Financial instruments whose prices were not determined on the day of valuation or whose prices have been adjusted are valued at their probable trading price under the responsibility of the Management Company. These valuations and the associated justification are provided to the statutory auditor for auditing purposes.

### **Valuation of financial guarantees**

Collateral is valued daily at the market price (mark to market).

Haircuts can be applied to collateral received in the form of securities according to the level of risk.

Margin calls occur daily unless otherwise indicated in the master agreement covering these transactions on in case of agreement between the Management Company and the counterparty on the application of a trigger threshold.

### **Accounting method**

Income from financial instruments is accounted for:

- according to the coupon received method for the following subfunds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - EUROPE EQUITY GREEN SOLUTIONS
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI MODERATE
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI BALANCED
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI DYNAMIC
- according to the coupon accrued method for the following subfunds:
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI GLOBAL EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EUROLAND EQUITY
  - HSBC RESPONSIBLE INVESTMENT FUNDS - SRI EURO BOND

Transaction fees are recognised in accounts specific to the subfund and are not added to the price.

Purchases and sales of securities are booked excluding expenses.

### **Swing pricing mechanism**

The management company has implemented a swing pricing mechanism to adjust the net asset value of each of the subfunds once a trigger threshold is reached in order to protect the interests of the unitholders present in each of the subfunds.

Under this mechanism, investors bear the portfolio adjustment costs — including transaction fees, bid/offer spreads and taxes or fees applicable to the UCI—relating to investments or disinvestments when there are significant numbers of subscriptions and redemptions.

When the net balance of investor subscription and redemption orders exceeds a predefined threshold, called the “trigger point”, the NAV is adjusted.

The NAV is adjusted up or down if the balance of subscriptions/redemptions is respectively positive or negative, so as to take into account the readjustment costs attributable to the net subscription and/or redemption orders.

The trigger threshold is expressed as a percentage of the subfund’s net assets.

The parameters for the trigger point and the NAV adjustment factor are determined by the Management Company and periodically reviewed.

The adjusted (“swing”) NAV is the only NAV of the subfund concerned and is therefore the only NAV published and communicated to unitholders.

By applying swing pricing with a trigger threshold, it is possible that the UCI’s volatility will not come from only the volatility of the financial instruments in the portfolio.

In accordance with the regulatory provisions, the management company does not communicate the trigger points and ensures that internal communication channels are restricted so as to safeguard the confidential nature of the information.

Alternative practical procedures in exceptional circumstances:

Since the net asset value is calculated by delegation to a service provider from outside the management company, any potential issues with information systems used by the management company will not affect the subfund’s capacity to have its net asset value calculated and published.

In the event of an issue with the service provider’s systems, the service provider’s backup plan will be implemented to ensure that the net asset value continues to be calculated without interruption. As a last resort, the management company has the necessary means and systems to temporarily accommodate issues with the provider and determine the subfund’s net asset value under its own responsibility.

However, redemption by the subfund of its shares and issuance of new units may be temporarily suspended by the management company under Article L.214-8-7 of the French Monetary and Financial Code in exceptional circumstances and if required by the interest of the shareholders.

Exceptional circumstances are defined in particular as any period during which:

- a) Trading on one of the markets on which a significant proportion of the subfund’s investments is generally traded is suspended, or one of the methods generally used by the management company or its agents to value investments or determine the subfund’s net asset value is temporarily unavailable; or
- b) For another reason, valuation of the financial instruments held by the subfund cannot, according to the management company, be completed in a reasonable, quick and fair manner; or
- c) According to the management company, it is not reasonably possible to sell all or some of the assets in the subfund or to trade in the investment markets of the subfund, or this is not possible without seriously harming the interests of the subfund’s shareholders, particularly in case of force majeure that temporarily deprives the management company of its management systems; or
- d) The fund transfer transactions required for the sale or payment of assets in the subfund or for the execution of subscriptions or redemptions of shares in the subfund are postponed or, according to the management company, cannot be carried out quickly at normal exchange rates.

In all cases of suspension, with the exception of ad hoc market communications, the shareholders shall be informed as soon as possible by means of a press notification. The information shall be provided beforehand to the French AMF.

**VIII. Remuneration:**

The management company, HSBC Global Asset Management (France), has put in place a remuneration policy that is tailored to its structure and business activities.

This policy aims to provide a framework for the various methods of remunerating employees with decision-making, oversight, or risk-taking authority within the group.

This remuneration policy has been defined to reflect the economic strategy, objectives, values, and interests of the HSBC Group management company, its managed funds and these funds’ shareholders.

The objective of the policy is to discourage risk-taking that is excessive in light of the risk profile of the managed funds.

The management company has implemented appropriate measures to prevent conflicts of interest.

The remuneration policy is adapted and monitored by the Remuneration Committee and the Board of Directors of HSBC Global Asset Management (France).

The remuneration policy is available online at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) or free of charge by written request to the management company.

- |                                  |                        |
|----------------------------------|------------------------|
| • <i>Approved by the AMF on:</i> | <i>11 October 1968</i> |
| • <i>Creation date:</i>          | <i>2 December 1968</i> |
| • <i>Updated on:</i>             | <i>16 April 2026</i>   |

## 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. This 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 of 90% of net assets

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 \_% 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 is the sustainable investment objective of this financial product?

The subfund invests primarily in shares issued by European companies that contribute to climate solutions. Climate solutions are products or services that directly or indirectly provide solutions required for the decarbonisation of stakeholders in the green transition.

These products and services meet one of the conditions below:

1. They provide an activity with low or zero carbon emissions (e.g. renewable energy);
2. They enable activities with low or zero carbon emissions throughout the value chain (such as battery manufacturers);
3. They protect, manage, or restore the environment or natural resources;
4. They prevent or reduce the risks of adverse effects of climate change on people, nature, and property (physical risks).

Evaluating investments in climate solutions involves measuring their potential to significantly reduce, avoid, or eliminate potential GHG emissions. The assessments are therefore based on modelling the potential future outcomes of decarbonisation rather than examining the company's historical emission trends.

Investing in climate solutions is more than just investing in renewable energy.

Achieving a low-carbon transition will require structural and disruptive changes in the economy.

The subfund invests in eight climate eco-sectors: renewable energy, industrial energy efficiency, green buildings, transport/sustainable mobility, circular economy, biodiversity, clean water and environmental preservation, adaptation to physical risks, and information and communication technologies.

In addition, issuers are deemed to contribute to climate solutions when they derive at least 20% of their revenue or other ratings or quantitative measures that demonstrate a material alignment with climate solutions.

The subfund thus contributes to the environmental objectives set out in Article 9 of the Taxonomy Regulation and, in particular, to the objectives of climate change mitigation and adaptation.

Furthermore, the identified companies are all reviewed and selected according to ESG criteria (selection of the best companies in each sector) and sustainability indicators adapted to the specific characteristics of the subfund.

Lastly, 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.
- Securities issued by companies involved in “excluded” activities. The excluded activities are set out in the section on binding elements of the investment strategy.

#### **Sustainability indicators**

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

The attainment of the sustainable investment objective is measured using the sustainability indicators listed in the section below, some of which are measured against the MSCI Europe IMI GDP weighted Net Return. However, the MSCI Europe IMI GDP weighted Net Return has not been designated to determine whether the subfund attains the sustainability objectives.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

One of the indicators used to monitor and measure the portfolio’s environmental performance is the avoided emissions indicator. Emissions avoided correspond to future emissions of green technology compared with the conventional technology it is expected to replace over its life cycle. The subfund aims to have more avoided emissions than those of the MSCI Europe IMI GDP weighted Net Return, the non-binding reference indicator used to assess its performance.

The subfund invests primarily (at least 80%) in shares issued by European companies that contribute to climate solutions as defined in the previous section.

The subfund also applies an indicator relating to respect for human rights: 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.

In addition, the subfund will not invest in shares of companies or other securities equivalent to shares of companies exposed to certain activities (“excluded activities”). The excluded activities are set out below among the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective of the financial product.

- ***How do sustainable investments 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 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.

**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 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: [www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retail-investors/about-us/responsible-investing/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 breach of these principles.

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



## 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 a sustainability indicator relating to environmental, social, and human rights factors.

Indicators		Measurement of the indicator	Commitment made by the subfund on the indicator
Environment	GHG intensity (PAI 3*)	GHG intensity of investee companies	This indicator is taken into account in particular due to the application of our coal phase-out policy as well as sectoral exclusions set out by the Greenfin label framework. In addition, the manager favours, all other things being equal, companies that emit the least CO2 within their sector or are working to reduce their carbon intensity.
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 have violated 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.
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 controversial 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. Issuers underperforming on certain PAIs may be subject to engagement and an additional ESG assessment.

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 annex attached to its annual report.

No



### **What investment strategy does this financial product follow?**

The subfund invests in equities of all capitalisations issued by European companies whose activities contribute to climate solutions. The process of selecting securities, consisting of two independent, successive steps, is based on non-financial and financial criteria.

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

The portfolio is constructed as follows:

#### **1) Definition of the universe of eligible securities**

The first step of the process is to determine the subfund's SRI universe based on an initial investment universe.

This initial investment universe consists of around 1,200 securities issued by European companies of large, medium, and small capitalisations.

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 Greenfin 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](http://www.assetmanagement.hsbc.fr).

The second step is to define the universe of eligible securities based on the SRI universe. To attain its investment objective, the subfund invests primarily (at least 80%) in equities of all capitalisations issued by European companies whose activities contribute to climate solutions. Climate solutions are products or services that directly or indirectly provide solutions required for the decarbonisation of stakeholders in the green transition, i.e. the transition from an economic model that relies heavily on fossil fuels (oil, gas, or coal) to a more sustainable, or even decarbonised, model. A detailed description of the products and services mentioned above is presented in the section "What is the sustainable investment objective of this financial product?"

To combat climate change, the subfund actively contributes to financing companies providing the solutions required to decarbonise economic entities and benefiting from green growth. One of the indicators used to monitor and measure the portfolio's environmental performance is the avoided emissions indicator. Emissions avoided correspond to future emissions of green technology compared with the conventional technology it is expected to replace over its life cycle. The subfund aims to have more avoided emissions than those of the MSCI Europe IMI GDP weighted Net Return, the non-binding reference indicator used to assess its performance. This step involves analysing the activity of companies to identify those belonging to sustainable themes, such as renewable energy, industry and energy efficiency, the circular economy (including waste management and pollution control in particular), and organic farming. Securities are then classified on the basis of their green intensity. This green intensity is defined as the contribution of eligible activities relative to the company's total turnover (less than 10%, between 10% and 50%, and more than 50% of turnover).

This step is completed in collaboration with our fundamental research teams, which provide knowledge of the issuers through direct discussions with the companies and the use of external data providers. This step includes an assessment of activities that are contrary to the green transition.

The subfund's investment universe may be extended to securities that are not part of the eco-sectors mentioned above but are identified as contributing to the strategy's environmental objectives while complying with the exclusion rules mentioned above.

The selected companies are chosen for their strong ESG profile (2) and their financial attractiveness (3).

## 2) Selection according to non-financial criteria (SRI filter)

The subfund adopts an active management philosophy based on Environmental, Social, and Corporate Governance (ESG) criteria across the entire universe (thematic and diversification universe).

The companies identified above are all reviewed and selected according to ESG criteria and sustainability indicators adapted to the specific characteristics of the subfund.

The ESG rating of issuers, used in the selectivity approach, is constructed from an E score, an S score, a G score, and an aggregate ESG score. The scores (E, S, and G) are provided by ESG data providers that assess the non-financial aspects of the business sector to which the rated company belongs.

Environmental aspects are connected with the nature of the company's activity in its particular sector. In extractive industries, utilities, and air transport, for example, the release of CO<sub>2</sub> 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 maximise its 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.

These first three scores are then weighted according to the weight assigned by the management company to each of the E, S, and G pillars within the company's specific sector and aggregated to establish an ESG score to rank companies by sector.

The relative weight of each of the three pillars 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](http://www.assetmanagement.hsbc.fr)).

The SRI universe involves taking into account ESG criteria, rating companies, and classifying them into quartiles within each sector.

The SRI selection will be carried out within the thematic universe, supplemented by the diversification universe.

The SRI filter consists of unrestricted investment in securities in the top three quartiles. Securities in the bottom quartile are excluded. We consider companies meeting all these criteria to conduct their activities with a long-term development approach.

Each month, the ratings of the HSBC Responsible Investment Funds - Europe Equity Green Solutions subfund's SRI universe are updated.

The subfund's portfolio must be brought into line with changes in quartiles resulting from score increases or decreases within two weeks after the new SRI universes are sent out and at the latest before the end of each calendar month. However, this period may be exceptionally extended by three additional months, at the manager's discretion, for companies in the bottom quartile.

For companies for which no data has been provided by external data providers, the manager conducts a detailed in-house analysis using the company's data. The list of external ESG data providers is available in the section on the subfund's ESG information on our websites at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)

The aim of this best-in-class SRI approach is to select securities with strong ESG scores. This helps to mitigate the potential impact of sustainability risks on portfolio performance.

### 3) Determination of the final portfolio

This step involves analysing the securities within the filtered universe according to a fundamental financial analysis. Investment decisions are based on the analysis of fundamentals and valuations.

The Transparency Code for the HSBC Responsible Investment Funds - Europe Equity Green Solutions subfund is publicly available at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr) and provides detailed information on the "energy transition" thematic approach and the integration of the subfund's ESG criteria. This information is also available in its annual report.

