

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

Environmental and/or social characteristics

means an

☒ ☒ ☐

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:_%

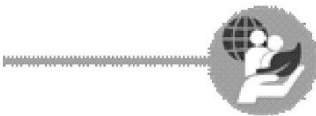
☒ It promotes Environmental and Social (E/S) characteristics, and while it does not have sustainable investment as its objective, a minimum of 10% of net assets will be invested in sustainable investments

☐ 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 sub-fund promotes E, S and G characteristics by investing in the equity markets of eurozone countries through a selection of corporate 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 with regard to Environmental, Social and Governance (ESG) criteria defined by the SRI and Toward Sustainability label standards and HSBC Asset Management’s responsible investment policies.

The initial investment universe is made up of around 250 stocks, mainly including stocks of companies on the equity market of eurozone countries and, on an ancillary basis, on markets outside the eurozone.

Then, based on the SRI universe, the portfolio is determined:

- Taking into account three specific sustainability indicators: an environmental indicator (the Greenhouse Gas Intensity (GHG) indicator, an indicator relating to respect for human rights (the indicator relating to the absence of a human rights policy) and a social indicator (the indicator relating to diversity within governance bodies). For the greenhouse gas intensity indicator and the absence of a human rights policy indicator, the sub-fund undertakes to obtain a better ESG performance than that of the benchmark indicator used for information purposes.

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

- By selecting, according to a rating improvement approach, 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 on the basis of the ESG rating and all the exclusions applied by the sub-fund.

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.

- Carefully consider environmental issues through voting and engagement activities.

The subfund is actively managed and does not track a benchmark. The indicator used by the subfund to measure performance is the MSCI EMU (NR). However, it has not been designated to determine whether the subfund is aligned with the environmental or social characteristics it promotes.

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). so the main sustainability indicator used to measure the portfolio's ESG performance is the ESG rating.

The sub-fund also takes into consideration sustainability indicators relating to:

- the environment (company greenhouse gas indicator),
- social issues (indicator of exposure to controversial weapons and indicator of diversity within governance bodies) and,
- respect for human rights (indicator of violations of the principles of the United Nations Global Compact and the OECD guidelines for multinational companies and indicator of lack of human rights policy).

Depending on the sustainability indicator, two approaches are possible: exclusion of company securities from the portfolio or commitment to ESG performance.

The manner in which sustainability indicators are considered by the Sub-Fund is detailed in the section describing the main negative impacts on the sustainability factors considered by the Sub-Fund.

● ***What are the objectives of the specific sustainable investments that the financial product intends to make and how will its investments help meet such objectives?***

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

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.

● ***To what extent do the specific sustainable investments that the financial product intends to make do no significant harm to any environmental or social sustainable investment objective?***

The principle of “do no significant harm” to environmental or social objectives applies only to the fund’s underlying sustainable investments. This principle is incorporated into the investment decision-making process, which includes consideration of principal adverse impacts.

How have the indicators for adverse impacts been taken into account?

HSBC Asset Management’s “do no significant harm” (DNSH) assessment of issuers as part of its sustainable investment process includes consideration of all mandatory principal adverse impacts (PAI). It involves a holistic analysis of the company’s multiple sustainability impacts rather than focusing on a single factor. When an issuer is identified as potentially controversial, it cannot be considered a sustainable investment. All relevant PAIs are thus examined and integrated into the investment process according to an approach that combines exclusions (sectoral, the most severe ESG controversies, norms-based exclusions, etc.) with voting and shareholder engagement activities to instil and maintain a positive change dynamic within companies. Furthermore, a company will be considered not sustainable when it does not comply with the United Nations Global Compact Principles and its associated international standards, conventions, and treaties or if it is involved in weapons banned by international conventions. With the exception of these last two PAIs, we use proxies. In our view, the setting of exclusion thresholds (e.g. GHG emissions) for each PAI is not always relevant and could compromise the fact that many sectors and companies are in a transition strategy. In addition, engagement is essential to ensure that companies with limited disclosure, particularly in emerging economies, are initially excluded from the definition of sustainable investment and allow us to be a catalyst for positive environmental or social change. For example, we use a 10% threshold on revenues from thermal coal mining (and coal-fired power generation) as an exclusion filter to indirectly address all PAIs related to greenhouse gas emissions.

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.

