Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant:	HSBC Private Bank (Luxembourg) S.A., 213800CD235ST4TMNL94

1. Summary

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HSBC Private Bank Luxembourg S.A. and its branch in France.

HSBC Private Bank Luxembourg S.A., 213800CD235ST4TMNL94 considers the principal adverse impacts of its investment decisions on sustainability factors.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

HSBC Private Bank Luxembourg S.A. (“We”) delegates the investment management of the discretionary portfolios oversight to third-party asset managers (currently to: HSBC AM US: HSBC Global Asset Management (USA) INC. 213800MB7UGCSL5S3P42, HSBC AM UK: HSBC Global Asset Management (UK) Limited 213800L6ERIFAN15KI98, HSBC AM HK: HSBC Global Asset Management (Honk Kong) Limited 213800ICI7E9NI46L160, HSBC AM FR: HSBC GLOBAL Asset Management (FRANCE) W85O53OGKSNJNYNJES25, HSBC AM CH: HSBC Global Asset Management (Switzerland) AG 213800EO6GQHD4AIED29 - these entities are hereinafter referred to as a whole as “HSBC Asset Management” (“HSBC AM”) – or to SEIL Investments Europe Limited (SEIL)).

Therefore, sustainable investing activities, including the approach to identify and address principal adverse impacts (PAI), are undertaken by such asset managers on our behalf, based on the regulatory requirements. Being part of the HSBC Group, HSBC Private Bank (Luxembourg S.A.) works closely with HSBC Asset Management, particularly in respect of its policies relating to PAI that apply to our discretionary portfolios. We continue to work with all our partners, to ensure that the third-party asset managers we invest with are truly aligned with our commitments to our clients. We also engage to understand how these organisations are set-up to respond to future sustainable investing challenges.

We recognise that sustainability risks can lead to outcomes that have both positive and negative impacts on the environment or society, as well as the performance of financial products. The integration of environmental, social and governance (ESG) factors, as set out in the HSBC AM Responsible Investment Policy addresses material principal adverse impacts in the fundamental research and contributes to decisions in the investment process. Also, these impacts are considered in the stewardship activities (through HSBC AM) and in further policies, which express HSBC AM sustainability objectives and set out the actions we take to reach them. This approach helps us to manage these adverse impacts and sustainability risks in our investments.

The full range of mandatory climate, environmental, social, employee and human rights impacts, for which mandatory indicators have been identified, are considered in our investment process in the context listed below:

• For our discretionary portfolios, PAI indicators may be reflected in portfolio construction through screening, tilting and other techniques.

• We offer discretionary products that avoid exposure to certain companies or sectors that may seem harmful to the environment or society.

• For our sustainable investment definition under Sustainable Finance Disclosure Regulation (SFDR), relevant PAI are considered amongst Do No Significant Harm (DNSH) criteria.

• HSBC risk management processes monitor and manage relevant PAI to ensure clients mandates reflect their investment objectives.

• We currently do not exercise voting rights on behalf of our clients where companies and issuers are held directly. We intend to enhance our capabilities to enable such collective engagement. However, our approach to voting at company meetings is explained in our third-party asset managers voting guidelines.

• Our engagement policy sets out the approach to engagement, including escalation of engagement where companies do not respond adequately to concerns raised regarding adverse impacts. Further details on expectations for companies in their management of adverse impacts in available in the HSBC AM Stewardship Plan.

Further details of our approach for screening, investment process and engagement are set out in specific policies, including Banned Weapons and Responsible Investment.

On climate change issues in particular, the net zero ambition and interim emissions reduction target of HSBC are the most important expression of our ambition.

Note: The information presented may refer to HSBC global policies and global initiatives. Even though we are involved in the implementation and application of global policies the commitments listed are not necessarily a direct reflection of our entity in Luxembourg, unless specified.

All of the policies mentioned are available on our website: https://www.assetmanagement.hsbc.lu/en/professional-clients/about-us/responsible-investing/policies

2. Description of the principal adverse impacts on sustainability factors

Impacts are calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September, and 31 December of 2025.

As we delegate the investment management oversight of discretionary portfolios to third-party asset managers, all sustainable investing activities including PAI consideration engagement and voting are undertaken by HSBC AM and SEIL on our behalf - therefore we often refer to actions taken & planned by them.