Information on the social, environmental, and quality of governance criteria in this subfund's investment policy is available on HSBC Global Asset Management's website: ([www.assetmanagement.hsbc.fr](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio. These policies and reports on engagement activities and the exercise of voting rights are available on the Management Company's website ([www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)).

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The process of selecting securities includes, but is not limited to:

(1) Definition of the SRI universe securities:

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 Greenfin 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.

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

The subfund will not invest in securities issued by companies involved in “excluded” activities:

Exclusions of corporate securities based on an environmental criterion:

- Companies developing new projects for the exploration, extraction, transport (of coal, oil, or gas), and refining of solid, liquid, or gaseous fossil fuels, as well as new power generation capacity from solid, liquid, or gaseous fossil fuels are excluded.

- Companies whose turnover in the fossil fuel value chain activities listed below exceed 5% are excluded from the investment scope:

- Exploration, extraction, and refining of solid, liquid, and gaseous fossil fuel;
- Production of products derived from solid, liquid, and gaseous fossil fuels;
- Transport/distribution and storage of solid and liquid fossil fuels;
- Generation of energy in the form of electricity and/or heat, heating, and cooling from liquid and gaseous fossil fuels;
- Supply of solid and liquid fossil fuels.

Companies whose turnover in the following value chain activities is 30% or more are excluded from the investment scope:

- Transport, distribution, and storage of gaseous fossil fuels;
- Services for the supply of gaseous fossil fuels;
- Storage and landfill sites without GHG capture;
- Incineration without energy recovery;
- Energy efficiency for non-renewable energy sources and energy savings related to optimising the extraction, transport, and production of electricity from fossil fuels;
- Logging, unless sustainably managed, and farming on peatlands;
- Production, transport, and distribution/sale of equipment and services provided to or intended for customers in strictly excluded business sectors (as defined above).

- Issuers that derive 1% or more of their turnover from exploration, mining, extraction, distribution or refining of hard coal and lignite.

- Issuers that derive 50% or more of their turnover from electricity generation with a GHG emission intensity of more than 100 g CO<sub>2</sub> e/kWh.

- Issuers that derive 10% or more of their turnover from exploration, extraction, distribution, or refining of liquid fuels.

- Issuers that derive 50% or more of their turnover from exploration, extraction, manufacture, or distribution of gaseous fuels.

- Issuers for which HSBC Asset Management considers that the revenues generated by their activities exceed the following thresholds:

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.

- Issuers engaged in thermal coal activities.

Mining companies are completely excluded.

In addition, the subfund will not participate in initial public offerings (“IPOs”) of issuers that HSBC Asset Management considers to be engaged in the expansion of thermal coal production.

To remain in the portfolio, the company must derive less than 2.5% of its revenue from electricity generation using thermal coal or have a credible transition plan.

Exclusions of corporate securities based on a social criterion:

Weapons:

- clearly or very likely involved in developing, using, maintaining, offering for sale, distributing, importing or exporting, stockpiling, or transporting prohibited weapons(\*) as defined by international treaties and conventions (biological weapons, chemical weapons, anti-personnel mines, and cluster munitions);
- involved in the production of controversial weapons(\*\*) as defined in HSBC Group's Responsible Investment Policy or their key components. These controversial weapons include, but are not limited to, depleted uranium weapons and white phosphorus when used for military purposes.

(\*) As defined by HSBC Asset Management's prohibited weapons exclusion policy applied by HSBC Global Asset Management (France) and Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022.

(\*\*) As defined by HSBC Asset Management's Responsible Investment Policy applied by HSBC Global Asset Management (France).

UNGC:

Any issuer found to have 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 corporate securities 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.
- 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.

Expertise, research, and information provided by data providers may be used to identify issuers exposed to excluded activities. A complete list of external ESG data providers is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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](http://www.assetmanagement.hsbc.fr)

(2) Definition of the universe of eligible securities based on a thematic approach by analysing the activity of companies to identify those that contribute to climate solutions. Climate solutions are products or services that directly or indirectly provide solutions required for the decarbonisation of stakeholders in the green transition.

These products and services meet one of the conditions below:

1. They provide an activity with low or zero carbon emissions (e.g. renewable energy);

2. They enable activities with low or zero carbon emissions throughout the value chain (such as battery manufacturers);
3. They protect, manage, or restore the environment or natural resources;
4. They prevent or reduce the risks of adverse effects of climate change on people, nature, and property (physical risks).

Evaluating investments in climate solutions involves measuring their potential to significantly reduce, avoid, or eliminate potential GHG emissions. The assessments are therefore based on modelling the potential future outcomes of decarbonisation rather than examining the company's historical emission trends.

Investing in climate solutions is more than just investing in renewable energy.

Achieving a low-carbon transition will require structural and disruptive changes in the economy.

The subfund invests in eight climate eco-sectors: renewable energy, industrial energy efficiency, green buildings, transport/sustainable mobility, circular economy, biodiversity, clean water and environmental preservation, adaptation to physical risks, and information and communication technologies.

In addition, issuers are deemed to contribute to climate solutions when they derive at least 20% of their revenue or other ratings or quantitative measures that demonstrate a material alignment with climate solutions.

The subfund invests primarily (at least 80%) in companies whose activities contribute to climate solutions. However, the subfund's investment universe may be extended to securities that are not part of the eco-sectors mentioned above but are identified as contributing to the strategy's environmental objectives while complying with the exclusion rules mentioned above.

(3) Selection of companies for their strong ESG profile with an SRI filter.

The companies identified above are all reviewed and selected according to ESG criteria and sustainability indicators adapted to the specific characteristics of the subfund. The selection of companies is based on a best-in-class approach.

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

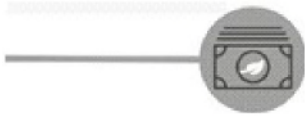
- The subfund uses the sustainability indicators set out above (in the section detailing the indicators used to measure the attainment of the sustainable investment objective of the financial product).

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

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

The subfund's investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate

governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.



**Asset allocation** describes the share of investments in specific assets.

### What are the asset allocation and the minimum share of sustainable investments?

With the aim of financing companies providing the solutions required to decarbonise economic entities and benefiting from green growth, the portfolio is constructed as follows:

- Definition of the SRI universe by applying exclusions based on criteria (ESG) and the universe of eligible securities according to the thematic approach by analysing the activity of companies to identify those that contribute to climate solutions.

The subfund's investment universe may be extended to securities that are not part of the eco-sectors mentioned above in the investment strategy section but are identified as contributing to the strategy's environmental objectives while complying with the exclusion rules mentioned above.

- Determination of the portfolio by selecting securities specific to the theme and based on Environmental, Social, and Governance (ESG) criteria and a fundamental financial analysis.

The various stages of the investment process allow the subfund to commit to a minimum of 90% of assets in sustainable investments with an environmental objective. The balance consists of cash and cash equivalents.

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 allow the sustainable investment objective to be attained?**  
The subfund does not use derivatives.

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?**

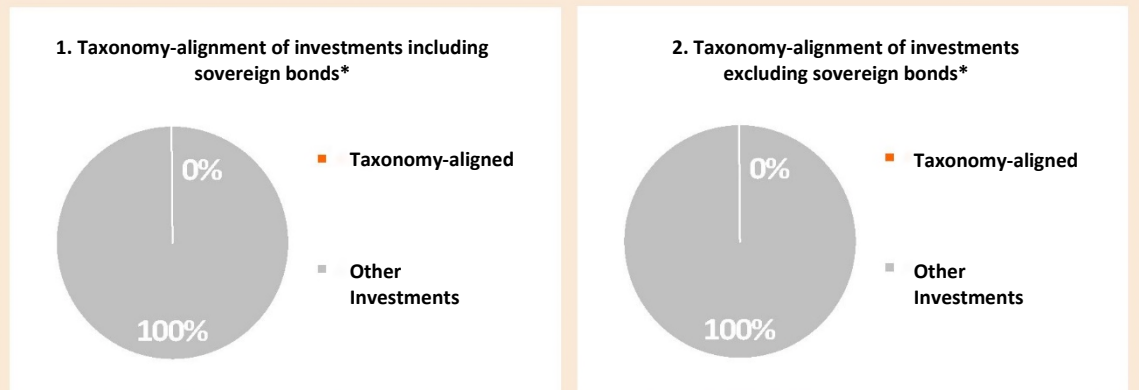
The subfund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the European Union’s taxonomy.

- **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's minimum share of sustainable investments with an environmental objective not aligned with the taxonomy is 100%. 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 sustainable investments with a social objective?

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?

Up to 10% of the subfund's assets may be held in cash and cash equivalents.



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?  
No

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*

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 website of the Management Company: [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr)

**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 10% 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 international equity markets by selecting corporate securities in markets of international developed countries 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 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 is made up of around 1,500 securities, mainly including securities of companies listed on international developed markets and, on an ancillary basis, securities of companies from developed industrialised countries outside the OECD.

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

- 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 indicators, the subfund commits to attaining a better ESG performance than that of the reference indicator used for information purposes.

The subfund is actively managed and does not track a benchmark. The indicator used by the subfund to measure performance is the MSCI World. However, it has not been designated to determine whether the subfund is aligned with the environmental or social characteristics it

promotes.

**Sustainability indicators** are used to check the financial product's compliance with the environmental or social characteristics that it promotes.

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 portfolio to have an ESG score higher than that of the reference indicator used for information purposes, 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 is actively managed and does not track a reference benchmark. The MSCI World index is the reference indicator used to compare certain E/S characteristics of the subfund, as described in the section on sustainability indicators below.

● ***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 portfolio to have an ESG score higher than that of the reference indicator used for information purposes, 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);

- 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 subfund commits to attaining a better ESG performance than that of its reference indicator used for information purposes).

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 company share 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). 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.
- 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.

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](http://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>.*

**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: [www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/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 its selection of investments, the manager has chosen indicators relating to environmental, social, and human rights factors. Depending on the indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicators		Measurement of the indicator	Commitment made by the subfund on the indicator
Relating to the environment	GHG intensity (PAI 3*)	GHG intensity of investee companies	Commitment to attaining a better ESG performance than the reference indicator used for information purposes
Relating to 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 have violated 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
Relating to respect for human rights	Lack of human rights policy (PAI 9*)	Share of investments in	Commitment to attaining a better ESG performance than the reference indicator used for information

		entities without a human rights policy	purposes
Relating to 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 controversial 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 annex of the subfund's annual report.

No



### **What investment strategy does this financial product follow?**

The subfund's investment strategy is to invest in the international equity markets by selecting securities of international companies that meet environmental, social, and governance (ESG) and financial quality criteria.

The level of non-financial analysis is at least 90% of the subfund's eligible assets.

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 is made up of around 1,500 securities, mainly including securities of companies listed on international developed markets and, on an ancillary basis, securities of companies from developed industrialised countries outside the OECD.

The subfund is generally invested in large-cap equities (and similar securities), but it reserves the right to invest up to 100% of its assets in small and mid-cap securities.

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](http://www.assetmanagement.hsbc.fr).

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

- 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 commits to attaining a better ESG performance than that of the reference indicator used for information purposes.

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 portfolio to have an ESG score higher than that of the reference indicator used for information purposes, 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 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](http://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.

The list of external providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio.

The engagement policy and the voting policy are available on the management company's website at [www.assetmanagement.hsbc.fr](http://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 SICAV's annual report.

● ***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:

- 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 the reference indicator used for information purposes.

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 portfolio to have an ESG score higher than that of the reference indicator used for information purposes, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

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

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

Lastly, the subfund uses an "engagement" approach.

These binding elements are detailed in the section on investment strategy.

Expertise, research, and information provided by external providers of data may be used to identify issuers exposed to excluded activities. The list of external providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Investors should be aware that these exclusions reduce the investment universe and prevent

**The investment strategy**

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

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](http://www.assetmanagement.hsbc.fr).

Appendix detailing exclusions based on Environmental, Social, and Governance (ESG) criteria

<b>Exclusion of corporate securities based on an environmental criterion</b>	
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 turnover 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>
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 CO<sub>2</sub> e/kWh.</p>
<b>Exclusion of corporate securities based on a social environmental criterion</b>	
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 found to have 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.
<b>Exclusion of corporate securities based on a governance criterion</b>	
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.

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.
---	---

**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 subfund's investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.



