

HSBC GIF Global Emerging Markets Corporate Sustainable Bond

Fund Sustainability Report

2025
SFDR Article 9

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Please refer to the prospectus and KIID of the Fund before making any final investment decisions.

This product is based overseas and is not subject to UK sustainable investment labelling and disclosure requirements.

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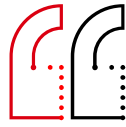
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Glossary and Disclaimers



The HSBC Global Emerging Markets Corporate Sustainable Bond portfolio combines measurable sustainability contribution with robust risk management, using active stewardship to raise standards where progress is still uneven, so that we can play our role in turning ambition into outcomes that our clients can back with confidence.

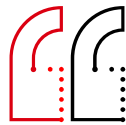
This year's data shows



0% of covered holdings flagged as UN Global Compact non-compliant and/or on the watchlist



Scope 1 and 2 carbon intensity and carbon footprint both below the comparator indices



We engaged with 40 issuers from 1 January 2025- 31 December 2025, on 132 occasions



67% of the fund holding contribution went toward net sustainable products and services, and 33% to ambitions and practices

Past performance is not a reliable indicator for future performance.
Please refer to the Glossary for all terminology explanations and Disclaimers for important caveats on the information presented in this document.

Source: HSBC Asset Management. Data as at 31 December 2025



By L. Bryan Carter
Head of Global Emerging
Markets Debt



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Investments

We are pleased to publish this year's Sustainability Report for the HSBC Global Emerging Markets (EM) Corporate Sustainable Bond Fund. The report explains how the strategy pursues its sustainability objective and provides an update on the key indicators embedded in our investment process, spanning UN Sustainable Development Goal (UN SDG) contribution, carbon metrics, and our engagement activity with issuers. Overall, the approach of this Article 9 portfolio combines measurable sustainability contribution with robust risk management, using active stewardship to raise standards where progress is still uneven, so that we can play our role in turning ambition into outcomes that our clients can back with confidence.

Emerging markets remain central to the next phase of sustainable development. They are expected to account for a significant share of global growth and will be pivotal in determining the trajectory of future emissions and resource use. For investors, that creates both responsibility and opportunity. It also calls for a disciplined approach that can identify credible issuers, distinguish ambition from delivery, and allocate capital to companies supporting measurable progress.

This year's results reinforce our approach in three ways. First, our sustainability profile remains differentiated versus market comparators: across the portfolio, we observe a better corporate risk ESG score than the Sustainalytics reference benchmarks, and we maintain a strong stance on norms-based expectations. Second, the portfolio continues to demonstrate materially lower carbon metrics than the S&P Trucost reference benchmarks, with Scope 1 & 2 carbon intensity and carbon footprint both below the comparator indices. Third, the report highlights a clear theme of supporting emerging markets through interlinked environmental and social outcomes, including investments linked to clean water, waste management, and educational programmes in markets where access to education can be a real practical barrier to sustainable growth.

Our approach to emissions reduction or offsetting is thorough, and we measure it through multiple lenses that may be both direct or indirect in nature. Some of these include the use of renewable energy, responsible production and consumption techniques, and activities that preserve nature and resources. We also assess the credibility of issuers' emission reduction targets and transition plans. The social contribution KPIs help the portfolio maintain a balanced view - recognising that change is dynamic, and topics such as public health and human labour rights are a prerequisite to sustainable growth.

As at 31 December 2025, the portfolio's primary SDG exposure mapped to SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action) and SDG 11 (Sustainable Cities and Communities), complemented by meaningful alignment to SDG 7 (Affordable and Clean Energy) and SDG 6 (Clean Water and Sanitation). These priorities reflect the fund's objective to direct capital towards issuers enabling decarbonisation, sustainable infrastructure and access to essential services. The strategy allocates a minimum of 30% to Green, Social and Sustainable (GSS) bonds and, consistent with our thesis, may also invest in non-GSS bonds to support credible improvers beyond the labelled market, where capital can be harder to access.

Our engagement strategy is our practical engine for improvement. We prioritise engagement over exclusion and, drawing on our responsible investment expertise, engage on a range of topics including climate change, corporate governance and behaviour, human and labour rights, social conduct and natural resources. Our engagement is global in reach, with activity concentrated where dialogue can be most impactful. From 1 January 2025 to 31 December 2025, we engaged with 40 issuers on 132 occasions, focusing on identifying sustainable growth opportunities, improving transparency and disclosure, improving governing practices, and encouraging social and environmental awareness or improvement.

Fund Overview


Asset Class	Fixed Income
Sustainable Finance Disclosure Regulation (SFDR) Article Classification	Article 9
Fund Base Currency	USD
Fund Size (USD m)	163.1
Reference Benchmarks	JP Morgan Indices - CEMBI Indices – JP Morgan CEMBI Broad Diversified Index; JP Morgan ESG Indices - CEMBI Indices - CEMBI Broad Diversified Index

Investment Objective:

The Fund aims to make a positive environmental, social and governance (ESG) impact, by investing in fixed income (e.g. bonds) and other similar securities issued by companies that contribute to United Nations Sustainable Development Goals (“Contributing Companies” and “SDGs”), while also aiming to provide long term total return. The Fund qualifies under Article 9 of SFDR.

Sustainable Objective:

The HSBC Global Emerging Markets Debt (EMD) Corporate Sustainable Bond Fund aims to help drive positive change and measurable impact in EM—comprised of countries that represent some of the largest carbon emitters in the world. This credit-intensive strategy focuses on rigorous credit research and engagement, leveraging HSBC’s robust EMD investment platform and its credit and responsible investment (RI) analyst teams. The bottom-up investment process selects corporate issuers based on rigorous fundamental analysis and a forward-looking, integrated sustainability assessment which aims to evaluate an issuer’s current sustainability plans as well as track ongoing progress towards greater sustainability through direct and continuous engagement.



UN SDG Contribution
Individual sustainability goals, with a range of SDG themes, including but not limited to Climate Action (13), Affordable and Clean Energy (7), Clean Water and Sanitation (6), Good Health and Well Being (3) and Reduced Inequalities (10)

Process-driven strategy that focuses on identifying potential candidates through their proprietary forward-looking fundamental sustainability analysis.

- ◆ Issuer-candidates are evaluated for Article 9 eligibility by an independent committee of experts

Active Engagement
Engagement with issuers to encourage better operational practices, social and environmental outcomes

Negative Screens
Screening on restrictions and commitment to meeting 'Do No Significant Harm' requirements, which means that investments that are contributing towards sustainable goals/outcomes are not doing significant harm to other sustainable goals/outcomes

SFDR Article 9 Classification
Continuous monitoring of Article 9 eligibility and issuer progress on sustainability goals and KPIs

The strict issuer selection results in the eligibility of roughly the top 10% of issuers in the EM corporate universe resulting in a high-conviction, low turnover portfolio with strong fundamentals and high sustainability standards within EM corporate debt.