For HSBC AM managed portfolios, a decision was taken to zero down the carbon emission for internally approved green bonds - i.e., green bonds for which “greenness” has been ascertained and approved by a fully-fledged HSBC AM committee. This option has been set in the absence of a more accurate and systematic assessment, which would consist of applying to the concerned bond a reduced GHG emissions based on the financed projects / use of proceeds. The same abatement ("zeroing") will apply to each portfolio position and corresponding benchmark components.

Our portfolios may invest in products, for example Private Assets, for which ESG data is not available and they are not included in this PAI statement, however if data is available in the future those will be included.

Further detailed information, including each PAI calculation methodology and limitations, is available on our website in the user guide on principal adverse impacts.

No	Adverse sustainability impact		Metric	Impact [2025]	Impact [2024]	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
				Indicators applicable to investments in investee companies					
				CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
1		GHG emissions	Scope 1 GHG emissions (in Tonnes CO_2) Eligible assets: 72.84% Covered assets: 47.63%	40,108.55	27,948.45	38,441.82	38,902.48	The purpose of PAI1 is to measure and assess the negative effects of a company's activities on greenhouse gas (GHG) emissions. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Carbon emissions for internally approved green bonds are reported as zero. Impact value represents the sum of a portfolio's corporate asset's GHG scope 1 emissions, in tons per million euros.	HSBC Group is committed to supporting the transition to a sustainable future, and has an ambition is to become a net zero bank by 2050 by reducing its own emissions and supporting customers to diversify, decarbonise, and realise the economic opportunities of the transition. During 2025, HSBC Asset Management (HSBC AM) reviewed its procedure on thermal coal and oil & gas. The procedure is updated in alignment with the latest HSBC Group thermal coal and energy policies, covering requirements for investment products involving coal, oil and gas (O&G) issuers that are offered under advisory in International Wealth and Premier Banking division. The investment management of our discretionary portfolio management products are done by HSBC AM, which also made progress during 2025 in the following areas: Research and integration of climate considerations: HSBC AM has developed an assessment of companies using the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework (NZIF), incorporating forward-looking indicators to evaluate issuers and portfolios exposed to significant climate-related risks, where relevant, alongside other factors that may impact investment value.

								Thermal coal and energy policies: HSBC AM has a policy to phase out thermal coal by the end of 2030 in EU/OECD markets and by the end of 2040 in all markets, and a phase-down energy policy. HSBC AM directs away from issuers that take no action or are slow to adopt action in line with our stated policies and product guidelines. Stewardship: Climate has been a long-standing thematic priority for HSBC AM's engagement activities. In 2025, HSBC AM engaged with approximately 360 issuers on climate-related issues to highlight good practices and encourage progress towards these. Under the thermal coal policy, HSBC AM engage with companies with more than 10 per cent revenue exposure to thermal and/or metallurgical coal, prioritizing those in which the group has the highest exposure. Under its energy policy, HSBC AM will engage with and assess transition plans of listed issuers responsible for around 70 per cent of relevant emissions. HSBC AM has commenced engagement with oil and gas, and power and utilities companies in this group, and will continue to have conversations with these companies as they transition.
	GHG emissions	Scope 2 GHG emissions (in Tonnes CO_2) Eligible assets: 72.84% Covered assets: 47.63%	8,710.96	6,952.68	9,518.91	9,510.46	The purpose of PAI1 is to measure and assess the negative effects of a company's activities on greenhouse gas (GHG) emissions. Scope 2 emissions are those caused by the generation of electricity purchased by the company. Carbon emissions for internally approved green bonds are reported as zero. Impact value represents sum of portfolio's corporate asset's GHG scope 2 emissions, in tons per million euros.	Same as above