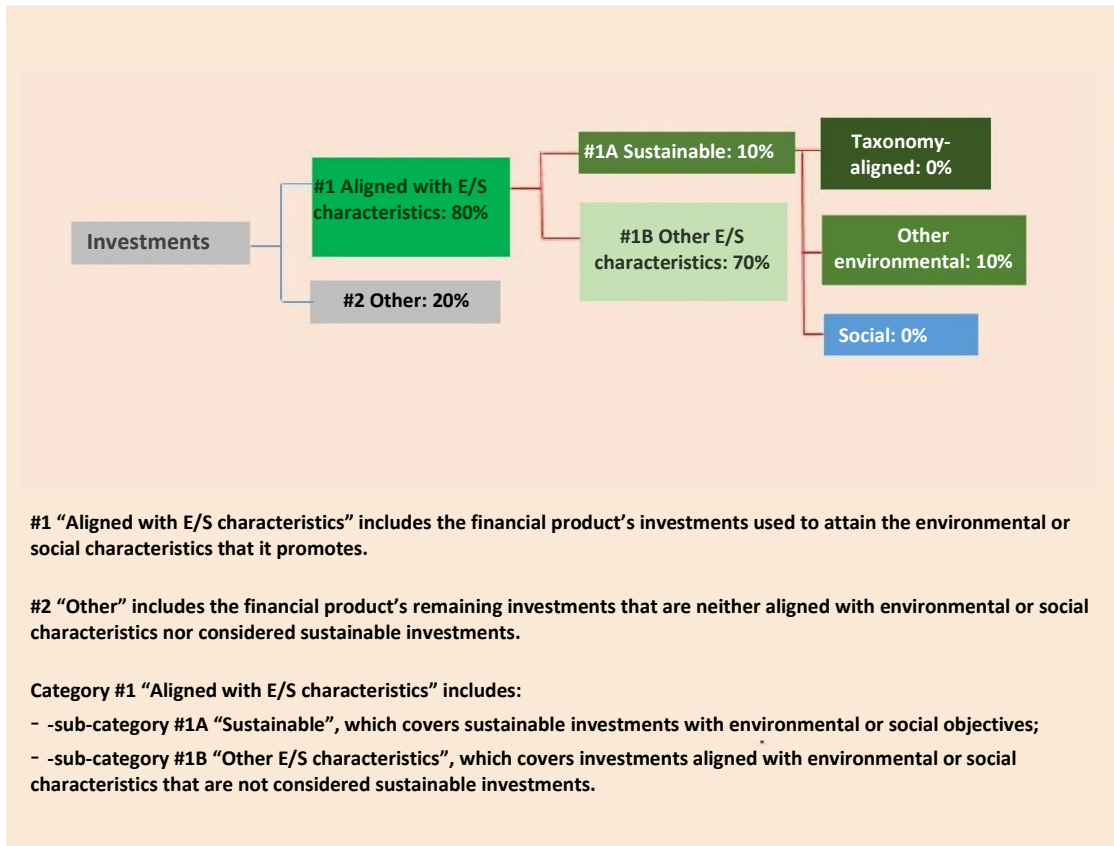
**Asset allocation** describes the proportion of investments in specific assets.

### **What is the asset allocation planned for this financial product?**

The subfund invests in international equities. The companies are selected according to Environmental, Social, and Corporate Governance (ESG) criteria as well as standard economic and financial criteria. At all times, a minimum of 75% of the portfolio's net assets will be invested in and exposed to international equities selected on markets of developed countries. The subfund may hold other investments listed in the prospectus 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 10% of its assets in sustainable investments.

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

- **turnover** to reflect the share of revenue generated by green activities of the companies in which the financial product invests;
- **capital expenditure** (CapEx) to show the green investments made by investee companies, e.g. relevant for a transition to a green economy;
- **operating expenditure** (OpEx) to reflect the green operational activities of investee companies.



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

The manager will not use derivatives.

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



**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.

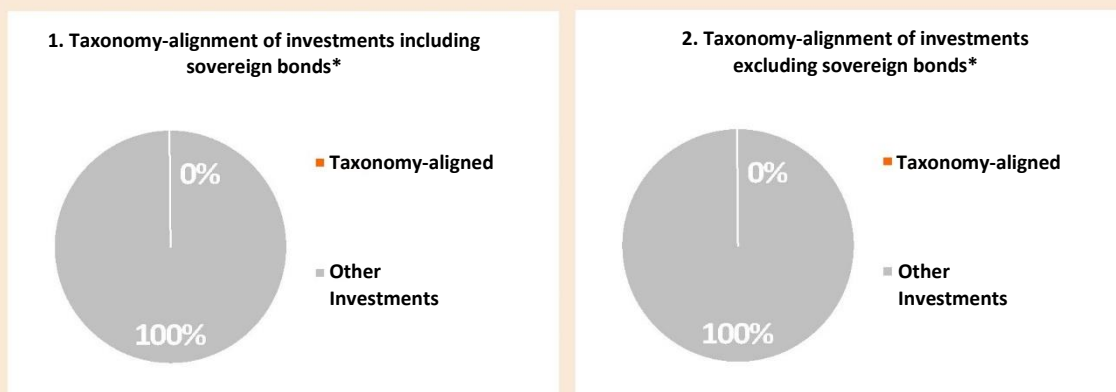
● **Does the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy?**

- 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 have greenhouse gas emission levels corresponding to the best performance for their industry.


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.



\* 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 10% 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 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.



**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 MSCI World 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](http://www.assetmanagement.hsbc.fr)

V5

Date updated: 21/05/2025

**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](http://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](https://www.humandevelopmentreports.org/).

(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.

<b>Indicator</b>		<b>Measurement of the indicator</b>	<b>Commitment made by the subfund on the indicator</b>
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](http://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](http://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](http://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](http://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](http://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](http://www.assetmanagement.hsbc.fr).

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

<b>Exclusions of non-government issues based on an environmental criterion</b>	
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"> <li>- 10% for oil and gas extraction in the Arctic region or tar sands extraction;</li> <li>- 35% for shale oil extraction and that, in HSBC Asset Management’s opinion, does not have a credible transition plan.</li> </ul>
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 CO<sub>2</sub> e/kWh.</p>
<b>Exclusions of non-government securities based on a social criterion</b>	
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.
<b>Exclusions of non-government issues based on a governance criterion</b>	

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.
<b>Exclusions of non-governmental issues not based on a governance criterion</b>	
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.
<b>Exclusions of government issues</b>	
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.

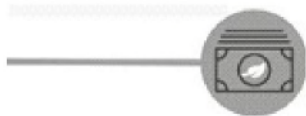
### **What is the asset allocation planned for this financial product?**

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.

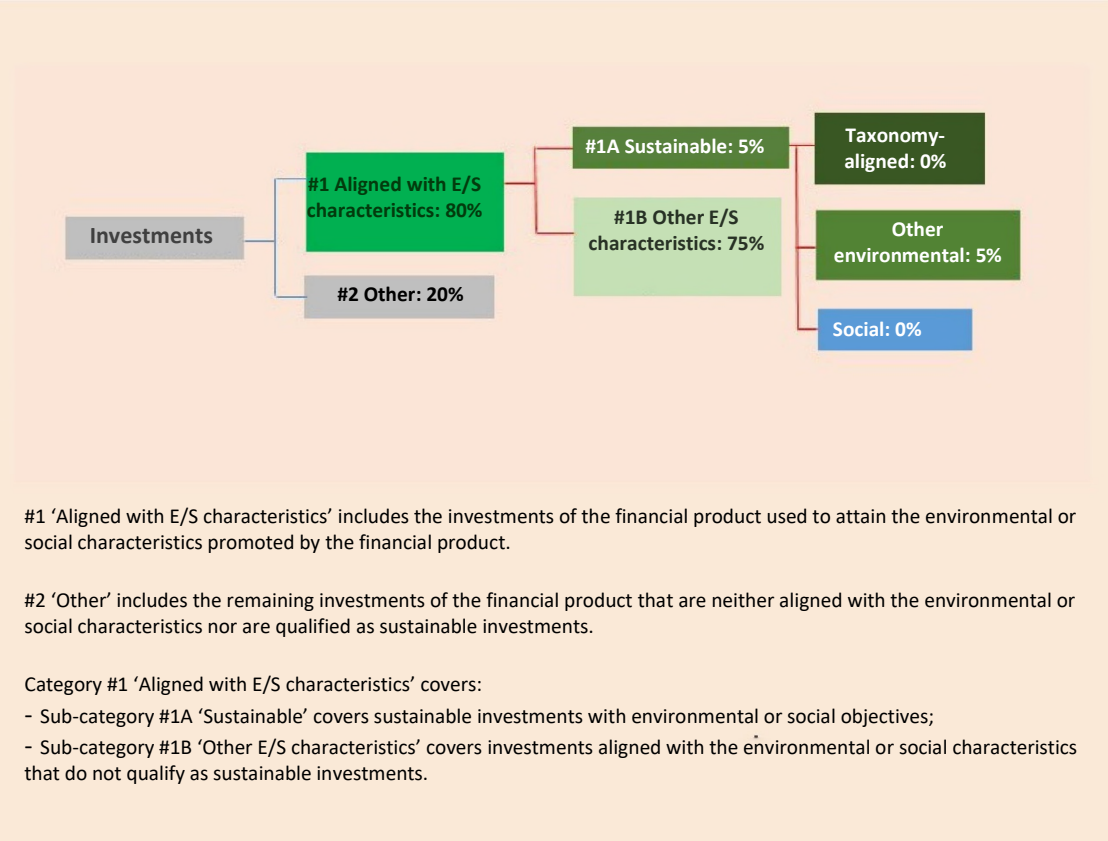
Although the subfund does not have sustainable investments as an objective, it commits to a minimum proportion of 5% of its assets in sustainable investments.



**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.



● **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.

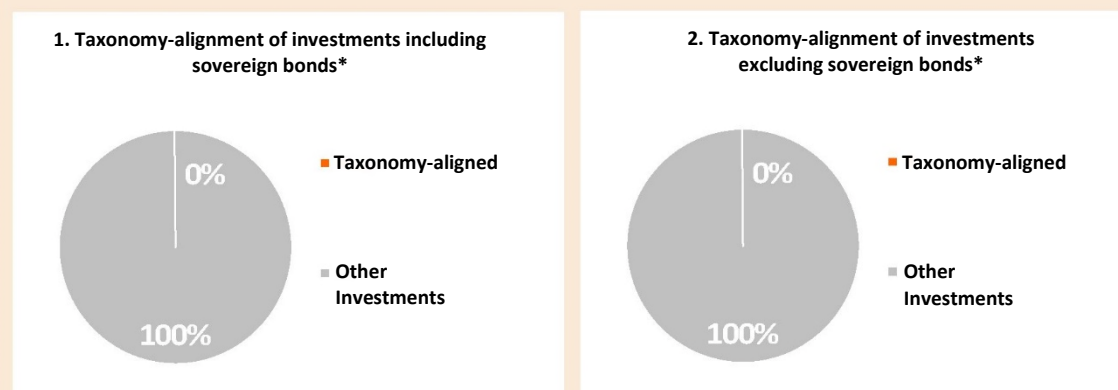
● **Does the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy?**

- 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](http://www.assetmanagement.hsbc.fr)

V5

Last updated: 21/05/2025

## 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. This 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

Yes

No

It will have 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 have a minimum of sustainable investments with a social objective:\_%

It promotes Environmental and Social (E/S) characteristics,

and while it does not have sustainable investment as its objective, a minimum of 10% of net assets will be invested in 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 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) 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 and Toward Sustainability frameworks, HSBC Asset Management's responsible investment policies, and exclusions applicable to the "Paris Agreement" reference benchmarks in accordance with the ESMA fund naming guidelines.

The initial investment universe consists of around 250 securities, mainly including corporate securities on the equity market of eurozone countries and, to a lesser extent, on markets outside the eurozone.

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

- Taking into consideration three specific sustainability indicators: an environmental indicator (greenhouse gas (GHG) intensity), an indicator relating to respect for human rights (lack of human rights policy), and a social indicator (gender equality within governance bodies). Regarding the greenhouse gas intensity and lack of human rights policy indicators, the subfund commits to attaining a better ESG performance than that of the non-binding reference indicator.

In addition, to comply with the requirements of the Towards Sustainability label, the subfund commits to attaining a better ESG performance than that mentioned in the label's framework for the greenhouse gas intensity and gender diversity in governance bodies indicators. The ESG performances mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.

The subfund also 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 portfolio to have an ESG score higher than that of the non-binding reference indicator, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

Furthermore, 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 MSCI EMU (NR) index is the reference indicator used to compare certain E/S characteristics of the subfund, as described in the section on sustainability indicators below.

● ***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 portfolio to have an ESG score higher than that of the non-binding reference indicator, 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 portfolio's ESG score must be 15% higher (in relative terms) than that of the non-binding reference indicator.

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);
- social issues (diversity indicator within governance bodies); 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.

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

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 company share 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) . 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.

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.

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](http://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>.

**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: [www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/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 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.*



**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 its selection of investments, the manager has chosen indicators relating to environmental, social, and human rights factors. Depending on the indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicators		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 the non-binding reference indicator Commitment to attaining a better ESG performance than that mentioned in the Towards Sustainability label framework. The ESG performance mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.
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 have violated 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 the non-binding reference indicator

Social issues	Gender diversity in governance bodies (PAI 13*)	Average gender ratio in the governance bodies of the companies concerned, as a percentage of the total number of members.	Commitment to attaining a better ESG performance than that mentioned in the Towards Sustainability label framework. The ESG performance mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.
Social issues	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons) (PAI 14*)	Share of investments in companies involved in the manufacture or selling of controversial 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 annex attached to its annual report.

No

### **What investment strategy does this financial product follow?**

The subfund's investment strategy is to invest in equity markets of eurozone countries and, to a lesser extent, in markets outside the eurozone through a selection of securities that meet Environmental, Social, and Governance (ESG) and financial quality criteria.

The level of non-financial analysis is at least 90% of the subfund's eligible assets.

The process of selecting securities 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 around 250 securities, mainly including corporate securities on the equity market of eurozone countries and, to a lesser extent, on markets outside the eurozone.

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 and Toward Sustainability frameworks, 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](http://www.assetmanagement.hsbc.fr).

