HSBC GLOBAL FUNDS II ICAV – EURO FIXED TERM BOND 2028

The Investment Adviser will review all SFDR mandatory Principal Adverse Impacts to assess the relevance to the sub-fund. HSBC's Responsible Investment Policy sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considers ESG sustainability risks as these can adversely impact the securities the sub-funds invest in. HSBC uses third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where potential material risks are identified. Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening are a key consideration in the investment decision making process and, in turn, this also supports the advice given to clients.

The approach taken, as set out above, means that among other things the following points are scrutinised:

– Violation of UNGC Principles for business and OECD Guidelines for Multinational enterprises and
– Share of investments involved in controversial weapons

The sub-fund will promote the following environmental and social characteristics:

The environmental and/or social characteristic promoted by this Sub-Fund is the promotion of good ESG practices amongst investee issuers as determined by the Investment Manager which is achieved through investment in issuers that are not engaged in the Excluded Activities.

Separate to the characteristics promoted by the Sub-Fund but as part of the ESG strategy 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.

Sustainable investments with an environmental objective might be aligned with the Taxonomy or not, the portfolio construction process at the Launch Date involves the Investment Manager selecting securities to create a portfolio with a higher weighted average ESG rating than the weighted average ESG rating of to 70% ICE BofA 1-5 Year Euro Corporate Index and 30% ICE BofA 0-5 Year Euro Developed Markets High Yield Index (the "Blended Benchmark"). The ESG ratings used by the Investment Manager for this purpose are published by third party provider MSCI.

Investment Strategy and Proportion of Investments:

The Sub-Fund aims to generate total return during the Sub-Fund's term.

The Sub-Fund pursues its investment objective by investing 70% in Euro denominated investment grade and Non-Investment Grade fixed and/or floating rate bonds issued by corporate issuers in developed markets.

The Sub-Fund may invest up to 30% of its net assets in fixed and/or floating rate bonds issued by corporate issuers that are rated Non-Investment Grade at the time of purchase. Such Non-Investment Grade rated fixed and/or floating rate bonds will be rated at least B1/B+ by a Recognised Rating Agency at the time of purchase. In the event of a downgrade of the credit rating of any fixed and/or floating rate bond to below investment grade during the Term, the bond may be retained by the Sub-Fund if the Investment Manager determines that it would be in the interests of the Shareholders. The Sub-Fund may invest up to 20% of its net assets in Euro denominated bonds which are issued by or guaranteed by governments, government agencies and supranational bodies in developed markets. In addition, the Sub-Fund may acquire and hold equity or equity-related securities (including warrants) as a result of corporate actions relating to the bonds in its portfolio such as conversions or restructures.

The ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. The Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.

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. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify companies that are considered to have low governance scores. Those companies will then be subjected to further review, action and/or engagement.

The sub-fund promotes Environmental/Social (E/S) characteristics and it does not have as its objective a proportion of sustainable investments.

Methodologies:

HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the sub-fund are met. HSBC will use data provided by a number or third parties. All data used will be verified by HSBC Asset Management's extensive research department.

HSBC's Responsible Investment Policy, our Engagement Policy and Stewardship Plan is available on our website www.assetmanagement.hsbc/responsible-investing/policies