To what extent are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

HSBC is committed to applying and promoting international standards. The ten principles of the United Nations Global Compact are among the priorities of HSBC’s Responsible Investment Policy. These principles include non-financial risks such as human rights, labour standards, the environment, and anti-corruption. HSBC 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 with a proven violation of one of the 10 principles of the United Nations Global Compact or at least two alleged violations are systematically excluded. Companies are also assessed according to international standards such as the OECD Guidelines for Multinational Enterprises.

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 EU-specific 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 do no significant harm to any environmental or social objectives.



Does this financial product take into consideration principal adverse impacts on sustainability factors?

- ☒ Yes, the principal adverse impacts of investments are taken into consideration in the management of the subfund as follows:
- As part of its investment choices, the manager has chosen sustainability indicators relating to the environment, social issues and respect for human rights. Depending on the sustainability indicator, two approaches are possible: exclusion of company securities from the portfolio or commitment to ESG performance.

Sustainability indicator		Measurement of the indicator	Commitment made by the sub-fund on the indicator
Relating to the environment	GHG intensity (IAP 3*)	GHG intensity of investee companies	Commitment to achieve better ESG performance than that of the benchmark used for information purposes Commitment to achieve 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.
On respect for human rights	Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises,	Percentage investment in companies that breached the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises.	Exclusion of any issuer suspected of serious and/or repeated violation of one or more principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises
On respect for human rights	Lack of human rights policy (IAP 9*)	Share of investment in entities without a human rights policy	Commitment to achieve better ESG performance than that of the benchmark used for information purposes
Relating to social issues	Diversity within governance bodies (IAP 13*)	Average ratio of women to men in the governance bodies of the companies concerned as a percentage of the total number of members.	Commitment to achieve better ESG performance than that mentioned in the Towards Sustainability label benchmark. The ESG performance mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.
Relating to social issues	Exposure to controversial weapons (anti-personnel mines, cluster munitions,	Percentage investment in companies involved in the manufacture or sale of	Exclusion of any issuer involved in the manufacture or sale of controversial weapons

	chemical weapons or biological weapons) (IAP 14*)	controversial weapons	
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* In accordance with Tables 1 and 3 of Annex 1 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022.

- Lastly, the subfund takes into consideration the principal adverse impacts in its engagement approach, which incorporates several levers for action including 1) direct dialogue with companies about their consideration of environmental and social issues to ensure that they are able to face the future and maintain long-term financial viability, 2) the exercising of voting rights by which we express our support for positive development initiatives or, conversely, our disagreement when directors do not meet our expectations, and 3) a gradual escalation procedure with companies when the ESG risks or controversies to which they are exposed are not managed. In practice, the Greenhouse Gas Intensity indicator is taken into consideration, in particular, through dialogue with companies to assess how their carbon neutrality transition plans take into account impacts on employees, supply chains, communities, and consumers.

Information on the principal adverse impacts taken into account by the subfund will be published in appendix 4 of its annual report.

☐ No

What is this financial product's investment strategy?

The sub-fund's investment strategy is to invest in the equity markets of eurozone countries and, on an ancillary basis, in markets outside the eurozone through a selection of securities that meet Environmental, Social and Governance (ESG) and financial quality criteria. The rate of non-financial analysis of the fund's eligible assets is at least 90%.

The securities selection process is based on non-financial and financial criteria.

The integration of non-financial criteria into the securities analysis and selection process consists first of all in determining the SRI universe of the Sub-Fund based on a starting investment universe. This initial investment universe is made up of around 250 stocks, mainly including stocks of companies 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) criteria defined by the SRI and Towards Sustainability label standards and HSBC Asset Management's responsible investment policies. A detailed description of the Sub-Fund's exclusions is presented in the section detailing the constraints defined in the investment strategy.

HSBC Asset Management's responsible investment policies are available on the management company's website at www.assetmanagement.hsbc.fr.

Then, based on the SRI universe, the portfolio is determined:

- Taking into consideration three specific sustainability indicators: an environmental indicator (the Greenhouse Gas Intensity indicator) and an indicator relating to respect for human rights (the absence of a human rights policy indicator) and a social indicator (the diversity indicator within governance bodies).

For the greenhouse gas intensity indicator and the absence of a human rights policy indicator, the sub-fund undertakes to obtain a better ESG performance than that of the benchmark indicator used for information purposes. In addition, in order to comply with the requirements of the Towards Sustainability label, the sub-fund undertakes to obtain a better ESG performance than that mentioned in the label's reference framework for greenhouse gas intensity and diversity indicators within governance bodies. The ESG performances mentioned in the Towards Sustainability label framework can be consulted in the Transparency Code.