	GHG emissions	Scope 3 GHG emissions (in Tonnes CO_2) Eligible assets: 72.84% Covered assets: 47.17%	301,205.03	247,816.13	354,861.28	342,702.68	The purpose of PAI1 is to measure and evaluate the negative impacts of a company's activities on greenhouse gas (GHG) emissions. GHG emissions - Scope 3, defined as all other indirect emissions (not included in scope 1 and 2) that are generated throughout a company's value chain, can often be the largest source of emissions for companies. Scope 3 emissions are divided into two main categories: upstream (supply chain, i.e., purchased or acquired goods & services) and downstream (products value chain: use of sold goods and services) activities of a company. This PAI accounts for both upstream and downstream activities included in GHG emissions - scope 3 categories. For each company subject to an investment, the GHG emissions (addition of levels 1,2 and 3) are multiplied by the value of the investment in that company weighted by its total value in EUR million. Data limitation: Scope 1 and 2 carbon are more directly under the control of the individual companies, whereas scope 3 estimates are more an estimation of a company's interaction and the resulting GHG emissions of upstream stakeholders. Due to a lack of reported information, it is a great challenge to estimate and quantify company scope 3 emissions.	See above
	GHG emissions	Total GHG emissions (in Tonnes CO_2) Eligible assets: 72.84% Covered assets: 47.65%	350,024.53	282,717.25	402,822.01	391,115.62	The purpose of PAI1 is to measure and evaluate the negative impacts of a company's activities on greenhouse gas (GHG) emissions. Total GHG Emissions (Scope 1, 2 & 3) are commonly referred to as 'financed emissions'. For each company subject to an investment, the GHG emissions (addition of levels 1,2 and 3) are multiplied by the value of the investment in that company weighted by its total value in EUR million.	See above

								Data limitation: Lack of coverage of GHG emissions - Scope 3 and some niche asset classes (such as Small Caps, High Yield, Frontier or Emerging Markets issuers). These gaps are due to companies not reporting emissions, and it is not appropriate to estimate non-reported emissions for niche asset classes or subindustries. Scope 3 emissions cover both upstream and downstream emissions. This PAI is measured in tonnes of CO2 equivalents and cover the full spectrum of GHG emissions and not only carbon.	
2	Greenhouse gas emissions	Carbon footprint	Carbon footprint (Tonnes CO_2 Emissions per invested EUR million) Eligible assets: 72.84% Covered assets: 47.48%	261.78	280.38	285.84	266.58	The purpose of this PAI is to measure and assess a company's carbon footprint. This PAI is the sum of all financed emissions (scope 1, 2 and 3) divided by the total value of investments. Scope 3 emissions cover both upstream and downstream emissions. Carbon footprint is measured in metric tonnes of CO2 per million of euros (EV). Data limitation: Carbon emissions (Scope 1, 2 & 3) are primarily based on company carbon disclosures or estimated in the absence of company reports. It is worth noting the lack of coverage of scope 3 Carbon emissions and some niche asset classes (such as Small Caps, High Yield, Frontier or Emerging Markets issuers). These gaps are due to companies not reporting emissions and it is not appropriate to estimate non-reported emissions for niche asset classes or sub-industries. As a result, the calculation of this PAI indicator is based solely on the proportion of covered assets invested in companies with available data, rather than on the entirety of assets under management.	See above

3	Greenhouse gas emissions	GHG intensity of investee companies	GHG intensity of investee companies (Tonnes of CO_2 emissions per EUR million of revenue) Eligible assets: 72.84% Covered assets: 48.35%	586.40	560.77	504.78	464.53	GHG intensity measures the quantity of GHG emissions (scope 1,2 and 3) per million-euro revenue of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer GHG emissions, relative to issuer economic output. Scope 3 emissions cover both upstream and downstream emissions. This PAI is measured in tonnes of CO2 per million euros of revenue equivalents and cover the full spectrum of GHG emissions and not only CO2. Data limitation: GHG intensity are primary based on company GHG emissions (Scope 1, 2 & 3) disclosures, or estimated in the absence of company reports. The lack of coverage of scope 3 and niche asset classes (Small Caps, High Yield, Frontier or Emerging Markets issuers) are due to companies not reporting emissions and it is not appropriate to estimate non-reported emissions for niche asset classes or sub-industries. As a result, the calculation of this PAI indicator is based solely on the proportion of covered assets invested in companies with available data, rather than on the entirety of assets under management.	See above
4	Greenhouse gas emissions	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector Eligible assets: 72.84% Covered assets: 49.94%	3.74%	4.66%	3.88%	4.27%	This PAI requires investors to disclose the share of investments in companies active in the fossil fuel sector (companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels).All data points provide the levels or exact percentages of revenue involvement, and the binary metric "involved" is applied, when Fossil Fuel -Revenue percentage is greater than zero. The portfolio impact value represents the share of investments from the portfolio's eligible & covered universe that are involved in the fossil fuel sector.	During 2025, HSBC AM reviewed its procedure on thermal coal and oil & gas. The procedure is updated in alignment with the latest HSBC Group thermal coal and energy policies, covering requirements for investment products involving coal, oil and gas (O&G) issuers that are offered under advisory in International Wealth and Premier Banking division. The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Relevant actions of HSBC AM are outlined below:

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HSBC AM has a policy to phase-out from thermal coal-fired power and thermal coal mining (collectively 'thermal coal') by the end of 2030 in EU / OECD markets and by the end of 2040 in all markets within our actively managed portfolios. Under the policy, HSBC AM engages with companies with more than 10 per cent revenue exposure to thermal and/or metallurgical coal, prioritizing those in which HSBC AM has the highest exposure.

Under its energy policy, HSBC AM will engage with and assess transition plans of listed issuers responsible for around 70 per cent of relevant emissions. HSBC AM has commenced engagement with oil and gas, and power and utilities companies in this group, and will continue to have conversations with these companies as they transition.

Additionally, as part of HSBC AM's climate change stewardship priorities, its Stewardship Plan includes a spotlight on methane emissions. Methane is a significant contributor to global warming, with the fossil fuel sector producing more than 35% of methane emissions caused by human activities. To align with the IEA's Net Zero by 2050 scenario, emissions must decrease by 75% by 2030, and the IEA estimates that 30% of methane emissions can be avoided at no net cost for the fossil fuel sector.

Reducing methane emissions in coal mining and the oil and gas sectors presents the largest and most immediate opportunity, as methane is released during coal extraction and from leaks, venting and flaring in oil and gas operations, leading to inefficiencies and financial losses.

									HSBC AM encourages companies in these sectors to actively reduce methane emissions by measuring and transparently reporting them, setting reduction strategies with clear targets, and participating in initiatives like the Oil and Gas Methane Partnership (OGMP) 2.0. Investors can facilitate transformation by engaging with companies, supporting policy development, and refining assessment methodologies. Addressing methane emissions is both a regulatory necessity and an opportunity to enhance operational efficiency and financial performance. By meeting these expectations, companies can demonstrate leadership in methane management, mitigate regulatory and market risks, and contribute to global climate goals, ultimately protecting and enhancing long-term investor returns.
5	Greenhouse gas emissions	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage Eligible assets: 72.84% Covered assets: 38.26%	consumption: 20.88%	24.49%	19.76%	19.80%	This PAI represents the percentage of the company's total energy consumption and production that is generated using non-renewable sources in the reporting year, such as solar, wind, hydro, or geothermal energy. It measures the share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources To calculate the reported shares, the percentages as directly reported by companies are considered, or a calculation is made based on company disclosure on total energy consumption and production and related non-renewable share. Data limitation: Despite a larger research universe, only a small number of companies are disclosing the metric, but we can expect this limitation to ease in the future.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Relevant actions of HSBC AM are outlined below: HSBC AM's thermal coal policy commits actively managed portfolios to phase-out thermal coal by the end of 2030 in EU / OECD markets and by the end of 2040 in all markets. Under our energy policy, HSBC AM will engage with and assess transition plans of listed issuers responsible for around 70 per cent of relevant emissions. They have commenced engagement with oil and gas, and power and utilities companies in this group, and will continue to have conversations with these companies as they transition.