Key KPIs:

Sustainability analysis focuses on showing how an issuer’s activities are aligned to the fund’s sustainable investment objective, something that is determined using both qualitative and quantitative analysis. Key quantitative datapoints considered within the fund process include, but are not limited to:

- ◆ Sustainability Corporate Risk ESG Scores
- ◆ Carbon intensity Scope 1 & 2 (tCO2e/Sales)
- ◆ UN SDG contribution, measured using issuer-level quantifiable financial metrics, or external frameworks:
- ◆ Company exposure to fossil fuels
- Revenue, Profits, Capital Expenditure (CAPEX), Research and Development (R&D)
 - EU Taxonomy
- ◆ UNGC Violators

The below tables summarise the performance of some of the KPIs integrated within the fund process. We have also provided additional KPIs which are indicative of the funds sustainability process. Further detail on these KPIs can be found on page 20 and onwards.

	Fund	Coverage	Reference Benchmark 1*	Coverage	Reference Benchmark 2*	Coverage	
Core Sustainability Indicators	Sustainalytics Corporate Risk ESG Score (Sustainalytics)	19.92	91%	24.91	91%	23.39	91%
	UNGC Non-Compliance and/or on the Watchlist (Sustainalytics)	0%**	92%	7%	94%	3%	95%
	Carbon Intensity - Scope 1 & 2 (tCO2e/Sales) (S&P Trucost)	123.63	87%	371.08	78%	265.93	78%
	Carbon Footprint tCO2e/\$m (S&P Trucost)	63.52	82%	201.78	77%	117.10	78%
Additional Indicators	Water Intensity - Direct + Purchased (S&P Trucost)	6,909.60	68%	14,890.77	76%	12,696.04	75%
	Waste Intensity - Landfill + Incineration (S&P Trucost)	15.90	57%	35.18	74%	35.17	73%
	Percentage of Women on the Board (Bloomberg)	24.0%	71%	21.9%	79%	21.3%	79%
	Percentage of Independent Directors (Bloomberg)	58.4%	74%	55.4%	77%	55.0%	77%

Please refer to the Glossary for all terminology explanations

Please note, the above does not include all PAIs the fund considers due to data limitations at the time of reporting.

* Reference Benchmarks = 1 JP Morgan Indices - CEMBI Indices - CEMBI Broad Diversified Index; 2 JP Morgan ESG Indices - CEMBI Indices - CEMBI Broad Diversified Index These benchmarks are used solely for market comparison purposes.

**For the UNGC flag, one portfolio holding was screened as being on the watchlist for UNGC violation based on third party data. However, under HSBC AM's internal review and engagement with the company, the holding has been removed from the watchlist.

Source: HSBC Asset Management. Data as at 31 December 2025. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Fund UN Sustainable Development Goal Contribution



HSBC Asset Management

The UN SDGs, or United Nations Sustainable Development Goals, are a set of 17 interconnected global goals adopted by all UN Member States in 2015*. They aim to address various social, economic and environmental challenges by 2030, including eradicating poverty, promoting gender equality, ensuring clean water and sanitation, combating climate change, and fostering sustainable economic growth.

We recognise that investment into sustainable emerging market issuers can play a key role in contributing towards the goals of the SDGs and as such they are central to this fund's objective.

We undertake desk-based analysis to determine the sustainability credentials, and their contribution to UN SDGs, for all holdings in the fund (see chart below). Every holding is assigned a primary SDG as part of the evidencing of a positive societal, governance or environmental outcome, and multiple issuers are also mapped to a secondary SDG.

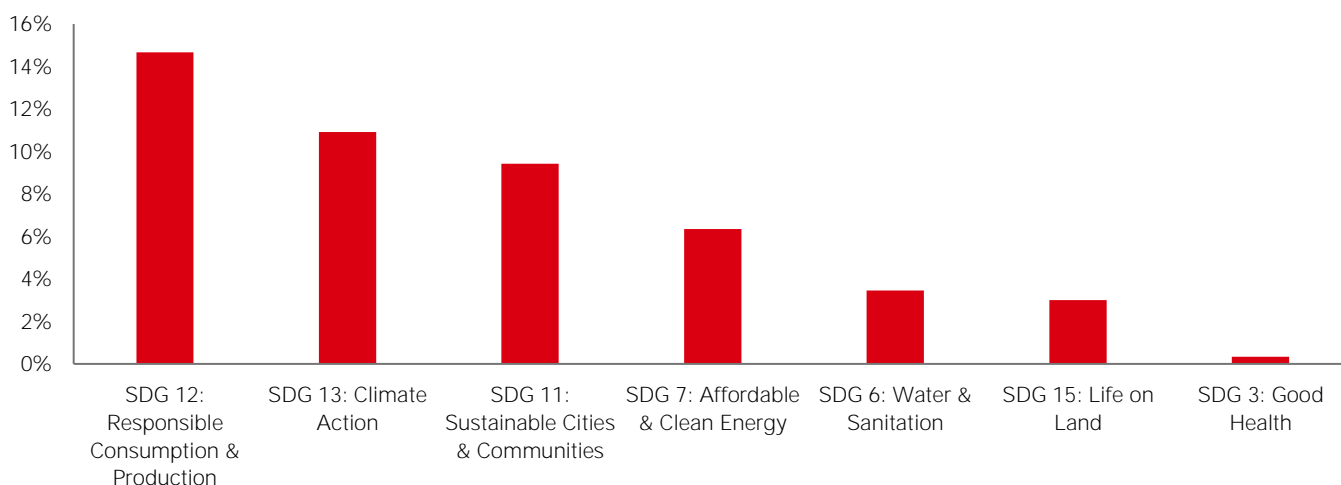
Holdings within the fund can be identified as contributing towards the UN SDGs in two ways:

Products and Services - net sustainable products and services based on quantifiable financial metrics e.g., revenue, capital expenditure (CAPEX), research and development etc.



Ambitions and Practices – SDG contribution is identified via company operations and commitments e.g., commitment to net zero, including near-term targets.

Fund exposure to the primary SDG as at 31 December 2025



- ◆ Source: HSBC Asset Management. Data as at 31 December 2025. Based on UN SDG contribution, measured using issuer-level quantifiable financial metrics, or external frameworks, where the SDG revenue is greater than 20%
- ◆ Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets. Past performance is not a reliable indicator for future performance.

