

Website disclosure summary - Global Green Bond

No significant harm to the environmental or social characteristics of the financial product

The sustainable investments in the sub-fund will be assessed against the principle of DNSH to ensure that the investments do not significantly harm any environmental or social objectives. The DNSH principle applies only to the underlying sustainable investments of the sub-fund. This principle is incorporated into the investment decision-making process, which includes assessment of principal adverse impacts ("PAIs"). The 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 sustainable investments of the sub-fund are significantly harming the environmental or social objective. To support the DNSH assessment, quantitative criteria have been established across the PAIs.

Environmental or social characteristics of the financial product

The environmental and/or social characteristics ("E/S characteristics") promoted by this sub-fund are:

1. Analysis of securities that support climate related or environmental projects.
2. A minimum proportion of the sub-fund's investments shall meet minimum ESG standards, i.e. the issuers that the sub-fund invests in are required to meet minimum ESG and E, and S and G score levels.
3. The identification and analysis of an issuer's environmental and social factors, including corporate governance practices which form an integral part of the investment decision making process.
4. Consideration of responsible business practices in accordance with United Nations Global Compact ("UNGC") and OECD Guidelines for Multinational Enterprises ("OECD") principles. Where instances of potential violations of UNGC principles are identified, issuers will be subject to HSBC's proprietary ESG due diligence checks to determine their suitability for inclusion in the sub-fund's portfolio and, if deemed unsuitable, excluded.
5. Excluding activities covered by HSBC Asset Management's Responsible Investment Policies and the Paris-aligned Benchmark exclusions.

Investment strategy

The sub-fund aims to provide long term total return by investing in a concentrated portfolio of bonds that support climate related or environmental projects, as established by the HSBC Green Impact Investment Guidelines.

The sub-fund aims to have a higher ESG score, calculated as a weighted average of the ESG scores given to the issuers in which the sub-fund has invested, than the weighted average of the constituents of the Reference Benchmark.

The sub-fund invests in normal market conditions a minimum of 80% of its net assets in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued by issuers, supranational bodies and quasi government entities meeting certain Green Bond Principles. The sub-fund will invest in developed markets and Emerging Markets. The sub-fund aims to support climate related and environmental projects through security selection and portfolio construction.

The sub-fund includes the identification and analysis of an issuer's environmental and social factors and corporate governance practices as an integral part of the investment decision making process.

Proportion of Investments

The sub-fund invests in normal market conditions a minimum of 80% of its net assets in Investment Grade and Non-Investment Grade rated fixed income and other similar securities issued by issuers, supranational bodies and quasi government entities meeting certain Green Bond Principles.

The sub-fund promotes E/S characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 70% of sustainable investments. The sub-fund will have a minimum proportion of 80% of investments that are aligned with the E/S characteristics it promotes. Other investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments which may be used for efficient portfolio management.

Monitoring of environmental or social characteristics

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the company and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds.



Methodologies

A minimum proportion of the sub-fund's investments shall meet certain ESG standards, which are measured via a minimum ESG total score as well as minimum E, S and G scores for each separate sub-component. These scores represent the management of ESG risks or opportunities that are relevant to the sector in which the company operates. The companies that have very low scores are deemed to have poor management of ESG risks and opportunities and are therefore excluded from contributing to the promotion of environmental and social characteristics of the sub-fund.

Data Sources and Processing

HSBC Asset Management uses data from a number of external third parties such as Sustainalytics, ISS, MSCI and Trucost to ensure it attains the environmental characteristics promoted. HSBC Asset Management also use a number of ESG rating agencies for norms-based screening against the UN Global Compact principles.

The data is verified by HSBC Asset management's extensive research department and processed via HSBC Asset Management's propriety research methodology. HSBC Asset Management is reliant on third party data and while we verify the data, we cannot comment on limitation to the methodologies of such third-party companies. No data is estimated by HSBC Asset Management.

Limitations to Methodologies and Data

HSBC Asset Management is not aware of any limitation in meeting the environmental or social characteristics of the sub-fund.

Due Diligence

Investments in the sub-fund are assessed for minimum good governance practices through consideration of UNGC principles, additionally good governance practice of issuers is viewed through ESG and G pillar scores. Investments considered to be Sustainable Investments must pass an additional good governance screen before they can be designated as such. Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. UNGC violations are assessed through ESG due diligence as well as screening which are used to identify issuers that are considered to have poor governance. Issuers which meet the criteria of sustainable investment are assessed through minimum governance scores to ensure higher standards of governance and no association with severe controversy. Where relevant those issuers will then be subjected to further review, action, and/or engagement.

Engagement Policies

HSBC's Stewardship team meets with issuers and companies regularly to improve HSBC's understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice. HSBC believes that good corporate governance ensures that issuers and companies are managed in line with the long-term interests of their investors.

Designated Reference Benchmark

The reference benchmark for sub-fund market comparison purposes is the MSCI Global Green Bond USD Hedged but has not been designated for the purpose of attaining the environmental or social characteristics of the sub-fund.

Version – FINAL

Publication date – 16 June 2025

Effective Date – 16 June 2025