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

- Taking into consideration three specific sustainability indicators: an environmental indicator (greenhouse gas intensity), an indicator relating to respect for human rights (lack of human rights policy), and a social indicator (gender equality within governance bodies). Regarding the greenhouse gas intensity and lack of human rights policy indicators, the subfund commits to attaining a better ESG performance than that of the non-binding reference indicator.

In addition, to comply with the requirements of the Towards Sustainability label, the subfund commits to attaining a better ESG performance than that mentioned in the label's framework for the greenhouse gas intensity and gender diversity in governance bodies indicators. The ESG performances mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.

The subfund also 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 portfolio to have an ESG score higher than that of the non-binding reference indicator, 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, to comply with the requirements of the Towards Sustainability label, the portfolio's ESG score must be 15% higher (in relative terms) than that of the non-binding reference indicator.

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

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](http://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.

The list of external providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio.

The engagement policy and the voting policy are available on the management company's website at [www.assetmanagement.hsbc.fr](http://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 SICAV'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 framework of the SRI label and the Toward Sustainability label, 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:

- 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 each of the reference indicators cited in the previous section.

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.

- Incorporating the analysis of issuers' ESG criteria. Based on a score improvement approach, the subfund selects the securities enabling the portfolio to have an ESG score higher than that of the non-binding reference indicator, after eliminating 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund. At least 80% of investments must meet minimum E, S, G, and ESG ratings.

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

Furthermore, with respect to the Towards Sustainability label, the subfund commits to:

- Attaining a better ESG performance than that mentioned in the Towards Sustainability label's framework for the greenhouse gas intensity and gender diversity in governance bodies indicators. The ESG performances mentioned in the label's framework can be consulted in the Transparency Code.

- Attaining an ESG score 15% higher (in relative terms) than that of the non-binding reference indicator.

Lastly, the subfund uses an "engagement" approach.

Expertise, research, and information provided by external providers of data may be used to identify issuers exposed to excluded activities. The list of external providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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 are available on the management company's website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Appendix detailing exclusions based on Environmental, Social, and Governance (ESG) criteria:

<b>Exclusions of corporate securities based on a social criterion</b>	
Weapons	Any issuer involved in the development, production, use, maintenance, sale, distribution, import or export, storage, or transport of 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: <ul style="list-style-type: none"> <li>• the manufacture of weapons or their custom components,</li> <li>• the sale of weapons,</li> </ul> <b>when:</b> <ul style="list-style-type: none"> <li>- more than 5% of its revenue comes from the activities listed above,</li> <li>- the issuer offers products, equipment and services intended to enable other companies to carry out at least one of the activities listed above if the sale of these products, equipment, and services represents more than 25% of its revenue.</li> </ul>
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 found to have violated one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises.
Tobacco	Any issuer engaged in tobacco production.
Tobacco	Any issuer involved in tobacco cultivation and production and any issuer that derives more than 5% of its revenue from the production or distribution of tobacco or tobacco-containing products.
Tobacco	Any issuer involved in: <ul style="list-style-type: none"> <li>• the production of tobacco, tobacco products, or electronic cigarettes;</li> <li>• the wholesale trade of tobacco products or electronic cigarettes;</li> </ul> <b>when:</b> <ul style="list-style-type: none"> <li>- more than 5% of its revenue comes from the activities listed above,</li> <li>- the issuer offers products, equipment, and services intended to enable other companies to engage in at least one of the activities listed above if the sale of these products, equipment, and services represents more than 25% of its revenue.</li> </ul>
<b>Exclusions of corporate securities based on a governance criterion</b>	
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
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
<b>Exclusions of corporate securities based on an environmental criterion</b>	
Coal	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; Any issuer developing new thermal coal exploration, extraction, and transport projects.  Any issuer that derives 1% or more of its turnover from exploration, extraction, distribution, or refining of coal and lignite.
Coal	Any issuer involved in thermal coal mining.

Coal	<p>Any issuer engaged in one of the activities listed below:</p> <ul style="list-style-type: none"> <li>· thermal coal prospecting or exploration;</li> <li>· thermal coal extraction;</li> <li>· thermal coal processing;</li> <li>· thermal coal transport.</li> </ul> <p>Any issuer offering products, equipment, and services intended to enable other companies to engage in at least one of the activities listed above if the sale of these products, equipment, and services represents more than 25% of its revenue. Some exceptions are provided for by the Towards Sustainability label framework. Exceptions to these exclusions, if applicable, are described in the transparency code.</p>
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 subfund applies the thresholds provided 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 CO<sub>2</sub> e/kWh.</p>
Electricity generation	<p>Exclusion of shares of companies on the Global Coal Exit List (GCEL) unless duly justified exceptions apply. Exceptions to these exclusions, if applicable, are described in the transparency code.</p>
Electricity generation	<p>Any issuer with more than 10% of its revenue derived from electricity generation using thermal coal or lacking a clearly defined and concrete plan to reduce this rate to less than 10%.</p>
Conventional liquid or gaseous fuels	<p>Exclusion of:</p> <ul style="list-style-type: none"> <li>- shares of companies in the upstream segment on the Global Oil &amp; Gas Exit List (GOGEL) unless duly justified exceptions apply.</li> </ul> <p>The GOGEL list contains issuers engaged in any of the activities listed below:</p> <ul style="list-style-type: none"> <li>· Conventional oil or gas prospecting or exploration;</li> <li>· Conventional oil or gas extraction;</li> <li>· Conventional oil or gas processing or refining (excluding oil intended for chemical products);</li> <li>· Oil transport (not distribution).</li> </ul> <p>The exceptions provided for by the Towards Sustainability label are detailed in the transparency code.</p> <ul style="list-style-type: none"> <li>- shares of companies offering products, equipment, and services intended to enable other companies to engage in at least one of the activities listed above if the sale of these products, equipment, and services represents more than 25% of their revenue.</li> </ul>
Unconventional 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 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>
Unconventional liquid or gaseous fuels	<p>Any issuer for which HSBC considers that the revenues generated by their activities exceed the following thresholds:</p> <ul style="list-style-type: none"> <li>- 10% for oil and gas extraction in the Arctic region or tar sands extraction;</li> <li>- 35% for shale oil extraction and that, in HSBC's opinion, does not have a credible transition plan.</li> </ul>

Unconventional liquid or gaseous fossil fuels	<p>Exclusion of:</p> <ul style="list-style-type: none"> <li>- shares of companies in the upstream segment on the Global Oil &amp; Gas Exit List (GOGEL) unless duly justified exceptions apply.</li> </ul> <p>The GOGEL list contains issuers engaged in any of the activities listed below:</p> <ul style="list-style-type: none"> <li>· Unconventional oil and gas prospecting or exploration</li> <li>· Unconventional oil and gas extraction.</li> </ul> <p>The exceptions provided for by the Towards Sustainability label are detailed in the transparency code.</p> <ul style="list-style-type: none"> <li>- shares of companies offering products, equipment, and services intended to enable other companies to engage in at least one of the activities listed above if the sale of these products, equipment, and services represents more than 25% of their revenue.</li> </ul>
Conventional and/or unconventional liquid or gaseous fuels	Any issuer developing new projects for the exploration, extraction, and refining of liquid or gaseous, conventional and/or unconventional fossil fuels.

**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 subfund’s investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.

**What is the asset allocation planned for this financial product?**

The subfund invests in equities of eurozone countries. The companies are selected according to Environmental, Social, and Corporate Governance (ESG) criteria as well as standard economic and financial criteria.

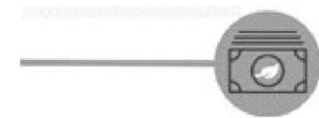
At all times, at least 75% of the portfolio’s net assets will be invested in and exposed to the equity market. The portfolio will invest in securities of eurozone countries, of all capitalisations, selected according to ESG criteria.

Investments may be made in markets outside the eurozone on an ancillary basis.

The subfund may hold other investments listed in the prospectus 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.

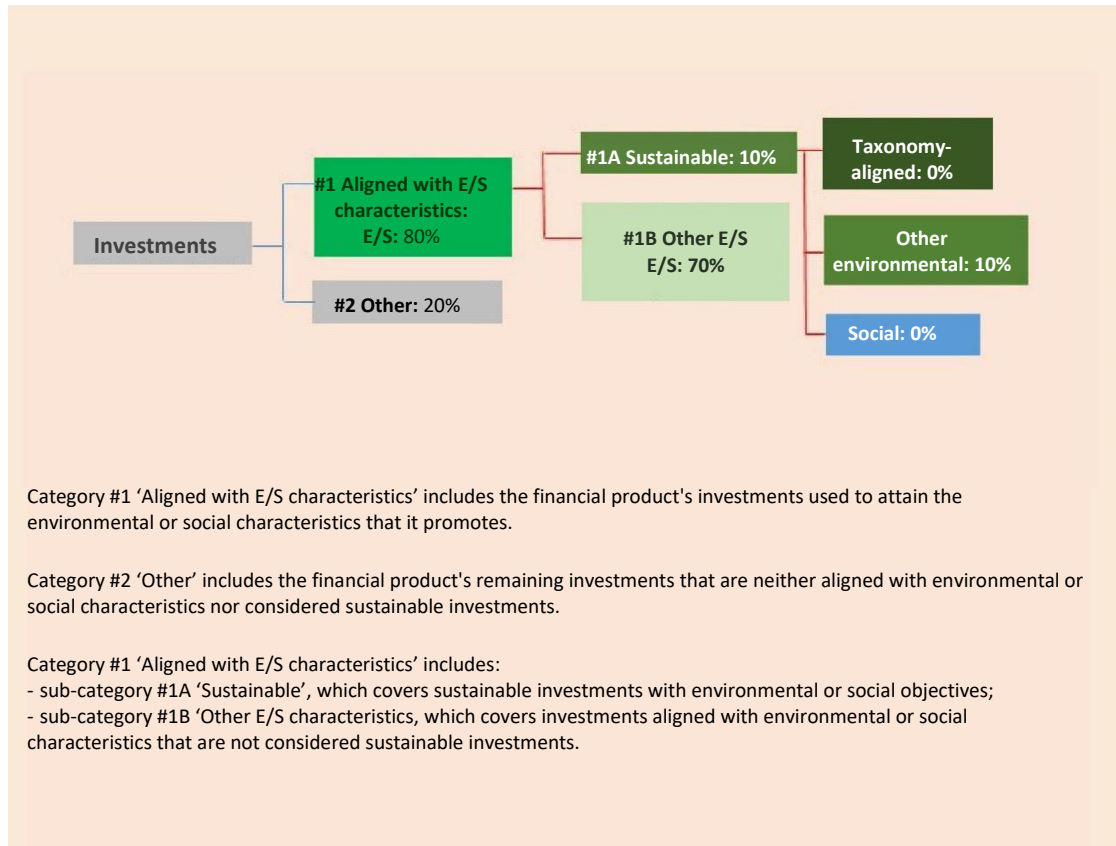
Although the subfund does not have sustainable investments as an objective, it commits to a minimum proportion of 10% of its assets in sustainable investments.



**Asset allocation** describes the share of investments in specific assets.

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

- **turnover** to reflect the share of revenue generated by green activities of the companies in which the financial product invests;
- **capital expenditure** (CapEx) to show the green investments made by investee companies, e.g. relevant for a transition to a green economy;
- **operating expenditure** (OpEx) to reflect the green operational activities of the companies in which the financial product invests.



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

The prospectus provides for the possibility of using derivatives, but the subfund does not use them.



**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?**

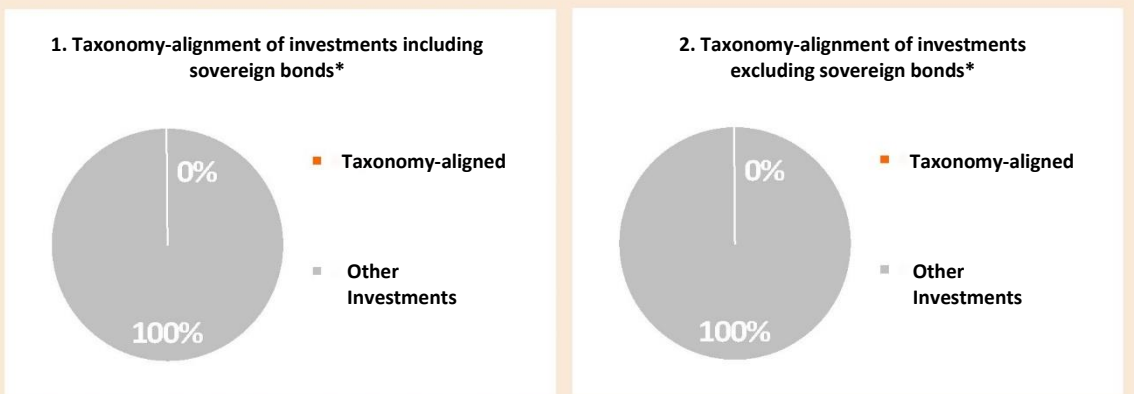
- Yes
- in natural gas
- in nuclear energy
- No

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 have greenhouse gas emission levels corresponding to the best performance for their industry.

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" consist of 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 15% 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 MSCI EMU (NR) 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](http://www.assetmanagement.hsbc.fr)

V5  
Last updated: 21/05/2025

**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 10% 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 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) 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 securities selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;
- an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator. The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

Then, based on the SRI universe, the portfolio consisting of “equities” segments and a “bonds” segment 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, for each of its segments, the subfund commits to attaining a better ESG performance than that of each of the above-mentioned reference indicators.