Fund Holdings

GreenKo Power: enabling sustainable and affordable energy



Why it matters

SDG 7: Affordable and clean energy, aims to ensure there is universal access to dependable and clean energy. The energy crisis has led to some governments relying on high polluting fossil fuels to meet demand, which underpins the need to invest in robust, cleaner energy.

Company Contribution: Greenko is effectively a pure-play renewables generator, with ~100% of revenues tied to renewable electricity generation. This directly supports expanding clean energy supply and reducing reliance on fossil fuels.

Secondary SDG 13: Climate Action. By generating renewable power (and developing storage to enable higher renewable penetration), Greenko contributes to GHG emissions avoidance and supports grid decarbonisation.



Overview

Greenko is one of India’s leading Renewable Energy companies, replacing fossil fuels with integrated decarbonized energy and grid assets enabling sustainable and affordable energy, with a net installed capacity of 11 GW across 20 States in India. The group is committed towards transforming renewable energy from real-time energy to a dispatchable and controlled medium through digitization and storage solutions to support the economy-wide shift towards a carbon-neutral electricity mix in the Country.

A key player in developing and providing sustainable energy solutions

As of 30 Sep 2025, it had 6.7GW of operational installed capacity, comprising 3.2GW of wind power, 1.5GW of solar power and 2GW of hydropower projects and derived 100% of revenue from renewable energy generation. Environmentally, the company reports 9.41 million tonnes of CO₂e avoided in FY2024-25. Greenko conducted water audits at 10 asset sites, with four sites achieving “water positive” status (highest water neutrality ratio 39.55), and it has set a target to achieve water neutrality across all sites and corporate offices by 2028.

Strong player in the transition

Strategically, it is developing utility-scale pumped storage with nearly 100 GWh in the pipeline to enable schedulable, firm renewable power, and it has committed to carbon neutrality in operations by 2025 and across its value chain by 2040, supported by a Sustainalytics-recognised Green Bond Framework and ESIA processes aligned to the Equator Principles and IFC standards. Socially and on governance, it provides periodic medical examination for employees and contractor employees, 12.63% of employees receiving sustainability-related training, 100% security personnel trained on human rights, and zero customer privacy complaints / data breaches reported . It reported >95% staff retention and 6.27% women in the workforce; the report also notes no material controversies and no RepRisk event.

More renewable generation plus firming/storage capability helps deliver reliable, dispatchable clean power—critical for scaling renewables without compromising grid stability.

6.7 GW installed capacity across wind/ solar/ hydro/ biomass

Material climate impact:
9.41 m tonnes CO₂e avoided (FY2024-25)

Source: HSBC Asset Management. Data as at 31 December 2025. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets. This example is historical and contains information that is not current and should not be construed as an advice, an offer to sell or solicitation of an offer to purchase or subscribe to any investment.

Source: GreenKo Annual Sustainability Report, 2024-2025

Rede D'Or: supporting better healthcare



Why it matters

SDG 3: Good Health and Well-Being. Rede D'Or's core business is expanding access to healthcare (hospitals, oncology, diagnostics), which directly supports improved health outcomes and healthcare capacity in Brazil.

Company Contribution: Brazil's largest private healthcare network, spanning hospitals, clinics, diagnostics, blood bank operations, and health consulting.



Overview

The company is the largest integrated health care network in Brazil focusing on humanized care, team qualification, adoption of new technologies and expansion of care. Rede D'Or also invests in innovation and clinical research, through IDOR, which brings together a team of more than 100 highly qualified researchers and teachers, equally dedicated to teaching in the health area and disseminating their expertise through doctoral, postgraduate, undergraduate, and others.

Integral to the transition

Red D'Or is the largest integrated oncology treatment network in Brazil; major diagnostics network; and a privately financed research and education institute (D'Or Institute – IDOR) focused on areas including neurology, cardiology, and oncology.

Healthcare capacity expansion (SDG 3):

- ◆ Increased physical capacity by 4,736 total beds to 13,555 beds (Dec 2020 to Dec 2025).
- ◆ Since 2020 own hospitals increased from 51 to 79
- ◆ Robotic surgery expanded to become the largest in Latin America, with 18 surgical robots available across 17 hospitals.
- ◆ Maternity care operates under 13 dedicated Maternidades D'or units
- ◆ Diagnostics are anchored by the Laboratorios Richet network in Rio de Janeiro

Oncology expansion and delivery (SDG 3):

- ◆ Rede D'or operates 56 oncology clinics with an average of 52,900 care services per month.
- ◆ The oncology network grew from 47 clinics in 2019 to 56.
- ◆ In 2023, Oncologia D'or inaugurated a new molecular pathology laboratory in partnership with IDOR, enabling domestic analysis of samples that previously had to be sent abroad

Target to cut emissions intensity by 36% by 2030 and reach net zero by 2050

100% of revenues aligned to SDG 3

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* Rede D'or Annual Sustainability-Reports

Eldorado Brasil Celulose: cultivating responsible production



Why it matters

SDG 12: Responsible Consumption and Production. This is particularly material for pulp producers because the sector is inherently resource-intensive: it consumes wood fibre, water, chemicals, and energy at industrial scale, and generates significant volumes of solid and liquid process residues.

Company Contribution: Eldorado Brasil proves that a modern, integrated eucalyptus pulp mill, operated under certified forest management, can decouple production growth from resource degradation — using less per tonne produced, valorising by-products, and tracing every unit of fibre from plantation to export.



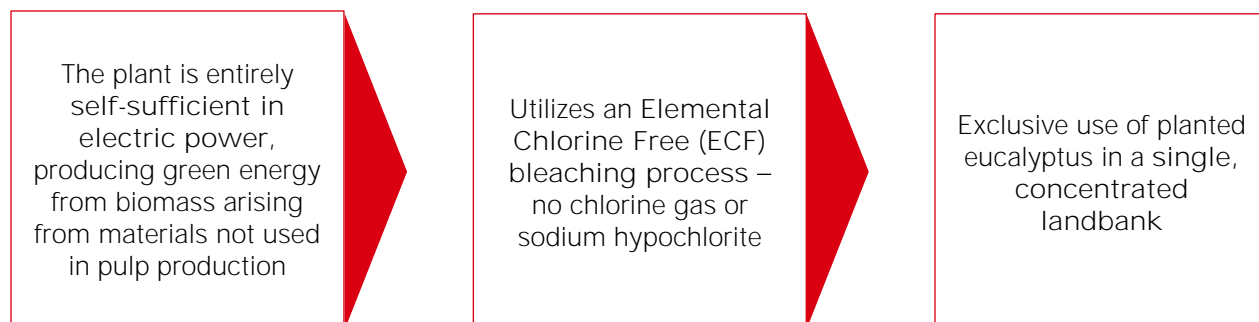
Overview

Eldorado's eucalyptus forests are cultivated in areas previously used for extensive livestock farming, which means that the Company's operations recover soils that were degraded. Eldorado manages approximately 441,000 hectares of land in total, of which 285,000 hectares are productive areas, including planted forests, and 121,000 hectares are designated for environmental conservation. The foundation of Eldorado's resource efficiency claim is its exclusive use of planted eucalyptus in a single, concentrated landbank in Mato Grosso do Sul — eliminating any native forest conversion from the fibre supply chain.

