



HSBC GLOBAL INVESTMENT FUNDS - EUROLAND GROWTH

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:

- 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. The sub-fund includes the identification and analysis of a company's environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation. This identification and analysis is an integral part of the investment decision making process. In addition, HSBC Asset Management (HSBC) also considers corporate governance practices that protect minority investor interests and promote long term sustainable value creation.
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 in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a Regulated Market in, any European Monetary Union ("EMU") member country. The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

The sub-fund includes the identification and analysis of a company's ESG Credentials as an integral part of the investment decision making process with the aim of reducing sustainability risk and enhancing returns.

ESG Credentials may include, but are not limited to:

- environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation
- corporate governance practices that protect minority investor interests and promote long term sustainable value creation.

The sub-fund is actively managed and the investment strategy is implemented on a continuous basis.

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). However, the sub-fund will not use financial derivative instruments extensively for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.

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 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.