

**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 INVESTMENT FUNDS - GLOBAL GOVERNMENT BOND

**Legal Entity Identifier:** 213800U23ATP2ADUS371

## Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

|   |   |
|---|---|
| <p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> <u>  </u>%</p> <p style="padding-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> <u>  </u>%</p> | <p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><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 2.71% of sustainable investments</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></p> |
|---|---|



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

During the financial year ended 31 March 2024 (the Reference Period), the sub-fund promoted the following:

1. The sub-fund identified and analysed all companies or issuers for environmental characteristics including, but not limited to, physical risks of climate change and human capital management. Screening has been conducted for the underlying E, S (which reflect the individual items of the environmental and/or social characteristics promoted by the sub-fund) and G pillars (corporate governance practices that protect minority investor interests and promote long term sustainable value creation, compared to the reference benchmark selected by the sub-fund).

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

2. The sub-fund considered responsible business practices in accordance with United Nations Global Compact (UNGC) and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises principles for businesses. Where instances of potential violations of UNGC principles were identified, issuers were subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the sub-fund's portfolio and, if deemed unsuitable, were excluded.
3. The sub-fund excluded business activities that were deemed harmful to the environment, such as thermal coal extraction and thermal coal-fired power generation.
4. The sub-fund actively considered environmental and social issues by engagement completed by our Engagement and Stewardship teams, where HSBC Asset management considered it appropriate to do so.
5. The sub-fund excluded investments involved in controversial weapons.

The ESG scores are taken from third party ESG data provider MSCI. Consideration of individual Principal Adverse Impacts (PAIs) (indicated in the table below by their preceding number) can be identified from the sub-fund having a lower score than the Reference Benchmark. The data used in the calculation of PAI values are sourced from data vendors. They can be based on company disclosures or estimated by the data vendors in the absence of company reports. Please note that it is not always possible to guarantee the accuracy, timeliness or completeness of data provided by third-party vendors.

The Reference Benchmark for the sub-fund was used to measure the sub-fund's ESG rating, calculated as a weighted average of the ESG ratings given to the issuers of the sub-fund's investments relative to the weighted average of the constituents of the Reference Benchmark, but had not been designated for the purpose of attaining the environmental or social characteristics of the sub-fund.

The performance of the sustainability indicators the sub-fund used to measure the attainment of the environmental or social characteristics that it promoted can be seen in the table below. The sub-fund's ESG score has been managed to be greater than the reference benchmark selected by the sub-fund (with a higher score than the benchmark representing stronger ESG credentials).

All issuers demonstrated good governance practices, which can be identified by the PAI 10 score below.

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

| <b>Indicator</b>   | <b>sub-fund</b> | <b>Reference Benchmark</b> |
|--|-----------------|----------------------------|
| ESG Score  | 6.30            | 6.19                       |
| 3. GHG Intensity of investee companies - Tons of CO2 equivalents per million of Euros of revenue   | 150.90          | 0.00                       |
| 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 0.00%           | 0.00%                      |
| 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)                                 | 0.00%           | 0.00%                      |
| 15. GHG intensity - Metric in kilo tons per unit of GDP (in millions of Euros)   | 333.64          | 325.72                     |

The data in this SFDR Periodic Report are as at 31 March 2024, Based on the four-quarter average holdings of the financial year ending on 31 March 2024.

Reference Benchmark - JP Morgan GBI Global ( Traded )

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

| Indicator  | Period Ending | sub-fund | Reference Benchmark |
|--|---------------|----------|---------------------|
| ESG Score  | 31 March 2024 | 6.30     | 6.19                |
|  | 31 March 2023 | 6.12     | 6.57                |
| 3. GHG Intensity of investee companies - Tons of CO2 equivalents per million of Euros of revenue   | 31 March 2024 | 150.90   | 0.00                |
|  | 31 March 2023 | 160.87   | 0.00                |
| 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 31 March 2024 | 0.00%    | 0.00%               |
|  | 31 March 2023 | 0.00%    | 0.00%               |
| 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)                                 | 31 March 2024 | 0.00%    | 0.00%               |
|  | 31 March 2023 | 0.00%    | 0.00%               |
| 15. GHG intensity - Metric in kilo tons per unit of GDP (in millions of Euros)   | 31 March 2024 | 333.64   | 325.72              |
|  | 31 March 2023 | 246.14   | 273.37              |

This is only the second SFDR Periodic report and as such there is no comparison required prior to then.