Eldorado Brasil's SDG 12 alignment is anchored in three genuinely strong pillars:

1. 100% certified plantation-based fibre with industry-leading FSC/CERFLOR compliance;
2. a circular industrial model where lignin, wood waste, and biomass residues are fully valorised as renewable energy, eliminating landfill disposal of process by-products; and
3. best-in-class operational efficiency metrics on water (25.2 m³/t vs. 34 m³/t design) and chemical consumption.

The Ecosystem Services FSC certification, acknowledging net carbon removal and biodiversity contribution, is a differentiating disclosure for the sector. Eldorado recognize the value of biodiversity and its essential role in the sustainable development of the planet, as well as in the prosperity of the Company's business. More than 23 percent of its total forest management area is fully preserved, including Legal Reserve (LR) areas and Permanent Preservation Areas (PPAs), which occupy 101,000 hectares.



Holding Examples

SDG	Company	Sustainable Thesis	Sustainable Pathway	Indicators
	Africel	As a regional African mobile network operator with operations in Angola, DRC, Gambia, and Sierra Leone, Africell provides connectivity to underdeveloped markets across the continent. It aims to expand internet and telecommunications coverage in these countries by constructing live tower sites, broadening 2G, 3G, and 4G network, and implementing fiber expansion projects.	Net sustainable product & service revenue	Sustainable Revenue
	Kasikornbank	The bank also has numerous sustainability programs targeted to sustainable lending, education, and lending to underserved areas The second-largest bank in Thailand provides a social impact via lending practices provided to various communities, especially small and midsize enterprise (SME). SME loans accounted for about 26% of the bank's overall loan book as at end-March 2025, remaining well above the sector average of about 20%.	Sustainable Ambitions & Practices	Sustainable Revenue
	CFE Fibra	CFE engages in the generation, transmission, and distribution of electricity with the main objective to reduce technical losses and the quantity of electricity that is used in Mexico but not paid for (i.e., "non-technical losses"), within the distribution grid.	Net sustainable product & service revenue	Sustainable Revenue
	Biocon	100% of Biocon's revenue comes from pharmaceutical products and services. In FY25, it derived 58% of its consolidated revenue from sale of biosimilar products and 17% from sale of generics products. Generics and biosimilars help to bring down the cost of drugs and make healthcare more affordable for everyone.	Net sustainable product & service revenue	Sustainable Revenue
	Veolia	Veolia is the uncontested world leader in water and waste management, and a major player in energy services. The main countries of deployment are China and Africa, which was another benefit to invest since it can be difficult to gain exposure to countries such as China and Africa.	Net sustainable product & service revenue	Sustainable Revenue
	Bradesco	A leading Brazilian bank in climate related disclosure which is part of the Net Zero Banking Alliance and committed to net zero by 2050. The bank has numerous sustainability programs targeted at supporting education on the topic, particularly in underserved areas, through sustainable lending.	Net sustainable product & service revenue	Sustainable Revenue
	Auna	Auna is a leading healthcare platform in Latin America with operations in Mexico, Peru and Colombia, prioritizing prevention and concentrating on high-complexity diseases that contribute the most to healthcare expenditures. Its mission is to transform healthcare by providing access to a highly integrated healthcare offering in the underpenetrated markets of Spanish-speaking Americas.	Sustainable Ambitions & Practices	Sustainable Revenue

Source: HSBC Asset Management. Data as at 31 December 2025. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets. These examples are historical and contains information that is not current and should not be construed as an advice, an offer to sell or solicitation of an offer to purchase or subscribe to any investment.

Fund Engagement Activity



HSBC Asset Management

Engagement is a powerful tool that seeks to drive positive change, mitigate risk and enhance the value of companies we invest in. Through engagement, we aim to deliver sustainable and ongoing value to our clients.

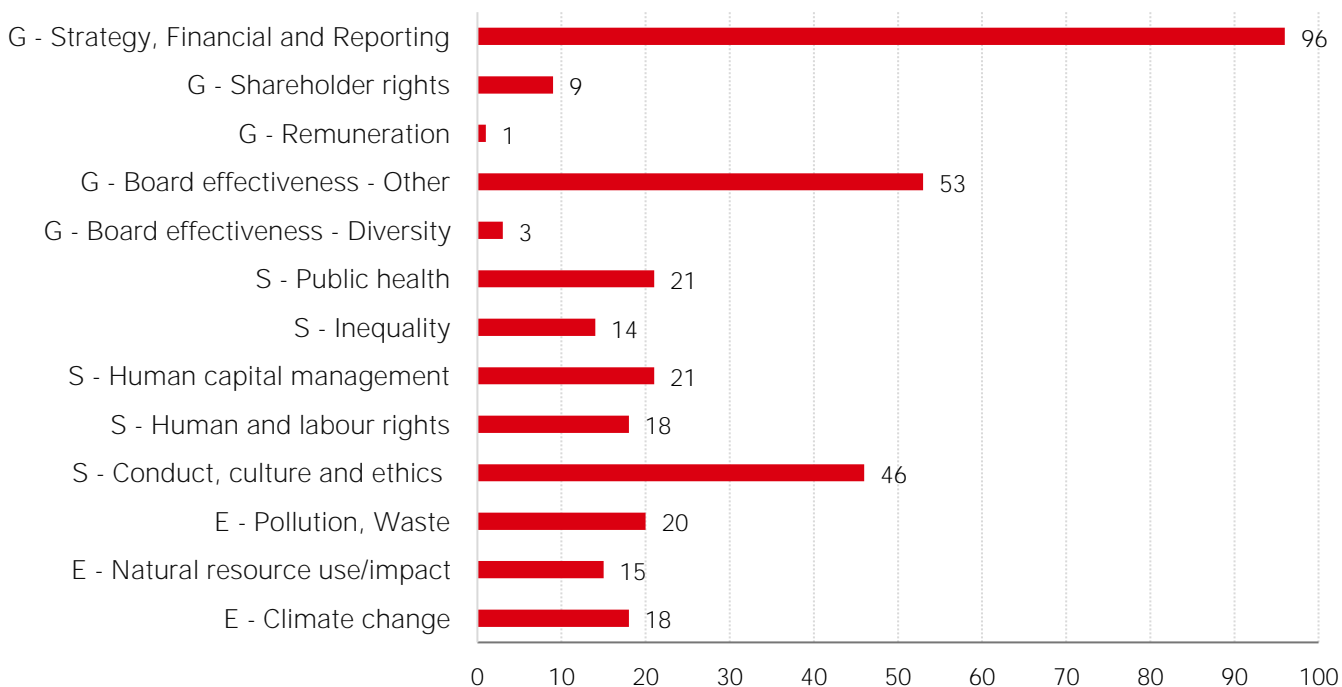
As part of the fund’s investment process, we use engagement to target issuers’ ESG credentials at various stages of their ESG transition.