			production : 5.57%	4.86%	2.86%	2.70%	This PAI represents the percentage of the company's total energy consumption and production that is generated using non-renewable sources in the reporting year. This data is taken as reported by the company. To calculate the reported shares, the percentages as directly reported by companies are considered, or a calculation is made based on company disclosure on total energy consumption and production and related non-renewable share. Bloomberg do not use estimation models to cover this PAI. Data limitation: Despite a larger research universe, only a small number of companies are disclosing the metric, but we can expect this limitation to ease in the future.	HSBC AM's thermal coal policy commits actively managed portfolios to phase-out thermal coal by the end of 2030 in EU / OECD markets and by the end of 2040 in all markets. Under our energy policy, we will engage with and assess transition plans of listed issuers responsible for around 70 per cent of relevant emissions. We have commenced engagement with oil and gas, and power and utilities companies in this group, and will continue to have conversations with these companies as they transition.
6	Energy Consumption Intensity Agriculture, Forestry & Fishing	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 0.00%	0.00	0.00	0.00	0.00	Climate change was a key engagement theme during 2025 and remains a priority, as set out in HSBC AM's 2026 Stewardship Plan. Under this theme, our engagement activities focused on issuers’ strategy and governance, risk management and disclosure, just transition considerations, and adaptation/physical risks, particularly where we identified significant risk exposure. In line with our Global Voting Guidelines, we may also hold boards accountable - including through votes against relevant directors where issuers, including those in oil and gas and power and utilities, show shortcomings in climate oversight, transition planning, or the quality of climate-related disclosure.	This data is taken as reported by the company. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sectors based on NACE classification of activities. NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities. Data limitation: Despite a larger research universe, only a small number of companies are disclosing the metric, but we can expect this limitation to ease in the future
	Energy Consumption Intensity Mining and quarrying	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 2.15%	0.03	0.03	0.03	0.04	Same as above	Same as above

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	Energy Consumption Intensity Manufacturing	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 17.03%	0.06	0.16	56.99	60.10	Same as above	Same as above
	Energy Consumption Intensity Electricity, gas, steam and air conditioning supply	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 1.69%	0.08	0.10	4.52	0.96	Same as above	Same as above
	Energy Consumption Intensity Water supply; sewerage; waste management and remediation activities	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 0.14%	0.00	0.00	0.00	0.00	Same as above	Same as above
	Energy Consumption Intensity Construction	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 0.19%	0.00	0.00	0.00	0.00	Same as above	Same as above
	Energy Consumption Intensity Wholesale and retail trade; repair of motor vehicles and motorcycles	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 1.24%	0.00	0.00	0.00	0.00	Same as above	Same as above
	Energy Consumption Intensity Transporting and storage	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 0.72%	0.02	0.02	0.01	0.01	Same as above	Same as above

		Energy Consumption Intensity Real estate activities	Energy consumption in GWh per million EUR of revenue of investee companies Eligible assets: 72.84% Covered assets: 0.51%	0.00	0.00	0.00	0.00	Same as above	Same as above
7	Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas Eligible assets: 72.84% Covered assets: 49.98%	2.39%	3.31%	3.14%	3.08%	This PAI corresponds to the share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	We recognise that nature and biodiversity issues can present risks and opportunities for companies, which could have a material affect on a company's risk profile and financial performance over various investment time horizons. The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: • collaborate and share knowledge on biodiversity • engage with investee companies on reducing negative and increasing positive biodiversity impacts • assess investments for significant positive and negative biodiversity impacts • report on progress HSBC AM participates in industry initiatives on biodiversity and nature-related topics. Their lead entity, HSBC Global Asset Management Ltd is a signatory to the Finance for Biodiversity Pledge. As part of its participation during 2025, the global Responsible Investment team contributed to various working groups

and outputs for the initiative, including contributing to the publication "Nature Target Setting Framework for Asset Managers and Asset Owners." HSBC Asset Management is also a member of the United Nations PRI's Nature Reference Group, which aims to strengthen investors' capacity to address the loss of biodiversity and natural heritage by providing a forum for signatories to improve their knowledge of nature-related impacts, dependencies, risks and opportunities.

Bioeconomy and natural capital were key engagement themes during 2025, and remains a priority, as outlined in HSBC AM's 2026 Stewardship Plan. They recognise that biodiversity and nature encompass a broad range of topics and that practices continue to evolve in this space. As part of their engagements with companies, they highlight good practices and encourage priority companies, where bioeconomy and natural capital are relevant issues, to work towards these.

As part of this HSBC AM also considers sector and industry specific actions. Their engagements focus on key areas, including (but not limited to) deforestation, agricultural practices (such as regenerative agriculture), responsible husbandry (including animal welfare and mitigating antimicrobial resistance), the overexploitation of natural resources, pollution (air, water, land), and promoting the circular economy.