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, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the above-mentioned reference indicators, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

2. For government issues and exposures:

- By 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. There is no reference benchmark representative of our management philosophy and, therefore, our investment universe. The MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are the reference benchmarks of subfund’s investment sub-universes and are 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, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the reference indicators cited in the previous section, 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 a sustainability indicator:

- the environment (corporate greenhouse gases);
- 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 subfund commits to attaining, for each of its segments, a better ESG performance than that of its reference indicator of its investment sub-universe).

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<sup>(2)</sup>, the corruption perception index<sup>3</sup>, 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](http://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: [www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies)

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

HSBC Asset Management is committed to applying and promoting international standards. The ten principles of the United Nations Global Compact are among the priorities of HSBC Asset Management’s Responsible Investment Policy. These principles include non-financial risks such as human rights, labour standards, the environment, and anti-corruption. HSBC Asset Management 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 that have been found to have violated any of the 10 principles of the United Nations Global Compact are systematically excluded. Companies are also assessed according to international standards such as the OECD Guidelines for Multinational Enterprises.

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 its selection of investments, the manager has chosen indicators relating to environmental, social, and human rights factors. Depending on the indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicators		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, for each of the segments, a better ESG performance than that of each of the above-mentioned reference indicators.
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 have violated 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 the non-binding reference indicator
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 controversial 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 annex of the subfund's annual report.



No

### What investment strategy does this financial product follow?

HSBC RESPONSIBLE INVESTMENT FUNDS – SRI MODERATE is a profiled subfund within a multi-asset SRI range composed of several profiles. The long-term strategic allocation is composed of 30% equities and 70% international bonds with a euro bias.

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

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 issues selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;
- an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator. The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

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](http://www.assetmanagement.hsbc.fr).

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment 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 commits to attaining a better ESG performance than that of the non-binding reference indicator.

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, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than that of each of the above-mentioned reference indicators, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

## 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 CO<sub>2</sub> 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](http://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 non-financial rating providers and in-house research.

## B) Government issues and exposures:

Euro-issuing countries are ranked according to their overall “ESG” score, 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 external data provider, 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 providers of ESG data is available in the subfund’s ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio.

The engagement policy and the voting policy are available on the management company’s website at [www.assetmanagement.hsbc.fr](http://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 SICAV’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.

#### 1. For non-government issues:

The subfund commits to:

- 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 each of the reference indicators cited in the previous section. 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.
- Incorporating the analysis of issuers’ ESG criteria. Based on a score improvement approach, the subfund selects the securities enabling the portion of each of its segments excluding government exposures to have an ESG score higher than the weighted average ESG score of each of the reference indicators cited in the previous section, after eliminating 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 uses an “engagement” approach.

Expertise, research, and information provided by external providers of data may be used to identify issuers exposed to excluded activities. The list of external providers of ESG data is available in the subfund’s ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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](http://www.assetmanagement.hsbc.fr).

Appendix detailing exclusions based on Environmental, Social, and Governance (ESG) criteria:

<b>Exclusions of corporate securities based on an environmental criterion</b>	
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 turnover from electricity generated using thermal coal are partially excluded.</p> <p>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 fossil 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"> <li>- 10% for oil and gas extraction in the Arctic region or tar sands extraction;</li> <li>- 35% for shale oil extraction and that, in HSBC Asset Management’s opinion, does not have a credible transition plan.</li> </ul>

Electricity generation	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 subfund may apply the thresholds set by the International Energy Agency or any other scenario aligned with the goals of the Paris Agreement. Any issuer that derives 50% or more of its turnover from electricity generation with a GHG emissions intensity of more than 100 g CO <sub>2</sub> e/kWh.
<b>Exclusions of corporate securities based on a social criterion</b>	
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 found to have 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.
<b>Exclusions of corporate securities based on a governance criterion</b>	
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
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
<b>Exclusions of government issues</b>	
Government issues by countries and territories	on the latest available 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 subfund's investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not

limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.



**Asset allocation** describes the share of investments in specific assets.

### **What is the asset allocation planned for this financial product?**

The subfund's strategic allocation is composed on average of 30% equities and 70% fixed-income investments. The portfolio will be invested 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 manager may invest in UCIs managed or distributed by an HSBC Group entity. These UCIs must meet defined financial and non-financial objectives. The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or SRI approaches that differ from and are independent of those of the subfund.

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

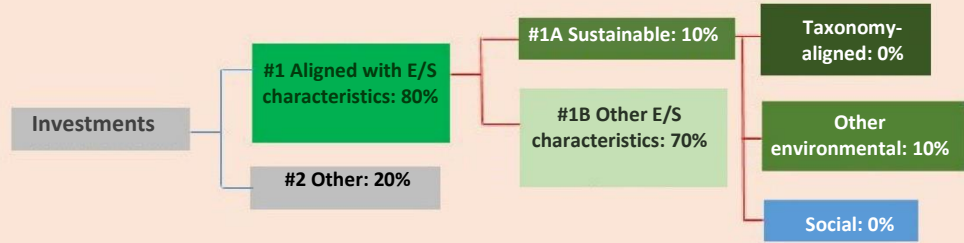
The manager has the option of very moderate use of derivatives.

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 10% of its assets in sustainable investments.

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.



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.

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.

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 contribute to the attainment of 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.

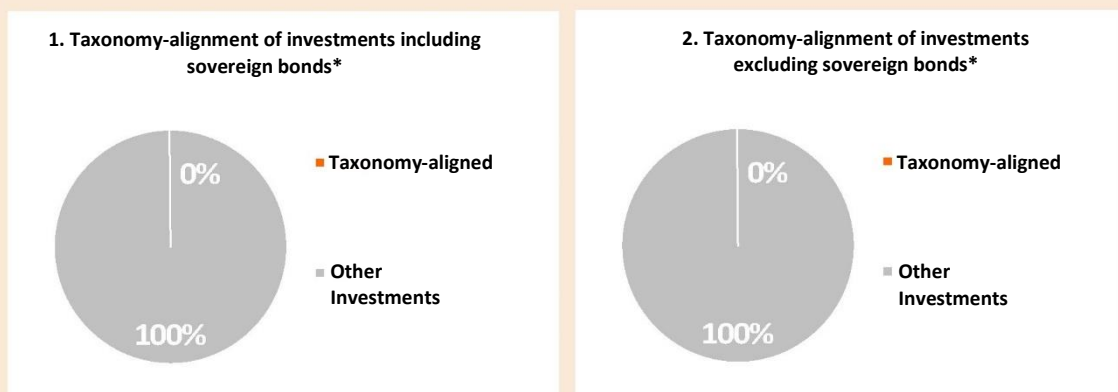
● **Does the financial product invest in fossil gas and/or nuclear energy-related activities that comply with the EU Taxonomy?**

- 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 10% 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 MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are reference benchmarks for the subfund's investment sub-universes and are 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](http://www.assetmanagement.hsbc.fr)

V5

Last updated: 21/05/2025

**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 15% 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 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) 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 indexes in accordance with the ESMA fund naming guidelines.

This initial investment universe consists of securities selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;
- an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator.

The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment 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, for each of its segments, the subfund commits to attaining a better ESG performance than that of each of the above-mentioned benchmarks.

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.

-By also incorporating the analysis of issuers' ESG criteria.

Based on a score improvement approach, the subfund selects, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the above-mentioned benchmark indicators, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

2. For government issues and exposures: by 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 index. There is no reference index representative of our management philosophy and, therefore, our investment universe. The MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are the reference indexes for the subfund's investment sub-universes and are 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, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the benchmark indicators cited in the previous section, 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 a sustainability indicator:  
-the environment (corporate greenhouse gases);  
-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 subfund commits to achieving, for each of its segments, better ESG performance than that of its benchmark indicator of its investment sub-universe).

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](http://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: [www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/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 the principles of the United Nations 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 its selection of investments, the manager has chosen indicators relating to environmental, social, and human rights factors. Depending on the indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicators		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, for each of the segments, better ESG performance than that of each of the above-mentioned benchmarks

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 have violated 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, for each of its segments, better ESG performance than that of each of the above-mentioned benchmarks
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 controversial 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 annex of the subfund's annual report.

No



### What investment strategy does this financial product follow?

The HSBC RESPONSIBLE INVESTMENT FUNDS – SRI BALANCED is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 50% equities on average, it constitutes an investment with a moderate exposure to equity market risk.

The minimum non-financial analysis rate of 90% is applied to the subfund's eligible assets. 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 issues selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;
- an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator. The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

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 indexes 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](http://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, for each of its segments, the subfund commits to attaining a better ESG performance than that of each of the above-mentioned benchmarks. 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.

-By also incorporating the analysis of issuers' ESG criteria.

Based on a score improvement approach, the subfund selects, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than that of each of the above-mentioned benchmark indicators, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

2. For government issues and exposures:

By 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 connected with the nature of the company's activity in its particular sector. 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 maximise its 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](http://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" score, 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 external ESG data provider, 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](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio. The engagement policy and the voting policy are available on the management company's website at [www.assetmanagement.hsbc.fr](http://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 indexes in accordance with the ESMA fund naming guidelines, detailed in the appendix below.

1. For non-government issues:

The subfund commits to:

- Taking into account two specific sustainability indicators (greenhouse gas intensity and lack of human rights policy). For these two indicators, the subfund is committed to achieving a better ESG performance than that of each of the benchmarks mentioned in the previous section.

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.

- Incorporating the analysis of issuers' ESG criteria. Based on a score improvement approach, the subfund selects the securities enabling the portion governmental exposures of each of its segments to have an ESG score higher than the weighted average ESG score of each of the benchmark indicators cited in the previous section, after eliminating 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 uses an “engagement” approach.

Expertise, research, and information provided by external providers of data may be used to identify issuers exposed to excluded activities. The list of external ESG data providers is available in the section on the subfund’s ESG information online ([www.assetmanagement.hsbc.fr](http://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 are available on the management company’s website at [www.assetmanagement.hsbc.fr](http://www.assetmanagement.hsbc.fr).

Appendix detailing exclusions based on Environmental, Social, and Governance (ESG) criteria:

<b>Exclusions of non-government issues based on an environmental criterion</b>	
Thermal 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; 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 turnover from electricity generated using thermal coal are partially excluded. Mining companies are completely excluded. Any issuer that derives 1% or more of its turnover from exploration, extraction, distribution, or refining of coal and lignite.</p>
Liquid or gaseous fossil 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. Any issuer developing new projects for the exploration, extraction, and refining of liquid or gaseous, conventional and/or unconventional fossil fuels. Any issuer that derives 10% or more of its turnover from exploration, extraction, distribution, or refining of liquid fuels. 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: -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.</p>
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 subfund may apply the thresholds set by the International Energy Agency or any other scenario aligned with the goals of the Paris Agreement. The subfund applies the thresholds provided by the International Energy Agency. Any issuer that derives 50% or more of its turnover from electricity generation with a GHG emission intensity of more than 100 g CO<sub>2</sub> e/kWh.</p>
<b>Exclusions of non-government securities based on a social criterion</b>	
Weapons	<p>Any issuer involved in developing, using, maintaining, offering for sale, distributing, importing or exporting, stockpiling, or transporting weapons prohibited by international treaties.</p>

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 found to have 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.
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 latest available 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 subfund's investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.



**Asset allocation** describes the share of investments in specific assets.

### What is the asset allocation planned for this financial product?

The subfund’s strategic allocation is composed on average of 50% equities and 50% fixed-income investments. The portfolio will be invested 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 manager may invest in UCIs managed or distributed by an HSBC Group entity. These UCIs must meet defined financial and non-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or SRI approaches that differ from and are independent of those of the sub-fund.

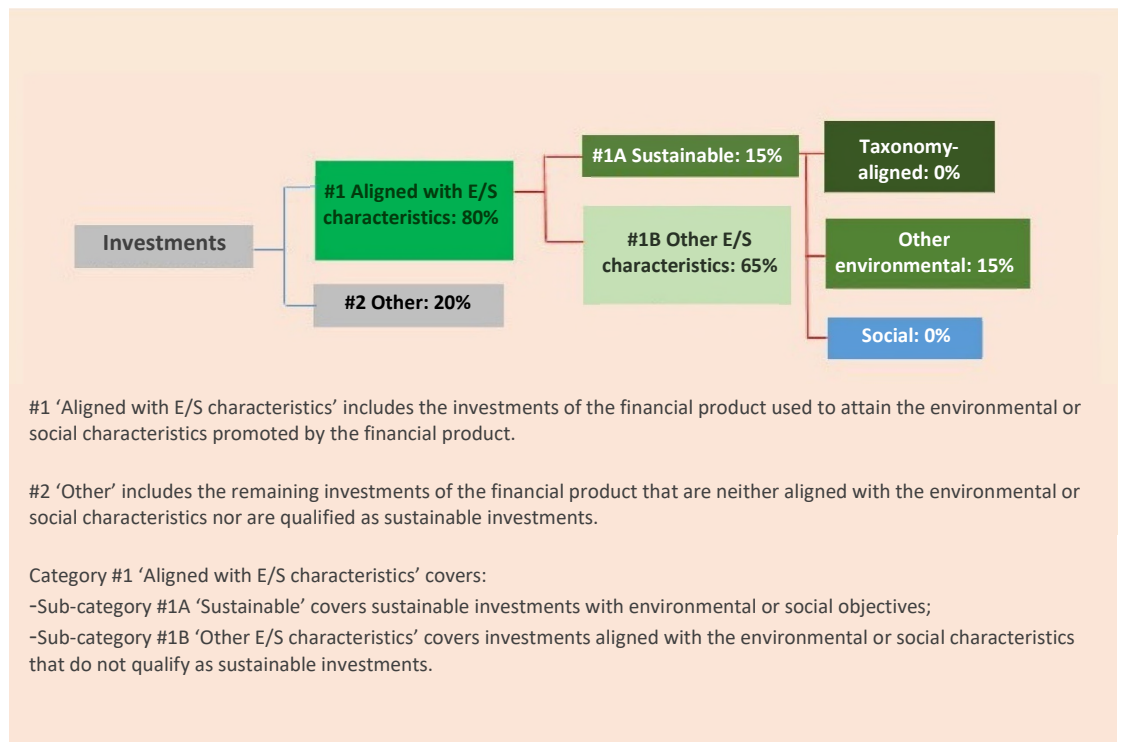
The subfund may hold other investments listed in the prospectus and cash and cash equivalents. The manager has the option of very moderate use of derivatives.