Overall, the engagement strategy applied within the fund can be broken down into four key target areas:

1. Driving growth - Through engagement and research we spot early movers and visionary companies that lend to sustainable investment opportunities
2. Managing investment risk – through stewardship activities we can gain further insight into potential risks and factor these into investment decisions
3. Improving transparency and disclosure – we encourage companies to produce relevant and transparent disclosure which can result in less uncertainty for investors, potentially lower costs of capital and the ability to finance positive change
4. Delivering positive social and/or environmental outcomes - we encourage companies to mitigate externalities and seek positive outcomes in consideration of the impact of their business on the environment, society and stakeholders

From 1 January 2025 to 31 December 2025, we engaged 40 issuers in the fund on 132 occasions. As part of our engagement process, we covered a range of topics including climate change, corporate governance and behaviour, pollution and waste and water and natural resources. In addition, we also conduct engagements with companies not yet held in the fund but may be eligible for future inclusion.

Number of Meetings by ESG Topic



- ◆ In instances where financial-related engagements occurred they have been captured under the Governance theme.
- ◆ The total number of meetings displayed in the charts does not correlate with the total number of occasions we met with companies as typically more than one ESG theme will be discussed on one occasion.
- ◆ Although HSBC AM makes reasonable efforts to collate engagement data, actual figures may vary and you should not place reliance on the accuracy of the data.
- ◆ The data above and where subsequently disclosed represents engagement activity logged as of 1 January – 31 December 2025.

Source: HSBC Asset Management. Data as at 31 December 2025. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets. Approach to defining and monitoring of engagements at HSBC Asset Management can be found in our [Stewardship Plan](#) Stewardship | HSBC Asset Management

Utilities company in Asia

Background

A leading listed energy company in Asia operates in natural gas distribution and integrated energy solutions, with a net zero target for 2050. While progress has been made in renewables and governance, challenges remain, including incomplete scope 3 emissions reporting, cybersecurity, pipeline safety, and board independence and diversity. Our multi-year engagement has covered topics such as sustainability reporting, scenario analysis and gender diversity. The company acknowledges its role in advancing scalable, low-carbon energy systems and is committed to engaging with stakeholders.

Key engagement objectives

- ◆ Measure and report on scope 3 emissions
- ◆ Conduct and publish scenario analysis on climate risks and business impacts
- ◆ Outline strategies to increase board independence and diversity
- ◆ Elaborate on cybersecurity preparedness measures
- ◆ Obtain post-issuance assurance on the use of green bond proceeds



Engagement interaction

Engagement began with the Head of Sustainability in 2023, focusing on foundational issues such as net zero strategy and cybersecurity. We encouraged incident management planning and alignment with ISO 27001, as well as scope 3 reporting and scenario analysis to enhance operational resilience.

In 2024, we expanded our engagement scope to address climate risks, and gas and pipeline safety. We encouraged the company to produce a dedicated climate report, which they subsequently delivered. We also raised concerns about the lack of assurance for green bond proceeds, as prior disclosures offered limited transparency about how the funds were used. We discussed declining gender diversity at the board level and encouraged the company to set a target, to which they verbally committed.



Outcomes

Over the past three years, our engagement with the company has led to positive progress in several key areas. The company became one of the first in its market to disclose scope 3 emissions, addressing a critical gap in its net zero strategy. It also published its first post-issuance green bond assurance report, conducted by one of the 'big four' audit firms. This provided much-needed transparency on the use of bond proceeds for the company and aligned with our green bond standards. We have since bought into the company's green bonds.

Source: HSBC Asset Management. This example is historical and contains information that is not current and should not be construed as an advice, an offer to sell or solicitation of an offer to purchase or subscribe to any investment.

Financial Institution in Mexico

Background

This company is a leading financial institution in Mexico. Since 2023, we have maintained active engagement with the company, most recently in 2025 through the Emerging Markets Investors Alliance (EMIA), a collaborative initiative focused on good governance and sustainable development. As a founding member of EMIA, HSBC Asset Management participated in the Financials Working Group to encourage progress on climate strategy. Our efforts have focused on reducing greenhouse gas emissions (GHG), improving climate risk disclosures, and supporting sustainable finance. These areas are relevant to the company's eligibility for inclusion in our ESG and Sustainable Investment strategies.

Key engagement objectives

- ◆ Establish a clear target for sustainable lending.



Engagement interaction

In 2025, we deepened our engagement through focusing on the company's approach to climate risk and its progress to date. The company has established and disclosed sector-specific GHG emissions reduction targets for 2030, which have been validated by the Science Based Targets Initiative (SBTi). We discussed data gaps and the disclosure of Partnership for Carbon Accounting Financials (PCAF) data scores, emphasising that this transparency is important for robust climate risk assessment. Additionally, we reviewed the company's climate risk scenario analysis and its participation in the central bank's voluntary capital assessment, as well as the allocation of proceeds from a recent sustainable bond to new eligible projects.



Outcome and next steps

The bank has made considerable progress in measuring indirect emissions from its lending portfolio. However, further work is needed to establish a clear target for sustainable lending, which we anticipate the bank will begin disclosing by 2026. We are also continuing discussions on the steps to transition exposure related to a state-owned electric utility. Looking ahead, we will continue to monitor progress and encourage further improvements.

Source: HSBC Asset Management. This example is historical and contains information that is not current and should not be construed as an advice, an offer to sell or solicitation of an offer to purchase or subscribe to any investment.