- By selecting, using a rating improvement approach, 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 on the basis of the ESG rating and all the exclusions applied by the sub-fund. 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 of the pillars (E, S and G) are provided by external ESG rating agencies that assess the extra-financial aspects of the business sector to which the rated company belongs.

For each E, S and G rating, several aspects are assessed, such as:

- The Environmental aspects are related to the nature of the company's activity and its sector. In extractive industries, utilities and air transport, for example, the release of CO2 emissions directly related to the issuer'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 can maximize its risk of sanctions or production disruptions in the event of major climate events for which it is not prepared.

- 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 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 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 with a proven hazard level, for example, such as construction and mining, the prevention of workplace accidents and safety are priority criteria.

The weighing assigned to each ESG pillar in the overall ESG rating is equal to at least 20% and varies according to the specific characteristics of the company's business sector. The sectoral 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 vision of the ESG investment and research teams in terms of ESG risks and opportunities. These sector weightings are available in the sub-fund's Transparency Code online (www.assetmanagement.hsbc.fr).

The selection of securities through these ESG criteria is based on a proprietary ESG analysis model, fed by data from non-financial rating agencies and inhouse research.

An exhaustive list of external providers of ESG data is available in the fund's ESG information section on our website at www.assetmanagement.hsbc.fr

The Sub-Fund also uses an "engagement" approach. This is reflected in an engagement policy, implemented by the Management Company, which results in a presence with companies through visits in the form of individual interviews, engagement actions and the exercise of the voting rights attached to the securities held in the portfolio.

The engagement and voting policies are available on the Management Company's website at www.assetmanagement.hsbc.fr.

Information on the social, environmental and quality of governance criteria in this fund's investment policy is available on the management company's website and in the fund'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 Sub-Fund first applies:

- exclusions with regard to environmental, social and governance (ESG) criteria defined by the SRI label and the Towards Sustainability label and HSBC Asset Management's responsible investment policies, detailed in the appendix below.

Then, under the SRI label, the sub-fund undertakes to:

- Select securities using a "rating improvement" approach: the portfolio's weighted average ESG rating must be higher than the weighted average ESG rating of the benchmark used for information purposes, after eliminating 30% of the worst securities based on the ESG rating and all exclusions applied by the sub-fund,
- The minimum non-financial analysis rate of 90% is applied to the subfund's eligible assets.
- Obtain a better ESG performance than that of the benchmark indicator used for information purposes, on two sustainability indicators (greenhouse gas intensity indicator and no human rights policy indicator).

- In addition, under the Towards Sustainability label, the sub-fund undertakes to:
- Achieve better ESG performance than that mentioned in the Towards Sustainability label benchmark for the indicators Greenhouse gas intensity and diversity within governance bodies. The ESG performances mentioned in the label's reference framework can be consulted in the Transparency Code.
 - Obtain an ESG rating that is 15% higher (in relative terms) than that of the benchmark used for information purposes.

Finally, the Sub-Fund uses an “engagement” approach.

These constraints are detailed in the section on the 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 fund's ESG information section on our website at 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.

Appendix detailing the exclusions with regard to Environmental, Social and Governance (ESG) criteria.

