

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product Name:** HSBC Global Funds ICAV - Euro Lower Carbon Government 10+ Year Bond UCITS ETF

**Legal Entity Identifier:** 213800TORKS5FGNSV737

## Environmental and/or social characteristics

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| <b>Did this financial product have a sustainable investment objective?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <div><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></div> <div><input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> _%<br/><br/><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br/><br/><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br/><br/><input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> _%</div> | <div><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></div> <div><input checked="" type="checkbox"/> It <b>promoted Environmental/ Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 10.59% of sustainable investments<br/><br/><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br/><br/><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br/><br/><input type="checkbox"/> with a social objective<br/><br/><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></div> |



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

In replicating the performance of the Bloomberg Euro Treasury 10+ Year Carbon Tilted Index (the “Index”), the Sub-Fund promoted the following environmental and/or social characteristic:

Supporting the transition to a lower carbon economy by targeting an improvement in the carbon emissions profile against that of the Bloomberg Euro Aggregate Treasury 10+ Year Index (the “Parent Index”).

The Sub-Fund sought to achieve the promotion of this characteristic by tracking the performance of the Index, which applied a carbon tilt towards countries with lower carbon per capita levels relative to the Parent Index. The index applied carbon tilts to achieve an improved carbon profile versus the Parent Index, in addition to limiting overexposure to small markets with limited liquidity. The carbon tilt factors were constructed for each country/region, independent of any index universe, using a logistic function. The function takes into account the “intensity score per capita”, a score ranging from 0-10, derived from normalising the carbon per capita levels. The carbon tilt factors were used to define the final index weights.

The Fund did not use derivatives to attain the environmental and/or social characteristics of the Fund.

The performance of the sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted by the Fund can be seen in the table below. The sustainability indicators were calculated by the Investment Manager and utilises data from third party data vendors.

The data can be based on company/issuer disclosures, or estimated by the data vendors in the absence of company/ issuer reports. Please note that it was not always possible to guarantee the accuracy, timeliness or completeness of data provided by third party vendors

### ● ***How did the sustainability indicators perform?***

| Indicator      | Sub-Fund | Broad Market Index |
|----------------|----------|--------------------|
| CO2 per Capita | 5.08     | 5.54               |

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Broad Market Index - Bloomberg Euro Aggregate Treasury 10+ Year Index

### ● ***...and compared to previous periods?***

This Sub-Fund launched in the reference period, and as such there are no previous periods to compare against.

### ● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments in the Sub-Fund were, amongst others:

1. Companies with sustainable product and/or services or quantifiable projects (e.g. identified through CAPEX, OPEX and Turnover) linked to sustainable goals or outcomes;
2. Companies that demonstrated qualitative alignment and/or convergence with United Nations Sustainable Development Goals (UN SDGs) or sustainable themes (e.g. Circular Economy); and
3. Companies that were transitioning with credible progress. (e.g the transition to or use of renewable energy or other low-carbon alternatives).
4. Sustainable Bonds as defined by bonds with specific uses of proceeds aligned to supporting sustainability goals (e.g. Green Bonds, Social Bonds).

By replicating the performance of the Index, the Sub-Fund invested in sustainable investments that contributed to the above sustainable objectives.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The principle of 'do no significant harm' applied only to the underlying sustainable investments of the Sub-Fund. The sustainable investments were deemed to not have caused significant harm against any environmental or social sustainable investment objective following assessment against the below considerations:

- Flagged for social violations; and
- Countries on the HSBC sanctions list.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

The indicators for adverse impacts on sustainability factors were taken into account through assessment of companies against the involvement considerations detailed above.

**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.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Sustainable investments were assessed for compliance with UN Global Compact principles and 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 specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**How did this financial product consider principal adverse impacts on sustainability factors?**

The eligible universe of constituents applied a carbon tilt, designed to reduce exposure to GHG intensity (PAI 15) of investee countries and ultimately reduce fossil fuel exposure.



## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: Based on the four-quarter average holdings of the reference period as at 31/12/2024

| <b>Largest Investments</b>             | <b>Sector</b> | <b>% Assets</b> | <b>Country</b> |
|----------------------------------------|---------------|-----------------|----------------|
| Government Of France 4.5% 25-apr-2041  | Government    | 4.00%           | France         |
| Government Of France 3.0% 25-may-2054  | Government    | 3.38%           | France         |
| Government Of France 1.25% 25-may-2036 | Government    | 3.35%           | France         |
| Government Of France 3.25% 25-may-2045 | Government    | 3.27%           | France         |
| Government Of Italy 4.0% 01-feb-2037   | Government    | 3.09%           | Italy          |
| Government Of France 1.25% 25-may-2038 | Government    | 2.95%           | France         |
| Government Of France 3.0% 25-jun-2049  | Government    | 2.48%           | France         |
| Government Of France 1.5% 25-may-2050  | Government    | 2.35%           | France         |
| Government Of France 4.0% 25-oct-2038  | Government    | 2.32%           | France         |
| Government Of Spain 1.85% 30-jul-2035  | Government    | 2.13%           | Spain          |
| Government Of France 4.0% 25-apr-2055  | Government    | 2.10%           | France         |
| Government Of Spain 5.15% 31-oct-2044  | Government    | 2.01%           | Spain          |
| Government Of Germany 2.5% 04-jul-2044 | Government    | 2.00%           | Germany        |
| Government Of Italy 3.25% 01-sep-2046  | Government    | 1.97%           | Italy          |
| Government Of Spain 4.9% 30-jul-2040   | Government    | 1.94%           | Spain          |

Cash and derivatives were excluded

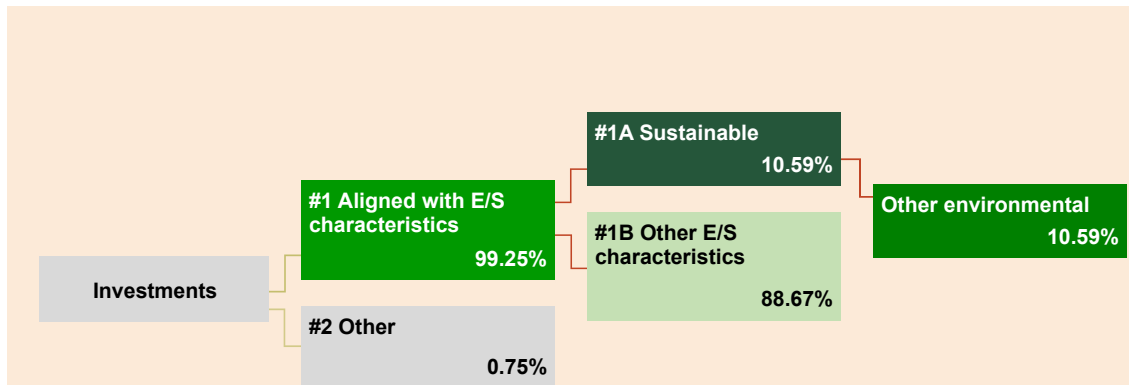


## What was the proportion of sustainability-related investments?

10.59% of the portfolio was invested in sustainable investments.

**Asset allocation**  
describes the share  
of investments in  
specific assets.

### What was the asset allocation?



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

\*A company or issuer considered as a sustainable investment may contribute to both a social and environmental objective, which can be aligned or non-aligned with the EU Taxonomy. The figures in the above diagram take this into account, but one company or issuer may only be recorded once under the sustainable investments figure (#1A Sustainable).

The percentages of Taxonomy-aligned and Other Environmental, do not equal #1A Sustainable investment due to differing calculation methodologies of sustainable investments and Taxonomy-aligned investments.