Insurance company in Asia

Background

This company operates in the insurance sector, providing life and health coverage across Asia. As a Article 9 fund, we expect the company to demonstrate measurable positive impact. Concerns were raised on this company, including the long tenure of its board Chair, insufficient disclosure of impact metrics, and risks of green or social washing due to unsubstantiated sustainability claims. We urged that effective governance and credible disclosures are critical for maintaining shareholder trust and meeting regulatory expectations.

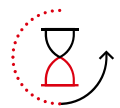
Desired action from the target

- ◆ Measure and disclose suitable impact metrics that capture positive social impact
- ◆ Ensure that public goals and claims have suitable key performance indicators and that evidence to substantiate progress or action toward the intended outcomes is in place
- ◆ Elaborate on succession planning process or objectives at board level



Engagement interaction

In 2025, our discussions shifted to the Chair's upcoming retirement and the appointment of a new Chair. We continued to stress the importance of measurable impact metrics, recommending assurance for health-related outcomes under the company's wellness programme for customers. We also raised concerns about the methodology of its flagship initiative, including risks of double counting and delineating between marketing versus genuine sustainability performance.



Outcome and next steps

The company announced the retirement of its long-tenured Chair and the appointment of a successor, addressing the governance concerns we previously raised. We have also seen an improvement to data integrity and controls for key impact metrics, including enhanced assurance for health initiatives. Concerns remain about unsubstantiated claims in a recent flagship initiative, and we will continue engaging to drive further progress on the company's governance and ESG disclosures.

Source: HSBC Asset Management. This example is historical and contains information that is not current and should not be construed as an advice, an offer to sell or solicitation of an offer to purchase or subscribe to any investment.

Key Fund ESG Metrics

United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Companies in open violation of the UNGC Principles are flagged as non-compliant within this chart and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principles.

United Nations Global Compact Principles alignment (Source: Sustainalytics)



Our commitment to the UN Global Compact is an important element of our responsible investment policies. As investors, we support the ten principles covering human rights, labour issues, environmental action and anti-corruption. We conduct ESG Due Diligence (EDD) on listed issuers identified by our third-party research provider as linked to controversies that may indicate non-compliance with these principles, where these securities are held in active fundamental portfolios in our main international investment offices.

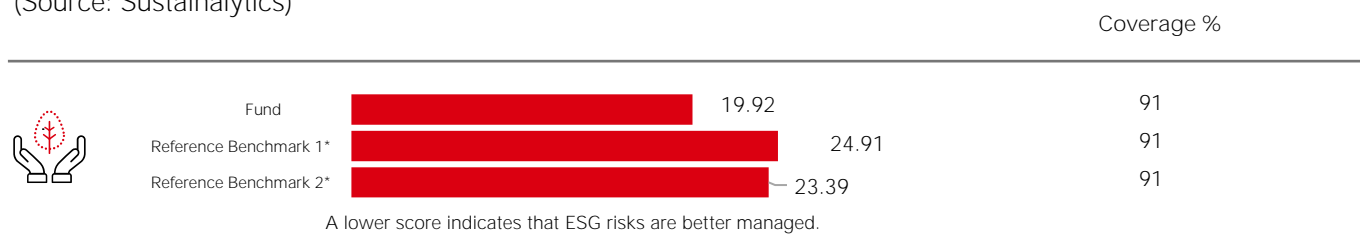
Sustainalytics Risk Ratings

Sustainalytics ESG Risk Ratings enhance the investment decision-making by providing measures of the degree to which enterprise value is at risk, driven by environmental, social and governance factors.

Sustainalytics Corporate Risk ESG Score applies the concept of risk decomposition to derive the level of unmanaged risk for a company, which is assigned to one of five risk categories. The score ranges from 0 and 100, with 0 indicating that risks have been fully managed (no unmanaged ESG risks) and 100 indicating the highest level of unmanaged risk. It is calculated as the difference between a company's overall exposure score and its overall managed risk score, or alternatively by adding the Corporate Governance unmanaged risk score to the sum of the company's issue unmanaged risk scores.

Corporate Risk

(Source: Sustainalytics)



Within our investment process, we use these scores as part of our analysis to support our understanding of the issuer's sustainability risk. These quantitative scores, amongst other metrics, are supported by bespoke desk-based research and analysis to help us determine whether an issuer can be held in the fund or not.

Please refer to the Glossary for all terminology explanations
All calculations exclude cash holdings

* Reference Benchmarks = 1 JP Morgan Indices - CEMBI Indices - CEMBI Broad Diversified Index; 2 JP Morgan ESG Indices - CEMBI Indices - CEMBI Broad Diversified Index These benchmarks are used solely for market comparison purposes.

** Source: HSBC Asset Management. Data as at 31 December 2025. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets. The score figures displayed in the document relate to the past and past score should not be seen as an indication of future score.

Carbon metrics are used to track the carbon emissions associated with a financial investment. A reduction in carbon emissions is necessary to mitigate global warming. The carbon emissions released by an issuer are the responsibility of the issuer and its investors. Reducing carbon emissions requires action, including issuer development in clean technologies, simplification of supply chains, reuse and innovation of goods, and preservation of forests and other ecosystems. The carbon metrics prescribed by the rules of the FCA can be used to monitor the quantity of carbon emissions relative to the investment, and are published for this fund, where applicable.

The carbon metrics shown here are denominated in USD and treat coverage as a proportion of eligible assets. This can differ to similar metrics in the context of SFDR where metrics are denominated in EUR and coverage is treated as a proportion of total assets.



Carbon intensity (Scope 1+2 CO₂e/USDmn, S&P Trucost)

Coverage %

Fund	Carbon Intensity (Scope 1+2 CO ₂ e/USDmn, S&P Trucost)	Coverage %
Fund	123.63	87
Reference BM 1*	385.11	78
Reference BM 2*	265.93	78

DO: Compare funds that have similar allocation of holdings across sector & location

DON'T: Compare funds that have different allocation of holdings across sector & location

Carbon intensity measures the quantity of carbon emissions per million dollars of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer carbon emissions, relative to issuer economic output. Weighted Average Carbon Intensity is the sum of all issuer carbon intensity, weighted by the allocation to that issuer. It is useful for comparing the economic environmental position of two funds with similar sector and geographic allocation because the level of issuer carbon intensity is dependent in part on the sector, and country policies in which the issuer operates.



