



WEBSITE DISCLOSURE SUMMARY

HSBC GLOBAL RAIF - GLOBAL EMERGING MARKETS CORPORATE SUSTAINABLE BOND PORTFOLIO

No significant harm to the sustainable investment objective

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.

Sustainable investment objective of the financial product

The Sub-Fund aims to make a positive environmental, social and governance ("ESG") effect, by investing in fixed income (e.g. bonds) and other similar securities issued by companies/issuers that actively contribute to the SDGs including, but not limited to, those relating to Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities, while also aiming to provide long term total return.

Investment strategy

The Sub-Fund invests, in normal market conditions, a minimum of 90% of its net assets in assets which are eligible for investment under the UCITS Directive 2009/65/EC including Investment Grade, Non-Investment Grade rated and unrated fixed income and other similar securities issued by Contributing Companies/Issuers.

Proportion of Investments

The sub-fund aims to make a minimum of sustainable investments with an environmental objective of 90%. Other assets 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 the sustainable investment objective

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the issuer and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Companies/issuers with ESG risk scores that require a targeted review are assessed within an internal governance forum. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds. We monitor companies/issuers too to ensure they operate with good corporate governance.

Methodologies

Investments will be considered sustainable if they make a positive contribution in accordance with HSBC's Responsible Investment Methodologies. This is determined by an investment meeting one or more of the following criteria:

- Promoting the highest levels of environmental and social practices;
- Companies classified as net zero aligned, or better, by HSBC Asset Management's net zero investment framework;
- Generating sustainable revenues, which are determined as those which support the enhancement of the United Nations Sustainability Development Goal (UN SDGs), EU Taxonomy or climate related revenues.

Companies with a positive contribution to one of the above criteria will then be subject to:

- 'Do no significant harm' ("DNSH") assessment
- Good governance screening

Once an investment has satisfied the above criteria, it can then be considered as a sustainable investment.

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

While HSBC Asset Management use third party data from multiple sources, HSBC Asset Management review and research such data, however there is still limited coverage of the data available. In certain asset classes, ESG data may not be publicly available via third party data providers or not sufficient. In such instances, HSBC leverages proprietary methodologies to support ESG assessments at the security and portfolio level. HSBC Asset Management is not aware of any limitation in meeting the sustainable investment objective 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 companies 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 companies that are considered to have poor governance. Companies/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 companies/issuers will then be subjected to further review, action and/or engagement.

HSBC's Stewardship team meets with 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 companies are managed in line with the long-term interests of their investors.

Engagement Policies

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

Attainment of the Sustainable Investment Objective

There is no specific index designated as a reference benchmark to meet the sustainable investment objective.

Version: FINAL

Effective date: 14 July 2025