***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 sustainable investments made by the sub-fund contributed to environmental objectives which included, amongst others:

1. The reduction of greenhouse gas (GHG) emissions and carbon footprint;
2. The transition to or use of renewable energy.

The sub-fund identified and analysed a company's ESG credentials as an integral part of the investment decision made process to reducing risk and enhancing returns. By considering the ESG Credentials of potential investments the Investment Adviser aimed to meet the objective of having an improved ESG score compared to the Reference Benchmark.

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

We can confirm that the do no significant harm analysis was completed as part of HSBC Asset Management's (HSBC) standard investment process for sustainable assets, which included the consideration of Principal Adverse Impacts.

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

The Investment Adviser reviewed all SFDR mandatory Principal Adverse Impacts (PAIs) to assess the relevance to the sub-fund. HSBC's Responsible Investment Policy set out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considered ESG sustainability risks as these could adversely impact the securities the sub-funds invested in. HSBC used third party screening providers, such as Sustainalytics, ISS, MSCI and Trucost to identify companies and governments with a poor track record in managing ESG risks and, where any such material risks were identified, HSBC also carried out further ESG due diligence. Sustainability impacts, including the relevant PAIs, identified by screening were a key consideration in the investment decision making process.

**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.

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

- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aimed, among other things, at alleviating child and forced labour. HSBC also paid great attention to the robustness of corporate governance and political structures which included the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies as well as audit trails; and
- governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance.

The specific PAIs for this sub-fund were as set out below.

HSBC's Responsible Investment Policy is available on the website at: [www.assetmanagement/hsbc/about-us/responsible-investing/policies](http://www.assetmanagement/hsbc/about-us/responsible-investing/policies).

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

HSBC was committed to the application and promotion of global standards. Key areas of focus for HSBC's Responsible Investment Policy were the ten principles of the UNGC. These principles included nonfinancial risks such as human rights, labour, environment, and anti-corruption. HSBC was also a signatory of the UN Principles of Responsible Investment. This provided the framework used in HSBC's approach to investment by identifying and managing sustainability risks. Companies in which the sub-fund invested would be expected to comply with the UNGC and related standards. Companies having clearly violated one of the ten principles of the UNGC were systematically excluded. The sub-fund conducted enhanced due diligence on companies that were considered to be non-compliant with the UNGC Principles or were considered to be high risk as determined by HSBC's proprietary ESG ratings. Companies were also evaluated in accordance with international standards like the OECD Guidelines.

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 sub-fund considered the following PAIs by monitoring them as a sustainability indicators:

- Greenhouse gas intensity of investee companies (Scope 1 & Scope 2)
- Violation of UNGC and OECD principles
- Share of investment involved in controversial weapons
- Greenhouse gas intensity for sovereign issues

The approach taken to consider Principal Adverse Impacts meant that, among other things, HSBC scrutinised companies' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. HSBC also paid attention to the robustness of corporate governance and political structures which included the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies, as well as audit trails. Governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance were also taken into account.

As a result of such screening, HSBC did not invest in certain companies and issuers.



## 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 31/03/2024

| <b>Largest Investments</b>                                    | <b>Sector</b> | <b>% Assets</b> | <b>Country</b>                                       |
|---|---------------|-----------------|--|
| HSBC GLB-GLB BD TL RT-ZC USD 10841441                         | Financials    | 3.91%           | United Kingdom of Great Britain and Northern Ireland |
| Government Of The United States Of America 0.375% 31-jan-2026 | Government    | 2.81%           | United States of America                             |
| Government Of The United States Of America 0.5% 28-feb-2026   | Government    | 2.35%           | United States of America                             |
| Government Of The United States Of America 3.0% 15-jul-2025   | Government    | 2.10%           | United States of America                             |
| Government Of The United States Of America 4.625% 30-sep-2028 | Government    | 1.52%           | United States of America                             |
| Government Of Canada 3.75% 01-may-2025                        | Government    | 1.48%           | Canada   |
| Government Of The United States Of America 3.375% 15-may-2033 | Government    | 1.46%           | United States of America                             |
| Government Of The United States Of America 5.0% 30-sep-2025   | Government    | 1.40%           | United States of America                             |
| Government Of The United States Of America 4.625% 30-jun-2025 | Government    | 1.38%           | United States of America                             |
| Government Of The United States Of America 3.875% 15-aug-2033 | Government    | 1.37%           | United States of America                             |
| Government Of The United States Of America 4.0% 29-feb-2028   | Government    | 1.32%           | United States of America                             |
| Government Of The United States Of America 2.25% 15-feb-2052  | Government    | 1.21%           | United States of America                             |
| Government Of The United States Of America 1.875% 28-feb-2027 | Government    | 1.20%           | United States of America                             |
| Government Of United Kingdom 3.75% 22-oct-2053                | Government    | 1.11%           | United Kingdom of Great Britain and Northern Ireland |
| Government Of Japan 0.2% 20-mar-2028                          | Government    | 1.03%           | Japan  |