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 15% of its assets in sustainable investments.

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 use of derivatives will not help attain the fund’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.

**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.



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

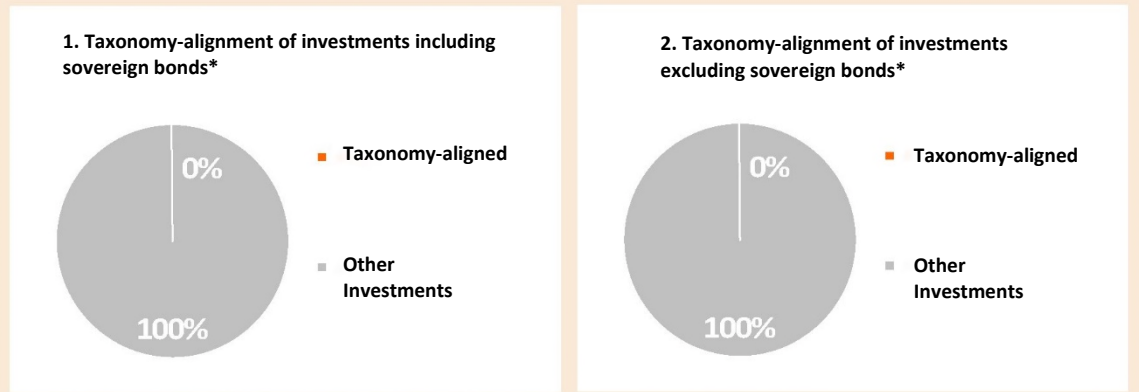
The subfund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the European Union’s taxonomy.

- **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

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.



**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 15% 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.

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 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 MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are reference indexes for the subfund’s investment sub-universes and are 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](http://www.assetmanagement.hsbc.fr)**

**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 20% 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 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) 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 indexes in accordance with the ESMA fund naming guidelines.

This initial investment universe consists of securities selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;

-an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator. The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment 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, for each of its segments, the subfund commits to obtaining a better ESG performance than that of each of the above-mentioned benchmarks.

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.

-By also incorporating the analysis of issuers' ESG criteria.

Based on a score improvement approach, the subfund selects, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the above-mentioned reference indicators, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

2. For government issues and exposures:

-By using an ESG Selection approach to select the countries with a minimum ESG rating according to the 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 index. There is no reference index representative of our management philosophy and, therefore, our investment universe. The MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are the reference indexes for the subfund's investment sub-universes and are 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, for each of its segments, the securities enabling the portion of the portfolio excluding government exposures to have an ESG score higher than the ESG score of each of the benchmark indicators cited in the previous section, 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 a sustainability indicator:

- the environment (corporate greenhouse gases);
- 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 subfund commits to achieving, for each of its segments, better ESG performance than that of its benchmark indicator of its investment sub-universe).

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)<sup>1</sup>. 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<sup>2</sup>, the corruption perception index<sup>3</sup>, 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](http://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: [www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.fr/fr/retailinvestors/about-us/responsible-investing/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 breaches 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 breach 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 its selection of investments, the manager has chosen indicators relating to environmental, social, and human rights factors. Depending on the indicator, two approaches are possible: exclusion of corporate securities from the portfolio or commitment to ESG performance.

Indicators		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, for each of the segments, better ESG performance than that of each of the above-mentioned reference indicators

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 the non-binding reference indicator
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 controversial 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 annex of the subfund's annual report.



No

### What investment strategy does this financial product follow?

The HSBC RESPONSIBLE INVESTMENT FUNDS – SRI DYNAMIC subfund is a profiled subfund within a multi-asset SRI range composed of several profiles. With a strategic allocation consisting of 80% equities on average, it constitutes an investment with a high exposure to equity market risk.

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

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 issues selected on the international equity markets of developed countries with a euro bias and euro-denominated rates.

As such, this initial investment universe consists of issuers from:

- an investment sub-universe composed of equities of eurozone countries, represented by the MSCI EMU, a non-binding reference indicator;
- an investment sub-universe composed of international equities, represented by the MSCI World, a non-binding reference indicator;
- an investment sub-universe composed of euro-denominated bonds, represented by the Bloomberg Euro Aggregate 500MM index, a non-binding reference indicator. The weight of non-government issues in the above-mentioned index is adjusted to reflect the target sector weightings of the investment sub-universe in the event of significant deviations. The above-mentioned index, reduced to non-government issues and adjusted in terms of weighting, is a comparative element to monitor the sub-universe's non-financial performance.

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 indexes 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](http://www.assetmanagement.hsbc.fr).

Then, based on the SRI universe, the portfolio consisting of "equities" segments and a "bonds" segment 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 attaining a better ESG performance than that of the non-binding reference indicator.

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.

-By 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 each of the non-binding reference indicators cited in the previous section, after eliminating at least 30% of the securities with the lowest ESG ratings and on the basis of the exclusions applied by the subfund.

#### 2. For government issues and exposures:

By 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 connected with the nature of the company's activity and its particular sector. In extractive industries, utilities and air transport, for example, the release of CO<sub>2</sub> 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 maximise its 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](http://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" score, 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 providers of ESG data is available in the subfund's ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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 one-on-one meetings, engagement actions, and exercising voting rights attached to the securities held in the portfolio.

The engagement policy and the voting policy are available on the management company's website at [www.assetmanagement.hsbc.fr](http://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 SICAV'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 indexes in accordance with the ESMA fund naming guidelines, detailed in the appendix below.

1. For non-government issues:

The subfund commits to:

- Taking into account two specific sustainability indicators (greenhouse gas intensity and lack of human rights policy). For these two indicators, the subfund is committed to attaining a better ESG performance than that of each of the benchmarks mentioned cited in the previous section.

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.

- Incorporating the analysis of issuers' ESG criteria. Based on a score improvement approach, the subfund selects the securities enabling the portion of each of its segments excluding government exposures to have an ESG score higher than the weighted average ESG score of each of the reference indicators cited in the previous section, after eliminating 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 rating 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 uses an “engagement” approach.

Expertise, research, and information provided by external providers of data may be used to identify issuers exposed to excluded activities. The list of external providers of ESG data is available in the subfund’s ESG information section on our website at [www.assetmanagement.hsbc.fr](http://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](http://www.assetmanagement.hsbc.fr).

Appendix detailing exclusions based on Environmental, Social, and Governance (ESG) criteria:

<b>Exclusions of non-government issues based on an environmental criterion</b>	
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; 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 turnover from electricity generated using thermal coal are partially excluded. Mining companies are completely excluded. Any issuer that derives 1% or more of its turnover from exploration, extraction, distribution, or refining of coal and lignite.</p>
Liquid or gaseous fossil 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. Any issuer developing new projects for the exploration, extraction, and refining of liquid or gaseous, conventional and/or unconventional fossil fuels. Any issuer that derives 10% or more of its turnover from exploration, extraction, distribution, or refining of liquid fuels. 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: -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.</p>
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 subfund may apply the thresholds set by the International Energy Agency or any other scenario aligned with the goals of the Paris Agreement. Any issuer that derives 50% or more of its turnover from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh.</p>
<b>Exclusions of non-government securities based on a social criterion</b>	
Weapons	<p>Any issuer involved in developing, using, maintaining, offering for sale, distributing, importing or exporting, stockpiling, or transporting weapons prohibited by international treaties.</p>
Weapons	<p>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</p>

	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 found to have 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.
<b>Exclusions of non-government issues based on a governance criterion</b>	
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.
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
<b>Exclusions of government issues</b>	
Government issues by countries and territories	on the latest available 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 subfund's investments undergo an assessment to determine whether they comply with the minimum standards of good governance, taking into account compliance with the UNGC principles. Furthermore, corporate good governance practices are assessed through ESG ratings and the G pillar rating. Governance is assessed based on criteria including, but not limited to, ethics, culture and values, corporate governance, and anti-corruption measures. Companies deemed to have an insufficient governance framework are reviewed and may be subject to further analysis, including targeted engagement. The HSBC Asset Management Stewardship team meets regularly with issuers to better understand their business and strategy and promote best practices. HSBC Asset Management believes that good corporate governance ensures that companies are managed in accordance with the long-term interests of investors. Issuers that meet the sustainable investment criteria are identified through minimum governance scores and the lack of exposure to severe ESG controversies.

**What is the asset allocation planned for this financial product?**

The subfund's strategic allocation is composed on average of 80% equities and 20% fixed-income investments. The portfolio will be invested 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.



**Asset allocation** describes the share of investments in specific assets.

The manager may invest in UCIs managed or distributed by an HSBC Group entity. These UCIs must meet defined financial and non-financial objectives.

The SRI strategies of the UCIs or investment funds that may be selected by the fund manager (excluding UCIs/investment funds managed by the Management Company) may use ESG indicators and/or SRI approaches that differ from and are independent of those of the subfund.

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

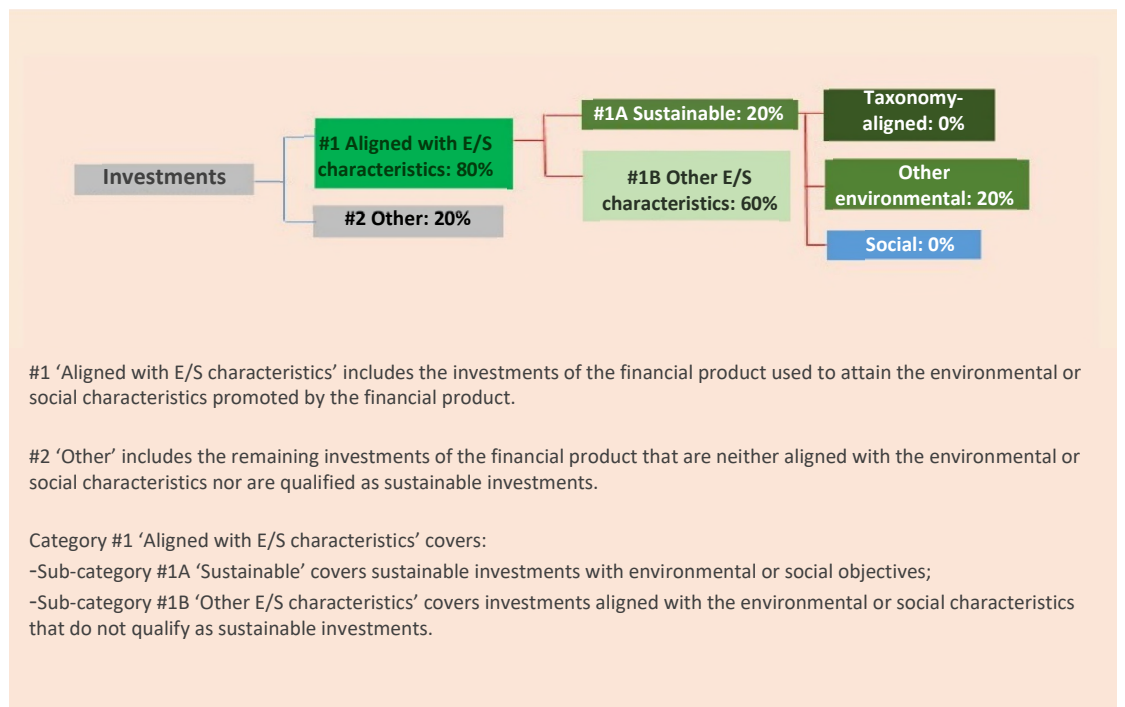
The manager has the option of very moderate use of derivatives.

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 20% of its assets in sustainable investments.


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 use of derivatives will not contribute to the attainment of the subfund's environmental or social characteristics.