### In which economic sectors were the investments made?

| Sector / Sub-Sector | % Assets |
|---------------------|----------|
| Government          | 99.80%   |
| Cash & Derivatives  | 0.15%    |
| Other               | 0.04%    |
| Total               | 100.00%  |

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund did not make sustainable investments aligned with the EU Taxonomy

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

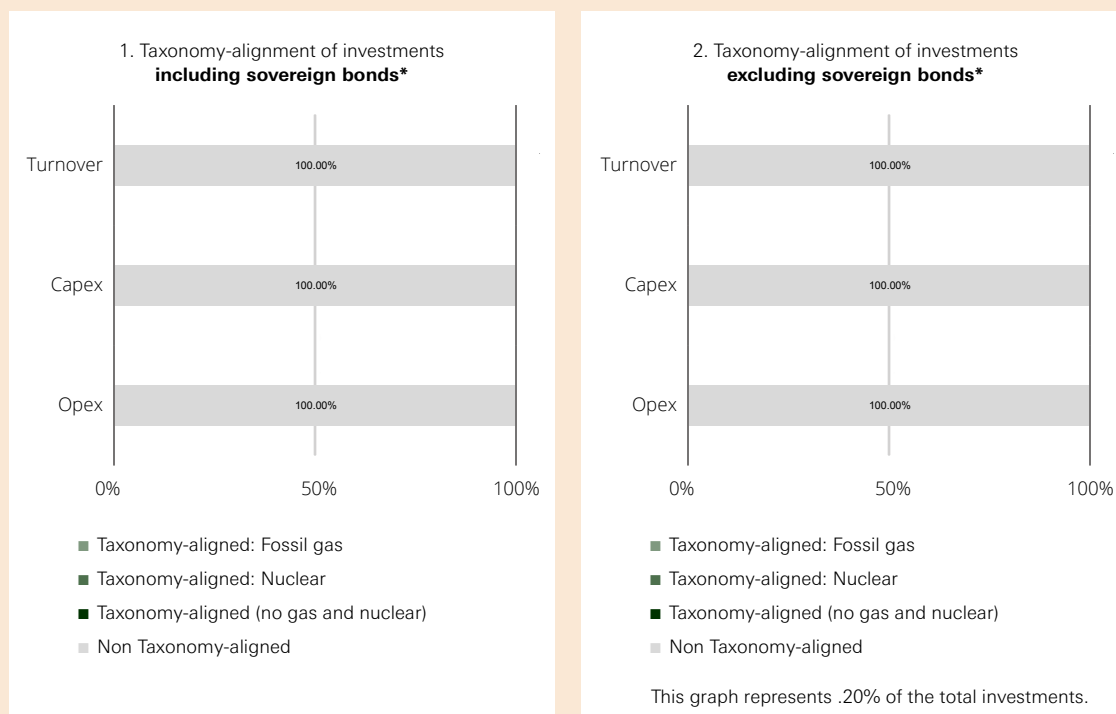
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.


### What was the share of investments made in transitional and enabling activities?

For the reference period the Sub-Fund's share of investment in transitional activities was 0.00% and the share of investment in enabling activities was 0.00%.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

| Indicator                                       | 2023-24 | 2022-23   |
|-------------------------------------------------|---------|-----------|
| Revenue - Taxonomy-aligned: Fossil gas          | 0.00%   | No Data   |
| Revenue - Taxonomy-aligned: Nuclear             | 0.00%   | Available |
| Revenue - Taxonomy-aligned (no gas and nuclear) | 0.00%   |           |
| Revenue - Non Taxonomy-aligned                  | 100.00% |           |
| CAPEX - Taxonomy-aligned: Fossil gas            | 0.00%   |           |
| CAPEX - Taxonomy-aligned: Nuclear               | 0.00%   |           |
| CAPEX - Taxonomy-aligned (no gas and nuclear)   | 0.00%   |           |
| CAPEX - Non Taxonomy-aligned                    | 100.00% |           |
| OPEX - Taxonomy-aligned: Fossil gas             | 0.00%   |           |
| OPEX - Taxonomy-aligned: Nuclear                | 0.00%   |           |
| OPEX - Taxonomy-aligned (no gas and nuclear)    | 0.00%   |           |
| OPEX - Non Taxonomy-aligned                     | 100.00% |           |

 are sustainable investments with an environmental objective that **do not take into account the criteria for environmentally sustainable economic activities** under Regulation (EU) 2020/852.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The sustainable investments with an environmental objective not aligned with the EU Taxonomy were 10.59%. Due to lack of coverage and data, the Sub-Fund did not commit to making any EU Taxonomy aligned investments.