Cash and derivatives were excluded

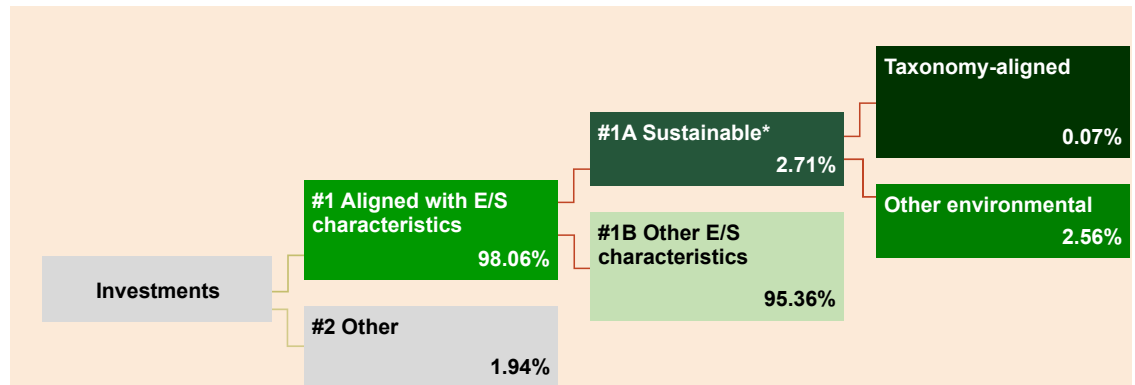


## What was the proportion of sustainability-related investments?

2.71% of the portfolio was invested in sustainable assets.

**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  | 94.93%       |
| Other   | 3.07%        |
| Cash & Derivatives                                | 0.67%        |
| Financials  | 0.67%        |
| Utilities   | 0.21%        |
| <i>Electric Utilities</i>                         | <i>0.08%</i> |
| <i>Gas</i>  | <i>0.01%</i> |
| <i>Multi-Utilities</i>                            | <i>0.11%</i> |
| Industrials                                       | 0.13%        |
| Communication Services                            | 0.08%        |
| Real Estate                                       | 0.08%        |
| Consumer Discretionary                            | 0.06%        |
| Energy  | 0.06%        |
| <i>Integrated Oil &amp; Gas</i>                   | <i>0.05%</i> |
| <i>Oil &amp; Gas Exploration &amp; Production</i> | <i>0.00%</i> |
| Materials   | 0.02%        |
| Health Care                                       | 0.01%        |
| Information Technology                            | 0.01%        |
| Consumer Staples                                  | 0.00%        |
| 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 proportion of sustainable investments aligned with the EU Taxonomy can be seen in the Asset Allocation boxes above.

● **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.