 **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?**

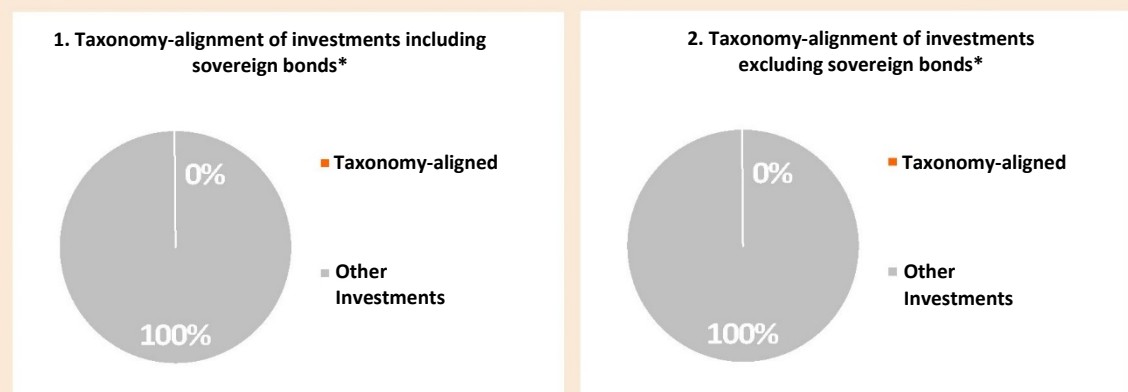
- Yes                       in natural gas                       in nuclear energy
- No

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 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 20% 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 MSCI EMU, MSCI World, and Bloomberg Euro Aggregate 500MM are reference indexes for the subfund's investment sub-universes and are 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](http://www.assetmanagement.hsbc.fr)

# **HSBC Responsible Investment Funds**

## **Articles Of Association**

Open-ended investment company (SICAV)

Registered office: Cœur Défense - 110, esplanade du  
Général de Gaulle La Défense 4 - 92400 Courbevoie

Nanterre trade and trade and companies register: 682 002 134

Updated on: 14 April 2026

**Open-ended investment fund (SICAV) ARTICLES OF ASSOCIATION**

**TITLE I**

FORM - PURPOSE - NAME - REGISTERED OFFICE - DURATION OF THE COMPANY

**TITLE II**

CAPITAL - VARIATIONS OF CAPITAL - CHARACTERISTICS OF THE SHARES

**TITLE III**

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

**TITLE IV**

STATUTORY AUDITOR

**TITLE V**

GENERAL MEETINGS

**TITLE VI**

ANNUAL FINANCIAL STATEMENTS

**TITLE VII**

EXTENSION - DISSOLUTION - LIQUIDATION

**TITLE VIII**

DISPUTES

**TITLE IX**

APPENDICES

## **TITLE I**

### **FORM - PURPOSE - NAME - REGISTERED OFFICE - DURATION OF THE COMPANY**

#### **ARTICLE 1 – LEGAL STATUS**

The holders of shares hereinafter created and shares subsequently created hereby form an open-ended investment fund (SICAV) governed in particular by the provisions of the French commercial code relating to commercial companies (Book II – Title II – Chapter V), the French monetary and financial code (Book II – Title I – Chapter IV – Section I – Subsection I), their implementing texts, subsequent texts, and by these articles of association.

The SICAV contains multiple subfunds as described in its prospectus.

The SICAV subfunds are not socially responsible funds.

#### **ARTICLE 2 – PURPOSE**

The purpose of this Company is to constitute and manage a portfolio of financial instruments and deposits.

#### **ARTICLE 3 – NAME**

The corporate purpose of the Company is: HSBC Responsible Investment Funds followed by the indication “Société d’Investissement à Capital Variable” [open-ended investment fund], accompanied by the term “SICAV” or not.

#### **ARTICLE 4 – REGISTERED OFFICE**

The registered office is located at: Cœur Défense - 110, esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie.

#### **ARTICLE 5 – DURATION**

The company’s term is 99 years from its entry in the trade and companies register unless it is dissolved early or extended as specified herein.

## **TITLE II**

### **CAPITAL - VARIATIONS OF CAPITAL - CHARACTERISTICS OF THE SHARES**

#### **ARTICLE 6 – SHARE CAPITAL**

The SICAV’s initial capital amounts to F. 20,000,000.00 divided into 200,000 fully paid-up shares of the same class.

It was constituted by cash contribution.

Shares may be grouped or divided by decision of the EGM.

Share classes:

The characteristics of the various share classes and their access conditions are set out in the SICAV's prospectus.

The various share classes may:

- be eligible for different income distribution methods (distribution or accumulation);
- be denominated in different currencies;
- incur different management charges;
- be charged different subscription and redemption fees;
- have different nominal values;
- be systematically hedged against risk, either partially or in full, as set out in the prospectus. This hedging is achieved using financial instruments that minimise the impact of hedging transactions on the UCITS's other unit classes;
- be reserved for one or more distribution networks.

The shares representing the company's capital may be distribution ("D") or accumulation ("C") shares. The "D" shares entitle holders to the payment of dividends according to the conditions set out in article 27. Any payment of dividends will result in an increase in the ratio between the net asset value of the accumulation shares and that of the distribution shares.

At any time, shareholders may carry out an exchange between their "C" shares and their "D" shares and vice versa according to parity P. Shareholders who would not receive a whole number of shares, taking into account the exchange parity, may pay if they so wish, the additional cash necessary for the allocation of an additional share.

During these transactions, the SICAV waives the right to deduct the subscription and redemption fees due to it.

The Board of Directors shall determine the conditions for calculating the net asset values of the "C" shares and the "D" shares. They are disclosed to shareholders in the notes to the financial statements.

Shares may be subdivided on decision of the Board of Directors into tenths, hundredths, thousandths, or ten-thousandths, referred to as fractional shares.

The provisions of the articles of association governing the issuance and redemption of shares apply to the fractional shares, whose value shall at all times be proportional to that of the share they represent. All the other provisions of the articles of association concerning the fractional shares apply automatically to the fractional shares unless specified otherwise.

## **ARTICLE 7 – VARIATIONS OF CAPITAL**

The amount of the capital may be altered, resulting from the company's issuance of new shares, and reduced, following the redemption of shares by the company for shareholders who so request.

## **ARTICLE 8 - SHARE ISSUES, SHARE REDEMPTIONS, CLAUSES ON US PERSON OR CANADIAN INVESTORS**

Shares are issued at any time as and when requested by investors on the basis of their net asset value, plus subscription fees, if applicable.

Subscriptions and redemptions shall be completed under the terms and conditions set forth in the prospectus.

Redemptions may be made in cash.

In general, the redeemed assets are valued according to the rules set forth in article 9.

Any subscription of new shares must be fully paid up. Otherwise, the subscription shall be nullified. Issued shares shall have the same rights as the shares existing on the day of the issue.

In accordance with Article L. 214-7-4 of the French monetary and financial code, if exceptional circumstances so require and if it is deemed in the shareholders' interests, redemption by the Company of its shares and the issuance of new shares may be temporarily suspended by the Board of Directors.

If the net assets of the SICAV (or of a subfund where applicable) are less than the amount fixed by regulations, no redemption of shares may be carried out, on the only subfund, where applicable.

The SICAV uses the following tools for managing liquidity:

- Redemption gate mechanisms: 'gates' that can only be triggered under exceptional circumstances,
- Swing Pricing: a mechanism by which the net asset value is adjusted upwards or downwards

Details on the terms and triggers for these mechanisms are set out in the prospectus.

The UCITS may cease issuing shares in accordance with Article L. 214-7-4(3) of the French monetary and financial code, temporarily or permanently, partially or totally, in certain objectively verifiable situations entailing the closure of subscriptions, such as when the maximum number of shares has been issued, the maximum amount of assets has been reached or a specific subscription period has expired. In the event that this tool is used, existing shareholders shall be notified by any means, along with the threshold and the objective situation that led to the partial or total closure decision. In the event of a partial closure, the notification shall explicitly state the terms under which existing shareholders may continue to subscribe for the duration of the partial closure. Shareholders shall also be informed by any means of the decision by the UCITS or the management company either to end the total or partial closure of subscriptions (once they have fallen below the trigger point) or not to end it (in the event of a change of threshold or change in the objective situation leading to activation of said tool). Any change in the objective situation invoked or the tool's trigger point must at all times be made in the shareholders' interests. The disclosure by any means stipulates the exact reasons for these modifications.

The SICAV's Board of Directors may restrict or prevent the holding of shares of the SICAV by any person or entity prohibited from holding units of the Fund (hereafter "Non-Eligible Person"), as defined in the "Target subscribers and typical investor profile" section of the prospectus.

To this end, the Board of Directors of the SICAV may:

- (i) Refuse to issue any share when it appears such issue would or could mean that said shares are directly or indirectly held for a Non-Eligible Person;
- (ii) At any time, request that any information it deems necessary to determine whether or not the beneficial owner of the shares in question is a Non-Eligible Person be provided to it by any person or entity whose name appears in the register of shareholders, along with a sworn statement;
- (iii) In the event of failure to transmit the information mentioned in (ii), or when a shareholder proves to be a Non-Eligible Person, transmit information about the investor concerned to the competent tax authorities of the country or countries with which France has entered into an information exchange agreement; and
- (iv) When it appears that a person or entity is (i) a Non-Eligible Person and (ii) alone or jointly, the beneficial owner of the shares, proceed with the forced redemption of all

the shares held by such a shareholder.

The forced redemption must be carried out by the account keeper of the Non-Eligible Person, on the basis of the NAV following the formal decision of the Board of Directors, minus any applicable charges, duties, and commissions, which shall remain the responsibility of the Non-Eligible Person.

The formal decision of the Board of Directors shall be preceded by a period of discussion suitable for the case in question but no less than 10 days during which the beneficial owner of the shares may submit his or her remarks to the Board of Directors.

## **ARTICLE 9 - CALCULATION OF THE NET ASSET VALUE**

The net asset value of the share is calculated in accordance with the valuation rules specified in the prospectus.

Moreover, an indicative instantaneous net asset value will be calculated by the market operator in the event of admission to trading.

## **ARTICLE 10 – FORM OF SHARES**

Subscribers may elect to hold the shares in either bearer or registered form. In accordance with Article L. 211-4 of the French monetary and financial code, securities must be entered in accounts, held either by the issuer or by an authorised intermediary.

The rights of holders will be represented by an account entry in their name:

- with the intermediary of their choice for bearer securities;
- with the issuer and, if they wish, with the intermediary of their choice for registered securities.

At any time, the company may request from EUROCLEAR FRANCE, in exchange for remuneration, the name, nationality, and address of the shareholders of the SICAV, as well as the quantity of securities held by each of them in accordance with Article L. 211-5 of the French monetary and financial code.

## **ARTICLE 11 – ADMISSION TO TRADING ON A REGULATED MARKET AND/OR A MULTILATERAL TRADING SYSTEM**

The shares may be admitted to trading on a regulated market and/or multilateral trading facility in accordance with the regulations in force. If the SICAV whose shares are admitted to trading on a regulated market has an investment objective based on an index, it must have put in place an arrangement making it possible to ensure that the price of its share does not deviate markedly from its net asset value.

## **ARTICLE 12 – RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES**

Each share entitles the holder to ownership of the corporate assets and an interest in the profits proportional to the fraction of the capital that it represents.

The rights and obligations attached to the share shall follow the security in any change of ownership.

## **ARTICLE 13 – INDIVISIBILITY OF SHARES**

All the individual holders of any share or the beneficiaries must be represented with respect to the Company by one and the same person only, appointed by agreement between them or, failing this, by the presiding judge of the commercial court with jurisdiction where the registered office is located.

The owners of fractional shares may be grouped together. In such a case, they must be represented under the conditions specified in the preceding paragraph by one and the same person only, who will, for each group, exercise the rights attached to ownership of a whole share.

### **TITLE III**

## **ADMINISTRATION AND MANAGEMENT OF THE COMPANY**

### **ARTICLE 14 – ADMINISTRATION**

The Company shall be administered by a Board of Directors of (at least three and at most eighteen members) appointed by the general meeting.

Throughout the existence of the Company, directors shall be appointed and reappointed at the shareholders' ordinary general meeting.

Directors may be natural persons or legal entities. When appointed, legal entity directors must designate a permanent representative who is subject to the same conditions and obligations and who incurs the same civil and criminal responsibilities as if he/she were a member of the Board of Directors in his/her own name, without prejudice to the liability of the legal entity which he/she represents.

This permanent representative mandate is given to him/her for the duration of that of the legal entity which he/she represents. If the legal entity revokes the mandate of its representative, it must notify the SICAV without delay, by registered letter, of such revocation along with the identity of its new permanent representative. The same procedure applies in the event of the permanent representative's death, resignation or extended impediment.

### **ARTICLE 15 – TERM OF OFFICE OF DIRECTORS – REAPPOINTMENT OF THE BOARD**

Subject to the provisions of the final paragraph of this article, the term of office of the directors is three years for directors appointed or reappointed to their functions, they expire at the close of the ordinary general meeting having approved the accounts of the past financial year past and held in the year during which their term of office expires.

If one of more directors' seats become vacant between two general meetings, as a result of death or resignation, the Board of Directors may make temporary appointments.

The director temporarily appointed by the Board to replace another shall remain in office only for the remaining time of the term of his/her predecessor. His/her appointment is subject to ratification by the next general meeting.

Any outgoing director may be re-elected. Directors may be dismissed at any time by the ordinary general meeting.

The duties of each member of the Board of Directors shall end following the shareholders' ordinary general meeting called to rule on the financial statements of the past financial year and held in the year during which his/her term of office expires, on the understanding that, if the meeting has not taken place that year, said duties of the member in question shall end on 31 December of the same year, all subject to the exceptions below.