Exclusion of company values with regard to a social criterion	
Weapons	-the development, production, use, maintenance, sale, distribution, import or export, storage, or transport of weapons prohibited by international treaties.
Weapons	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 (biological weapons; chemical weapons; anti-personnel mines; cluster munitions).
Weapons	Any issuer involved in: <ul style="list-style-type: none"> • the manufacture of weapons or their custom components, • the sale of weapons, when: <ul style="list-style-type: none"> – more than 5% of its revenue comes from the activities listed above, – 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 revenues.
Weapons	Issuers involved in the production of controversial weapons or key components thereof. Controversial weapons include, but are not limited to, depleted uranium weapons and white phosphorus when used for military purposes.
UNGC	Any issuer suspected of serious and/or repeated violation of one or more principles of the United Nations Global Compact and the OECD guidelines for multinational companies.
Tobacco	Any issuer whose activity is tobacco production
Tobacco	Any issuer with more than 5% of its business in the production or distribution of tobacco or products containing tobacco
Tobacco	Any issuer involved in: <ul style="list-style-type: none"> • the production of tobacco, tobacco products or electronic cigarettes, • wholesale of tobacco products or e-cigarettes, When: <ul style="list-style-type: none"> – more than 5% of its revenue comes from the activities listed above, – 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 revenues.
Exclusion of corporate securities with regard to a governance criterion	
Non-Cooperative Countries and Territories 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 countries and territories 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 company values with regard to an environmental criterion	
Thermal coal	Any issuer in which more than 5% of its activity relates to the exploration, refining of thermal coal or the supply of products or services specifically designed for these activities, such as transport or storage; Any issuer developing new exploration, extraction or transport projects for thermal coal.
Thermal coal	Any issuer engaged in activities related to the extraction of thermal coal.
Thermal coal	Any issuer carrying out any of the activities listed below: <ul style="list-style-type: none"> • prospecting or exploration of thermal coal, • extraction of thermal coal, • thermal coal processing, • the transport of thermal coal. Any issuer offering products, equipment or services intended to enable other companies to carry out at least one of the activities listed above if the sale of these products, equipment or services represents more than 25% of its revenues. Certain exceptions are provided for in the Towards Sustainability label reference framework. These exceptions are detailed in the transparency code.
Electricity production	Any issuer whose main activity is electricity production, and whose carbon intensity of the electricity production activity is not compatible with the objectives of the Paris Agreement. The sub-fund is based on the thresholds given by the International Energy Agency.
Electricity production	Exclusion of shares in companies from the Global Coal Exit List (GCEL) unless duly justified exceptions. These exceptions are detailed in the transparency code.
Electricity production	Any issuer with more than 10% of revenues from the generation of electricity generated using thermal coal or without a clearly defined and concrete plan to reduce this rate to less than 10%
Conventional liquid or gaseous fossil fuels	Exclusion: <ul style="list-style-type: none"> – shares of upstream companies listed in the Global Oil & Gas Exit List (GOGEL), barring duly justified exceptions. The GOGEL list lists issuers carrying out one of the activities listed below: <ul style="list-style-type: none"> • Conventional oil or gas prospecting or exploration, • Extraction of conventional oil or gas, • Processing or refining of conventional oil or gas (except petroleum intended for chemical products), • Oil transport (not distribution). The exceptions provided for by the Towards Sustainability label are detailed in the transparency code. <ul style="list-style-type: none"> – shares in companies offering products, equipment or services intended to enable other companies to carry out at least one of the activities listed above if the sale of these products, equipment or services represents more than 25% of their revenues.
Unconventional liquid or gaseous fossil fuels	Any emitter of which more than 5% of the total production of liquid or gaseous fossil fuels originates from the exploration, extraction or refining of unconventional liquid or gaseous fossil fuels. Unconventional liquid or gaseous fossil fuels are identified according to the definition of the Scientific and Expert Committee of the Observatory for Sustainable Finance, namely shale and shale oil,

	gas, oil from oil sands, extra-heavy oil, methane hydrates, ultra-deep offshore oil and gas, and fossil oil and gas resources in the Arctic.
Unconventional liquid or gaseous fossil fuels	-Issuers for which HSBC 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, which according to HSBC does not have a credible transition plan.
Unconventional liquid or gaseous fossil fuels	Exclusion: – shares of upstream companies listed in the Global Oil & Gas Exit List (GOGEL), barring duly justified exceptions. The GOGEL list lists issuers carrying out one of the activities listed below: • Unconventional oil and gas prospecting or exploration • Extraction of unconventional oil and gas. The exceptions provided for by the Towards Sustainability label are detailed in the transparency code. – shares in companies offering products, equipment or services intended to enable other companies to carry out at least one of the activities listed above if the sale of these products, equipment or services represents more than 25% of their revenues.
Conventional and/or unconventional liquid or gaseous fossil fuels	Any issuer developing new exploration, extraction or refining projects for conventional and/or unconventional liquid or gaseous fossil fuels.

- ***To what minimum proportion does the financial product undertake to reduce its investment scope before applying this investment strategy?***

There is no minimum commitment rate.

- ***What policy is implemented to assess the good governance practices of the companies in which the financial product invests?***

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 that have one or more confirmed breaches of one of the 10 Principles of the United Nations Global Compact and of the OECD Guidelines for Multinational Enterprises.

Good governance practices include sound management structures, employee relations, remuneration of staff, and tax compliance.