Carbon Footprint (Scope 1+2 CO₂e/USDmn, S&P Trucost)

Coverage %

Fund	Carbon Footprint (Scope 1+2 CO ₂ e/USDmn, S&P Trucost)	Coverage %
Fund	63.52	83
Reference BM 1*	201.7	77
Reference BM 2*	117.10	78

DO: Compare funds that have similar allocation of holdings across sector & location

DON'T: Compare funds that have different allocation of holdings across sector & location

Carbon footprint measures the quantity of carbon emissions divided by the issuer value, multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it considers the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions because of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Carbon Footprint is the sum of all issuer carbon footprint, divided by the value of the portfolio.

Metric monitoring

When assessing climate risk through carbon metrics, it is important to dissect changes in the metric due to actual climate change mitigation, or the reduction in carbon emissions, versus changes in the economic investment.

Metric	Metric Outcome	Investment Movement	Investment movement direction	Environmental Outcome
Carbon Intensity	↓	Issuer economic output \$m	↑	Possible carbon emission reduction
Total Carbon Footprint	↓	Issuer Value	↑	Inconclusive

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Whilst the fund process doesn't formally embed the below sustainability metrics into all issuer analysis, there will be instances where these metrics are material and therefore considered as part of the investment decision making. What's more, we believe these are indicative indicators of the positive outcome of our fund sustainability process and therefore for the purposes of transparency are important to disclose.

Whilst we recognise these do not represent a complete list of key sustainability metrics used across the industry, we hope that they provide some helpful insight beyond our core KPIs.

Water Intensity – Direct + Purchased (Cubic Metres / USDmn revenue, S&P Trucost)		Coverage %
Fund	6239.95	68
Reference BM 1*	19941.39	76
Reference BM 2*	19095.61	75

Waste Intensity- Landfill + Incineration (Tonnes / USDmn revenue, S&P Trucost)		Coverage %
Fund	15.90	57
Reference BM 1*	35.18	74
Reference BM 2*	35.17	73

% of Independent Directors (Bloomberg)		Coverage %
Fund	58.40	74
Reference BM 1*	55.30	77
Reference BM 2*	56.90	77

% of Women on the Board (Bloomberg)		Coverage %
Fund	24.00	71
Reference BM 1*	21.90	79
Reference BM 2*	21.30	79

Principal Adverse Impacts

A Principal Adverse Impact ("PAI") is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters. For financial market participants and financial advisers, providing the required PAI information is one of obligations under the EU's Sustainable Financial Disclosure Regulation (SFDR).

Under SFDR, PAIs shall be included into the investment process and as part of this, the PAI indicators above are considered. The 14 mandatory PAIs were only introduced in 2025 therefore the 2024 period did not consider all 14.

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

* Reference Benchmarks = JP Morgan Indices - CEMBI Indices - CEMBI Broad Diversified Index; JP Morgan ESG Indices - CEMBI Indices - CEMBI Broad Diversified Index These benchmarks are used solely for market comparison purposes.

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MSCI’s ESG scores are an industry-adjusted methodology used to recognise a company’s position in its industry relative to its peers. Specifically, the score seeks to quantify whether a company is adequately managing its key ESG risks. To determine these, a company’s exposure to risk and how well it manages it is considered.

MSCI ESG scores are constructed from:

3 Pillars - Environment, Social and Governance

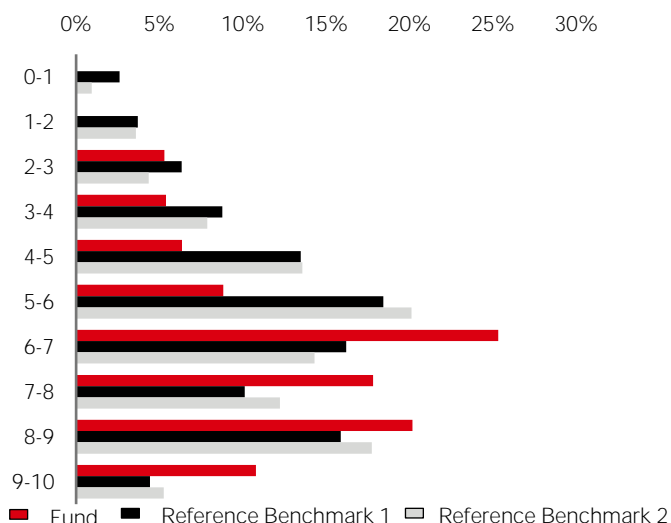
10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc.

35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.

The scores can be shown as the sum of all pillars, broken down into pillars and either shown at portfolio level and/or holding level. Where scores are shown at holding level, these scores have been normalised by the company’s industry and this is known as industry-adjusted. Overall, ESG scores closer to 10 are reflective of industry leaders and scores of 1 or close to 1 are reflective of industry laggards.

Whilst the fund does not use these scores to inform investment decisions, we are sharing them as they are indicative of the outcomes of our sustainable investment process.

MSCI ESG score distribution (MSCI industry adjusted score)



MSCI ESG Score (MSCI industry adjusted score)

	MSCI ESG Score (MSCI industry adjusted score)	Coverage %
Fund	6.80	73
Reference Benchmark 1*	5.70	85
Reference Benchmark 2*	5.90	84

MSCI ESG Scores - Top Scoring Holdings

Holding	%	ESG Score
HTA Group	2.65	10.00
Shinhan Bank	2.22	10.00
ENN Energy	1.23	9.10
Kasikornbank PCL	0.66	9.10
MTR Corp	1.01	8.80

MSCI ESG Scores – Bottom Scoring Holdings

Holding	%	ESG Score
Telecom Argentina	2.65	2.4
Biocon Biologics Globa	0.34	3.20
Network I2I Ltd	2.05	3.60
Suzano	1.52	3.90