**What was the share of socially sustainable investments?**

The Sub-Fund did not invest in socially sustainable investments.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Cash and other instruments such as Eligible Collective Investment Schemes and/or financial derivative instruments may have been used for liquidity, hedging and efficient portfolio management in respect of which there were no minimum environmental and/or social safeguards.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Sub-Fund was passively managed and aimed to track the performance of the Index while minimising as far as possible the tracking error between the Sub-Fund's performance and that of the Index and promoting environmental and social characteristics within the meaning of Article 8 of SFDR. The Sub-Fund used optimisation techniques which consider tracking error, trading costs and availability of Index constituents when constructing the portfolio. Further detail on Optimisation is set out in the Section “Investment Techniques” in the Prospectus.

The Index applied a carbon tilt towards countries with lower carbon per capita levels relative to the Parent Index. The index applied carbon tilts to achieve an improved carbon profile versus the parent, in addition to limiting overexposure to small markets with limited liquidity. The carbon tilt factors were constructed for each country/region, independent of any index universe, using a logistic function. The function takes into account the “intensity score per capita” for each country, a score ranging from 0-10, derived from normalising the carbon per capita levels. The carbon tilt factors were used to define the final index weights.





## How did this financial product perform compared to the reference benchmark?

See below for details on how the Sub-Fund performed compared to the reference benchmark.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### ● ***How does the reference benchmark differ from a broad market index?***

The Index consists of fixed-rate, investment-grade sovereign debt from member states of the European Union that also participate in the European Monetary Union. The Index only includes securities with maturities between 10+ years. The Index seeks to achieve an improvement in carbon emissions against that of the Bloomberg Euro Aggregate Treasury 10+ Year Index (the "Parent Index"). The currency of the Index is EUR and returns are unhedged. The Index is measured by total return, is market value weighted and rebalanced monthly.

The Index is based on the Bloomberg Index Methodology which applies an eligibility criterion based on a set of fundamental core design principles (namely securities that are representative of the market, replicable, relevant, objective and transparent) which are designed to accurately and comprehensively measure the underlying Index constituents. The Index is priced daily, except on market holidays, using Bloomberg's evaluated pricing service, BVAL, with certain securities priced by third party sources.

The index also applies a carbon tilt towards countries with lower carbon per capita levels relative to the Parent Index. The index applies carbon tilts to achieve an improved carbon profile versus the parent, in addition to limiting overexposure to small markets with limited liquidity. The carbon tilt factors are constructed for each country/region, independent of any index universe, using a logistic function. The function takes into account the "intensity score per capita" for each country, a score ranging from 0-10, derived from normalising the carbon per capita levels. The carbon tilt factors are used to define the final index weights.

### ● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

In seeking to achieve its investment objective, the Sub-Fund invest in the constituents of the Index in generally the same proportions in which they were included in the Index.

In doing so, the performance of the sustainability indicators of the Sub-Fund was similar to the performance of the sustainability indicators of the Index, as shown below.

### ● ***How did this financial product perform compared with the reference benchmark?***

| Indicator      | Sub-Fund | Reference Benchmark |
|----------------|----------|---------------------|
| CO2 per Capita | 5.08     | 5.08                |

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Reference Benchmark - Bloomberg Euro Treasury 10+ Year Carbon Tilt Index



● ***How did this financial product perform compared with the broad market index?***

| Indicator      | Sub-Fund | Broad Market Index |
|----------------|----------|--------------------|
| CO2 per Capita | 5.08     | 5.54               |

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Broad Market Index - Bloomberg Euro Aggregate Treasury 10+ Year Index