



## HSBC GLOBAL INVESTMENT FUNDS - EURO CREDIT BOND

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, HSBC also carry out further due diligence. 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:

- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aiming, among other things, at alleviating child and forced labour. HSBC also pay a great attention to the robustness of corporate governance and political structures which include 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 sub-fund will promote the following environmental and social characteristics:

1. Identification and analysis of a company's environmental characteristics including, but not limited to, physical risks of climate change and human capital management.
2. Responsible business practices in accordance with UN Global Compact and OECD Principles for businesses.
3. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
4. Active consideration of environmental issues through engagement and proxy voting.
5. Analysis of the share of investment involved in controversial weapons.

### Investment Strategy and Proportion of Investments:

The sub-fund invests for total return primarily in a diversified portfolio of Investment Grade rated fixed income (e.g. bonds) and other similar securities, denominated in Euro, while promoting ESG characteristics within the meaning of Article 8 of SFDR.

The sub-fund aims to have a higher ESG rating, calculated as a weighted average of the ESG ratings given to the issuers of the sub-fund's investments, than the weighted average of the constituents of the Reference Benchmark.

The sub-fund is actively managed and does not track a benchmark. The sub-fund has an internal or external target to outperform the Reference Benchmark.

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 well-established financial data providers.

The sub-fund will seek to invest primarily in Euro denominated Investment Grade corporate issues whilst reserving the possibility of investing in securities issued or guaranteed by governments, government agencies and supranational bodies.

The sub-fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% 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 of 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](http://www.assetmanagement.hsbc/responsible-investing/policies).