Any director may be appointed for a term less than three years if such would be necessary for the renewal of the board to remain as regular as possible and complete within each three-year period. Such will be the case in particular if the number of directors is increased or reduced and if the regularity of the renewal is affected as a result.

If the number of members of the Board of Directors falls below the statutory minimum, the remaining member or members must immediately convene the shareholders' ordinary general

meeting with a view to appointing members to achieve the minimum. In the event of resignation or death of a director and if the number of directors remaining in office is greater than or equal to the minimum as set out herein, the board may, temporarily and for the term of office remaining to run, provide for his/her replacement.

The Board of Directors may be renewed by fraction. Directors who have reached or exceeded the age of 95 years as of the date of the General Meeting called to rules on the said appointment may not be appointed. At the end of their term of office, directors cannot be reappointed starting from the calendar year of their 95<sup>th</sup> birthday.

## **ARTICLE 16 – OFFICERS OF THE BOARD**

The Board shall elect from among its members, for the duration that it determines but not exceeding the duration of the director's term, a chairman who must be a natural person.

The chair of the Board of Directors organises and directs its work, which he/she reports to the general meeting. He/she will see to it that the Company's bodies run smoothly and, in particular, that the directors are in a position to fulfil their tasks.

If it deems it appropriate, the Board of Directors will also appoint a deputy chair and may also choose a secretary, who need not be a board member.

The duties of the Chairman of the Board of Directors shall automatically end following the General Meeting called to approve the financial statements held in the year of his/her 95<sup>th</sup> anniversary.

## **ARTICLE 17 – MEETINGS AND DELIBERATIONS OF THE BOARD**

Meetings of the Board of Directors shall be called by its chairman as often as required by the company's interests, either at the registered office or at any other location indicated in the notice of meeting.

If it has not met for more than two months, at least one third of its members may ask the chair to convene it for a specific agenda. The CEO may also ask the chair to convene the Board of Directors for a specific agenda. The chair shall be bound by such requests.

Rules of procedure may determine, in accordance with the laws and regulations, the conditions for organising meetings of the Board of Directors, which may take place by means of videoconferencing except for the adoption of decisions expressly set aside by the French commercial code.

Meeting notices shall be sent by email or by ordinary letter to each director at least eight days before the meeting and setting out the agenda. For an exceptional meeting of the board, the meeting notices may be made verbally without observing any time limit. However, they must be followed by a written confirmation.

The presence of at least one half of the members is necessary for deliberations to be valid. Decisions are taken on a majority of the votes of the members present or represented.

Each member shall have one vote. If votes are tied, the person chairing the meeting shall have a casting vote.

In accordance with the regulations in force, directors who take part in the meeting of the board by means of videoconferencing are deemed present when calculating the quorum and majority.

## **ARTICLE 18 - MINUTES OF THE MEETING**

The minutes will be drawn up and copies or extracts of the deliberations will be issued and certified in accordance with the law.

## **ARTICLE 19 - POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors sets the guidelines for the Company's activity and oversees their implementation in keeping with its corporate interest, taking into consideration the social and environmental issues of its activity. Within the limit of the corporate mission and subject to the powers expressly assigned by the law to shareholders' meetings, the board deals with any question concerning the proper running of the company and regulates issues concerning the company in its deliberations.

The Board of Directors carries out the controls and verifications which it deems appropriate.

The chair or the chief executive officer of the company must provide each director with all the documentation and information needed to fulfil his/her duties.

## **ARTICLE 20 – GENERAL MANAGEMENT – NON-VOTING MEMBERS**

The company's general management is assumed, under his/her responsibility, either by the chair of the Board of Directors or by any other natural person appointed by the Board of Directors and bearing the title of chief executive officer.

The choice between the two methods of carrying out the general management is made by the Board of Directors under the conditions set out by these articles of association for a term ending on the expiry of the duties of the chair of the Board of Directors in office. Shareholders and third parties are informed of said choice under the conditions specified by the laws and regulations in force.

Depending on the choice made by the Board of Directors in accordance with the provisions set out hereinabove, the general management is performed either by the chair or a CEO.

If the Board of Directors chooses to dissociate the duties of chair and CEO, it will appoint the CEO and determine his/her term of office.

If the Company's general management is assumed by the chair of the Board of Directors, the provisions which follow on the CEO are applicable to him/her.

Subject to the powers which the law expressly assigns to shareholders' meetings and the powers which it specifically reserves for the Board of Directors, and within the limit of the corporate mission, the CEO is invested with the widest powers to act in any circumstance on the Company's behalf. He/she exercises said powers within the limit of the corporate mission and subject to the powers which the law expressly assigns to shareholders' meetings and the Board of Directors. He/she represents the Company in its relations with third parties.

The CEO may grant any partial delegations of his/her powers to any person of his/her choosing. The CEO may be removed by the Board of Directors at any time.

On a proposal from the CEO, the Board of Directors may appoint up to five natural persons charged with assisting the CEO with the title of deputy CEO.

The deputy CEOs may be removed by the board at any time on a proposal from the CEO.

In agreement with the CEO, the Board of Directors will determine the scope and term of the powers conferred on the deputy CEOs.

Such powers may comprise the right of partial delegation. In the event of cessation of duties or impediment on the part of the CEO, they keep, unless the board decides otherwise, their duties and powers until the new CEO has been appointed.

The deputy CEOs have the same powers as the CEO with respect to third parties.

The functions of CEOs shall cease at the end of the year during which they reach age 95.

The general meeting may appoint one or more non-voting members.

Their term of office shall not exceed six years. It shall end following the ordinary general meeting called to rule on the financial statements of the past financial year held in the year during which the non-voting member's term of office ends.

Non-voting members may be re-elected indefinitely; they may be dismissed at any time by decision of the general meeting.

In the event of the death or resignation of one or more non-voting members, the Board of Directors may co-opt their successor. This temporary appointment shall be to ratification by the next general meeting.

Non-voting members shall be responsible for ensuring the strict execution of the articles of association. They shall attend meetings of the Board of Directors in an advisory capacity. They shall examine the inventories and the financial statement and submit their comments in this regard to the general meeting if they deem this appropriate. The Board shall be responsible for determining the remuneration of the non-voting members.

The Board may establish all committees under the conditions provided for by law and grant to one or more of its members or to third parties, with or without an ability to delegate, all special mandates for one or more specific topics.

These committees, whose composition and powers shall be determined by the Board, shall carry out their activities under the responsibility of the Board.

## **ARTICLE 21 - ALLOWANCES AND REMUNERATION OF THE BOARD (OR NON-VOTING MEMBERS)**

As remuneration for their duties, the directors shall be allocated a fixed annual aggregate sum determined by the ordinary general meeting. This amount, charged to overhead expenses, shall remain in effect until a new decision is taken.

The Board of Directors shall divide this remuneration among its members as it sees fit.

No other remuneration, ongoing or otherwise, may be allocated to the directors unless they are bound to the company by an employment contract under the conditions provided for by law.

The remuneration of the Chairman of the Board of Directors and that of the CEO(s) shall be fixed by the Board of Directors; it may be fixed or both fixed and proportional.

Exceptional remuneration may also be allocated by the Board for assignments or mandates entrusted to directors; in this case, such remuneration shall be charged to operating expenses and subject to the approval of the ordinary general meeting.

## **ARTICLE 22 - DEPOSITARY**

The Depositary is appointed by the Board of Directors.

The Depositary carries out the tasks that are its responsibility under the laws and regulations in force, as well as those contractually assigned to it by the SICAV or management company.

In particular, it must ensure that the portfolio management company's decisions are lawful.

Where applicable, it must take any protective measures that it deems useful. In the event of a dispute with the management company, it must inform the AMF.

## **ARTICLE 23 – PROSPECTUS**

The Board of Directors, or the management company if the SICAV has fully delegated its management, shall have all powers to make any amendments required to ensure the proper management of the company, all within the framework of the laws and regulations specific to SICAVs.

## **TITLE IV**

### **STATUTORY AUDITOR**

## **ARTICLE 24 – APPOINTMENT – POWERS – REMUNERATION**

The statutory auditor shall be appointed for six financial years by the Board of Directors with the approval of the AMF from among the persons authorised to exercise such duties in commercial companies.

The auditor certifies that the financial statements reflect a true and fair view of the Company's position. Its term of office may be renewed.

The Statutory Auditor shall be required to notify, as soon as practicable, the AMF of any fact or decision concerning the UCITS of which it has become aware in the performance of its duties that might:

- 1) Constitute an infringement of applicable laws or regulations and which may have a significant effect on the Fund's financial position, earnings, or assets;
- 2) Adversely affect the conditions or the continuity of its operations;
- 3) To result in the expression of reservations or the refusal to certify the financial statements.

Asset valuations and the determination of exchange rates used in currency conversions, mergers, or demergers shall be audited by the Statutory Auditor. It shall be responsible for the valuation of all contributions in kind.

It shall verify the composition of the assets and other items before publication.

The Statutory Auditor's fees shall be determined by mutual agreement between the auditor and the Board of Directors of the SICAV on the basis of a work programme, specifying the audits deemed necessary.

The statutory auditor shall be required to verify the financial positions serving as a basis for interim payments.

## TITLE V

### GENERAL MEETINGS

#### **ARTICLE 25 - GENERAL MEETINGS**

General meetings are convened and deliberate under the conditions specified by law.

The annual general meeting, which must approve the Company's financial statements, must assemble within four months of the close of the financial year.

The meetings shall take place either at the registered office or at another location indicated in the notice of meeting.

Any shareholder may attend meetings, in person or by proxy, upon proof of his/her identity and ownership of his/her securities in the form either of an entry in the registered securities accounts held by the Company or an entry in the bearer securities accounts, at the places mentioned in the notice to attend; the period during which such formalities must be accomplished expires two days before the date on which the meeting is held.

Any shareholder may be represented in accordance with the provisions of Article L. 225-106 of the French commercial code.

Any shareholder may also vote by post under the conditions specified by the regulations in force.

Meetings shall be chaired by the chair of the Board of Directors or, in his/her absence, by a deputy chair or by a director delegated for such purpose by the board. By default, the meeting elects its own chairman.

Shareholders who participate in the meeting by videoconference or by telecommunication means permitting their identification under conditions of application defined by decree shall be considered present for the calculation of quorum and majority.

Minutes of meetings shall be drawn up, and their copies shall be certified and issued in accordance with the law.

## TITLE VI

### ANNUAL FINANCIAL STATEMENTS

#### **ARTICLE 26 – FINANCIAL YEAR**

The financial year shall begin on the day after the last Paris stock exchange trading day of December and end on the last Paris stock exchange trading day of the same month of the following year.

#### **ARTICLE 27 - APPROPRIATION OF DISTRIBUTABLE AMOUNTS**

The Board of Directors shall determine the net income for the period, which, in accordance with the provisions of law, is equal to the amount of interest, arrears, premiums and share-outs, dividends, remuneration as indicated in article 21, and all other income relating to the securities held in the SICAV's portfolio, plus income generated by temporary cash holdings, less management fees, borrowing costs, and any allowances for amortisation.

Amounts distributable by a UCITS consist of:

- 1) The net income increased by retained earnings and plus or minus the balance of accrued income;
- 2) Capital gains realised, net of costs, less capital losses realised, net of costs, recognised during the financial year, plus net capital gains of the same type recognised in previous financial years that were not distributed or accumulated, plus or minus the balance of accrued capital gains.

The general meeting shall decide on the appropriation of distributable amounts each year. Interim distributions shall be possible.

## **TITLE VII**

### **EXTENSION - DISSOLUTION - LIQUIDATION**

#### **ARTICLE 28 – EXTENSION OR EARLY DISSOLUTION**

The Board of Directors may, at any time and for any reason whatsoever, propose to an extraordinary general meeting the extension, early dissolution or liquidation of the SICAV.

The issue of new shares and the buyback of shares by the SICAV from shareholders who so request shall cease on the day of the publication of the notice of the general meeting at which the dissolution and liquidation of the company are proposed or at the expiry of the duration of the company.

#### **ARTICLE 29 – LIQUIDATION**

The liquidation procedures are established in accordance with the provisions of Article L. 214-12 of the French monetary and financial code.

On the expiry of the term fixed by the articles of association or in the event of a resolution deciding on early dissolution, the general meeting shall rule, at the proposal of the Board of Directors, on the method of liquidation and appoint one or more liquidators. The liquidator represents the company. The liquidator is also authorised to pay creditors and distribute the available balance. The appointment of a liquidator terminates the powers of the directors but not those of the statutory auditor.

Pursuant to a decision of the extraordinary general meeting, the liquidator may contribute to another company all or part of the property, rights and obligations of the dissolved company, or decide to transfer its property, rights, and obligations to a company or another person.

The net income from the liquidation, after the liabilities have been settled, is distributed in cash or securities among the shareholders.

The general meeting, regularly constituted, maintains the same powers during the liquidation as during the course of the company; in particular, it has the power to approve the liquidation accounts and to discharge the liquidator.

These same rules shall apply in the event of the liquidation of one or more subfunds of the SICAV.

## **TITLE VIII**

### **DISPUTES**

#### **ARTICLE 30 - COMPETENCE - ELECTION OF DOMICILE**

Any disputes that may arise during the life of the Company or its liquidation, either between the shareholders and the Company or between the shareholders themselves concerning corporate matters, shall be judged in accordance with the law and subject to the jurisdiction of the competent courts.