Asset allocation describes the share of investments in specific assets.

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, the portfolio's net assets will be invested, with at least 75% exposure, in the equity market. The portfolio will invest 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.

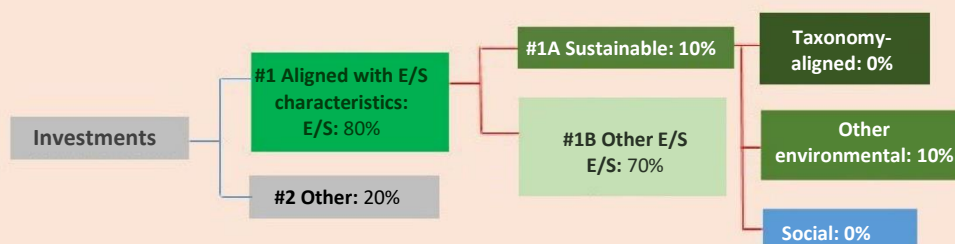
The subfund may hold other investments listed in the prospectus and cash and cash equivalents.

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:

- **revenue** 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.



#1 "Aligned with E/S characteristics" includes the financial product's investments used to attain the environmental or social characteristics that it promotes.

#2 "Other" includes the financial product's remaining investments that are neither aligned with environmental or social characteristics nor considered sustainable investments.

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

- sub-category #1A "Sustainable", which covers sustainable investments with environmental or social objectives;
- sub-category #1B "Other E/S characteristics", which covers investments aligned with environmental or social characteristics that are not considered sustainable investments.

● How does the use of derivatives enable the financial product to attain the environmental or social characteristics that it promotes?

The prospectus provides for the possibility of using derivatives, but the subfund does not use them.

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  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.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

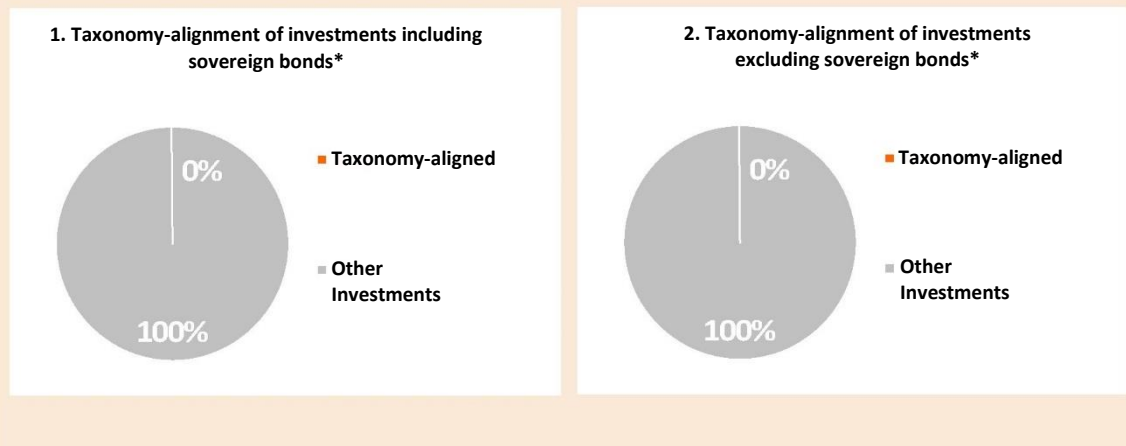
The subfund does not commit to a minimum proportion of sustainable investments with an environmental objective aligned with the European Union’s taxonomy. However, when assessing issuers, the subfund manager takes into consideration an environmental indicator and applies our coal phase-out policy.

- **Does the financial product invest in natural gas and/or nuclear energy generation activities that are compliant with the EU Taxonomy?**

☐ Yes in natural gas in nuclear energy

No

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.



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.



What is the minimum share of socially sustainable investments?

The subfund does not commit to having a minimum share of socially sustainable investments. However, when assessing issuers, the subfund manager does look at the social characteristics, respect for human rights and employee rights, management conduct, and corporate social responsibility of the companies.



What investments are included in category #2 “Other”, what is their purpose and are they covered by any minimum environmental or social safeguards?

The subfund may hold cash as well as investments for which no non-financial analysis could be performed due to the unavailability of ESG data.

Is a specific index designated as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- *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

Benchmarks are indexes used to gauge whether the financial product attains the environmental or social characteristics that it promotes.



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



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