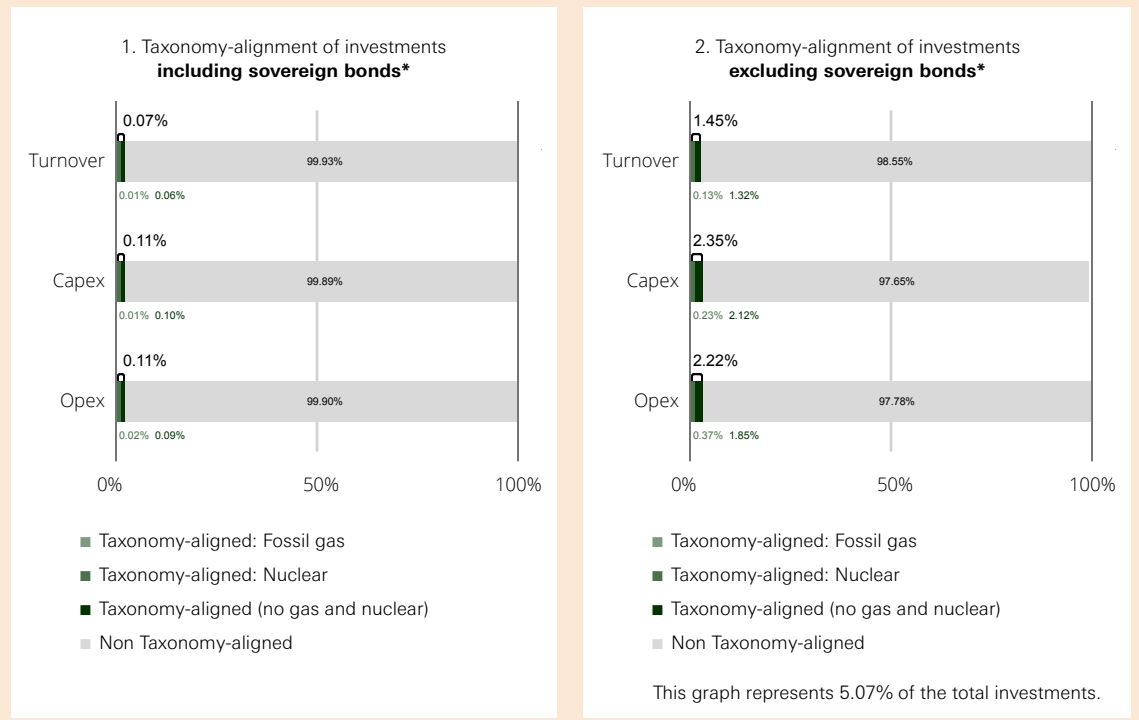
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.

- **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.

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

*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 fund's share of investment in transitional activities was 0.01% and the share of investment in enabling activities was 0.02%.
- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

| Indicator                                       | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| Revenue - Taxonomy-aligned: Fossil gas          | N/A       | 0.00%     |
| Revenue - Taxonomy-aligned: Nuclear             | 0.01%     | 0.00%     |
| Revenue - Taxonomy-aligned (no gas and nuclear) | 0.06%     | 0.00%     |
| Revenue - Non Taxonomy-aligned                  | 99.93%    | 100.00%   |
| CAPEX - Taxonomy-aligned: Fossil gas            | 0.00%     | 0.00%     |
| CAPEX - Taxonomy-aligned: Nuclear               | 0.01%     | 0.00%     |
| CAPEX - Taxonomy-aligned (no gas and nuclear)   | 0.10%     | 0.00%     |
| CAPEX - Non Taxonomy-aligned                    | 99.89%    | 100.00%   |
| OPEX - Taxonomy-aligned: Fossil gas             | N/A       | 0.00%     |
| OPEX - Taxonomy-aligned: Nuclear                | 0.02%     | 0.00%     |
| OPEX - Taxonomy-aligned (no gas and nuclear)    | 0.09%     | 0.00%     |
| OPEX - Non Taxonomy-aligned                     | 99.90%    | 100.00%   |

As this was only the second reporting period for the sub-fund, no comparison is required prior to that.

 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 2.56%. 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?**

#2 Other includes those financial instruments which are not aligned with the environmental or social characteristics of the sub-fund and do not qualify as sustainable investments. In some instances, this is due to non-availability of data and corporate actions. These holdings were still subject to HSBC's full set of exclusions screening and were considered for responsible business practises in accordance with UNGC and OECD principles.

The sub-fund held cash/cash equivalents (the percentage of cash held can be seen in the above sector/sub-sector table under the heading 'In which economic sectors were the investments made?') for the purposes of liquidity management as well as financial derivative instruments for the purposes of efficient portfolio management. Cash/cash equivalents and financial derivatives instruments do not have minimum environmental or social safeguards applied due to the nature of these instruments.



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

Over the course of the reporting period, the Investment Adviser excluded activities including, but not limited to banned weapons, controversial weapons, companies with more than 10% revenue generated from thermal coal extraction and coal fired power generation and tobacco production and invested in companies with responsible business practices in accordance with UNGC principles.

All holdings in the portfolio were assessed for their individual greenhouse gas intensity, resulting in PAI scores in line with the benchmark. The sub-fund also assessed ESG scores resulting in an ESG score above the benchmark throughout the reporting period.

In addition, all holdings were assessed for violations of UNGC and OECD principles ensuring good governance practices within the portfolio.



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

Not applicable.

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

Not applicable.

#### **● *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?***

Not applicable.

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

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

Not applicable.

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

Not applicable.