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Glossary

Carbon dioxide equivalent "CO ₂ e"	CO ₂ e is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide																		
Carbon footprint	Carbon footprint measures the quantity of carbon emissions divided by the issuer value, and then multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it takes into account the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions as a result of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Total carbon footprint is the sum of all covered fund issuers carbon footprint, divided by the value of the fund																		
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Coverage	This indicates the proportion of the fund/benchmark for which data can be sourced.																		
ESG Score	Industry-adjusted methodology to recognise a company's position in its industry relative to its peers ESG scores are constructed from: 3 Pillars - Environment, Social and Governance 10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc. 35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.																		
Issuer Value	For listed corporates, issuer values is the EVIC or Enterprise Value including Cash. For unlisted companies, issuer value is total book value of debt and equity. For sovereign issuers, issuer value is the purchasing power parity gross domestic product ("PPP-GDP") of the country for sovereign issuers.																		
SFDR Article 8	Financial product promotes environmental and/or social characteristics																		
SFDR Article 9	Financial product with objective of sustainable investments																		
Sustainable Finance Disclosure Regulation (SFDR)	EU legislation that imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants																		
Sustainable Indicators	Under the SFDR, a sustainable indicator is a single or set of indicators which are used to measure the attainment of the sustainable investment objective of a portfolio. For this portfolio, ESG Scores represent the sustainable indicators																		
Sustainable investment	Sustainable Investment is an investment in an economic activity that contributes to an environmental objective or an investment in an economic activity that contributes to a social objective provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance																		
Sustainalytics Corporate Risk ESG Score	It applies the concept of risk decomposition to derive the level of unmanaged risk for a company, which is assigned to one of five risk categories. The score ranges from 0 and 100, with 0 indicating that risks have been fully managed (no unmanaged ESG risks) and 100 indicating the highest level of unmanaged risk. It is calculated as the difference between a company's overall exposure score and its overall managed risk score, or alternatively by adding the Corporate Governance unmanaged risk score to the sum of the company's issue unmanaged risk scores.																		
	<table border="1"> <thead> <tr> <th>Risk Band*</th> <th>Score Range</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Negligible Risk</td> <td>>0 & <10</td> <td>Enterprise value is considered to have a negligible risk of material financial impact driven by ESG factors</td> </tr> <tr> <td>Low Risk</td> <td>>10 & <20</td> <td>Enterprise value is considered to have a low risk of material financial impact driven by ESG factors</td> </tr> <tr> <td>Medium Risk</td> <td>>20 & <30</td> <td>Enterprise value is considered to have a medium risk of material financial impact driven by ESG factors</td> </tr> <tr> <td>High Risk</td> <td>>30 & <40</td> <td>Enterprise value is considered to have a high risk of material financial impact driven by ESG factors</td> </tr> <tr> <td>Severe Risk</td> <td>>40</td> <td>Enterprise value is considered to have a severe risk of material financial impact driven b ESG factors.</td> </tr> </tbody> </table>	Risk Band*	Score Range	Description	Negligible Risk	>0 & <10	Enterprise value is considered to have a negligible risk of material financial impact driven by ESG factors	Low Risk	>10 & <20	Enterprise value is considered to have a low risk of material financial impact driven by ESG factors	Medium Risk	>20 & <30	Enterprise value is considered to have a medium risk of material financial impact driven by ESG factors	High Risk	>30 & <40	Enterprise value is considered to have a high risk of material financial impact driven by ESG factors	Severe Risk	>40	Enterprise value is considered to have a severe risk of material financial impact driven b ESG factors.
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Source: HSBC Asset Management. Information as at 31 December 2025.

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UN Global Compact Principles	The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
UN Global Compact Principle Alignment	Percentage of portfolio holdings which, in relation to the UNGC Principles, are either compliant, non-compliant or on the watchlist. Companies in open violation of the UNGC Principles are flagged as non-compliant and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principals. Watchlist>1 refers to companies which have more than one watchlist on the underlying 10 principles.
UN SDG Contribution	Our mapping framework assesses both positive and negative contributions to each SDG a company impacts. First, we analyze what products a company produces and/or services they offer to determine if there are material environmental and/or social benefits. Relying on our analysts who are industry experts, the products and services are analyzed for potential impact to relevant SDGs and measured against certain thresholds using both quantitative and qualitative data. Quantitative metrics include but are not limited to revenue, CAPEX, and OPEX. In addition, SDG specific key performance indicators are used to determine materiality and to track ongoing progress. We also perform a thorough environmental and social assessment of the company to ensure its operations and policies are aligned with the goals outlined in the SDGs. This review includes environmental and climate policies, labor practices, health and safety standards, human rights, and other factors deemed material for the respective industry and/or issuer. A governance assessment is also performed to ensure board independence, sound management structure, and tax compliance.
Water Intensity – Direct + Purchased	Volume of water that is directly abstracted and purchased from utility companies, normalize by revenue. This indicator is expressed in Cubic Metres / USDmn revenue.
Waste Intensity- Landfill + Incineration	Amount of combined landfill and incineration waste, normalised by revenue. This indicator is expressed in tonnes / USDmn revenue.
% of Women on the Board	Weighted average of the portfolio's corporate asset's ratio of female to male board members. This indicator is expressed as a %.
% of Independent Directors	Weighted average of the portfolio's corporate asset's ratio of independent to non-independent directors. This indicator is expressed as a %.

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SFDR: Detailed information for article 8 and 9 sustainable investment products, as categorized under the Sustainable Finance Disclosure Regulation (SFDR), including: description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found at: <https://www.assetmanagement.hsbc.co.uk/en/intermediary/investment-expertise/sustainable-investments/sustainable-investment-product-offering>

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The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.

- ◆ **Coco Bond Risk** – Contingent convertible securities (coco bonds) are comparatively untested, their income payments may be cancelled or suspended, and they are more vulnerable to losses than equities and can be highly volatile.
- ◆ **Counterparty risk** is the possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- ◆ **Credit Risk** – A bond or money market security could lose value if the issuer's financial health deteriorates.
- ◆ **Default Risk** – The issuers of certain bonds could become unwilling or unable to make payments on their bonds.
- ◆ **Derivatives risk** – Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- ◆ **Emerging Markets Risk** – Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- ◆ **ESG investing risk** – The use of ESG criteria in the strategy's investment process may cause the strategy to forgo investment opportunities available to other strategies that do not use these criteria, or to increase or decrease its exposure to certain sectors or types of issuers, which may negatively impact the strategy's relative performance as compared to non-ESG strategies. Investing on the basis of ESG criteria is qualitative and subjective by nature and there can be no assurances that the process utilized by the Adviser will enable the strategy to meet its investment objectives.
- ◆ **Exchange rate risk** – Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- ◆ **Interest Rate Risk** – When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.
- ◆ **Liquidity risk** is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- ◆ **Operational risk** may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.
- ◆ **Sustainability Risk** – Sustainability risk means 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 the investment.

Further on the potential risks can be found in the Key Investor Information Document (KIID) and/or the Prospectus or Offering Memorandum.

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The Fund is actively managed.

Detailed information for article 8 and 9 sustainable investment products, as categorised under the Sustainable Finance Disclosure Regulation (SFDR), including; description of the environmental or social characteristics or the sustainable investment objective; methodologies used to assess, measure and monitor the environmental or social characteristics and the impact of the selected sustainable investments and; objectives and benchmark information, can be found in our website.

<https://www.assetmanagement.hsbc.uk/uk/retail-investors/investment-expertise/sustainable-investments>

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