									HSBC AM also participates in collaborative engagements through investor networks that can help facilitate and strengthen engagements with companies. They are a member of the Nature Action 100 collaborative engagement initiative, which engages with companies in sectors deemed systemically important in reversing nature and biodiversity loss by 2030. They are also a member of the Farm Animal Investment Risk & Return (FAIRR), which raises awareness of the major risks and opportunities in the global food sector.
8	Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average Eligible assets: 72.84% Covered assets: 0.35%	0.00	0.00	0.00	0.00	This PAI focuses on hazardous substances released to water. Releases shall be measured in tons of pollutants, and the following pollutants shall be taken into account for the purpose of this measurement: - Direct emissions of nitrates, phosphate and pesticides, - direct emissions of priority substances (such as heavy metals, nitrogen and phosphorus compounds, soluble salts, suspended solids and organic pollutant parameters measured via indicators such as biochemical oxygen demand (BOD) and chemical oxygen demand (COD). Emissions (expressed in tons of discharges) shall be multiplied for each undertaking receiving the investment by the value of the investment in that undertaking weighted by the total value of that undertaking (value including EVIC cash) in EUR million. The value of the impact shall be the sum of all these weighted emissions, in tons per million euro. Morningstar Susrtainalytics does not use an estimation model for, cover this IAP and considers its methodology to be in line with the regulatory definition.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: For 2025, HSBC AM's engagement themes were mapped to the sustainability issues identified in the ESG Materiality Framework, as set out in HSBC AM's 2025 Stewardship Plan. The ESG Materiality Framework is overseen through HSBC AM's Virtual Sector Teams (VSTs) and is developed by investment team sector specialists in collaboration with the Responsible Investment team who have identified relevant issues for key sectors and industries.

								Data limitation: At least in the beginning, we can expect a highly heterogeneous disclosure with most companies only including a subset of this metric in their reporting.	Within this approach, this PAI was mapped to our Bioeconomy and Natural Capital theme and monitored as part of our annual assessment. These indicators helped inform our review of potential adverse impacts and, where relevant, support prioritisation of further analysis and issuer dialogue.
9	Waste	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average Eligible assets: 72.84% Covered assets: 47.53%	6.37	1.76	1.52	2.41	This PAI is a metric tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average - Thousands of Metric tonnes per million of euros invested. Data limitation: As we expect more companies to disclose details about hazardous waste, we will include this data, where appropriate, in our investment process to help understand the extend of the impact and set the mitigation efforts, including engagement plans (e.g. implement proper hazardous waste management systems).	For 2025, HSBC AM's engagement themes were mapped to the sustainability issues identified in the ESG Materiality Framework, as set out in HSBC AM's 2025 Stewardship Plan. The ESG Materiality Framework is overseen through HSBC AM's Virtual Sector Teams (VSTs) and is developed by investment team sector specialists in collaboration with the Responsible Investment team who have identified relevant issues for key sectors and industries. Within this approach, this PAI was mapped to the Bioeconomy and Natural Capital theme and monitored as part of HSBC AM's annual assessment. These indicators helped inform our review of potential adverse impacts and, where relevant, supported prioritisation of further analysis and issuer dialogue.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

10	Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises Eligible assets: 72.84% Covered assets: 49.98%	0.57%	0.65%	0.65%	0.62%	We rely on Sustainalytics to assess UN Global Compact Principles and OECD Guidelines, i.e., companies in open violation of UN Global Compact Principles, get counted under this PAI. Conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principles which we interpret the regulation to require. Given the scope of the principles and standards covered, we consider this datapoint to be an exact fit to the PAI definition. This PAI measures the share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. Data Limitation: In some cases, we cannot always guarantee the data accuracy, timeliness or completeness provided by the vendor. Where necessary, we investigate to verify the accuracy of the violations before a decision is made to action. In situations where we disagree with the vendor's assessments, we add our proprietary research and conclusions for the exclusionary screens committed.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: HSBC AM uses available data to monitor controversies that could represent breaches of UN Global Compact (UNGC) principles and other international standards, including those linked to human rights. This third-party monitoring may prompt due diligence on issuers of listed securities held in actively managed fundamental equity and fixed-income sustainable portfolios in HSBC AM's major investment hubs. The findings of the due diligence are reviewed within its investment governance structures. HSBC AM's Stewardship Plan includes its engagement approach on human rights, which acts as a reference to good practices for its engagement with priority companies where human rights is a relevant issue.

11	Social and employee matters	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises Eligible assets: 72.84% Covered assets: 49.42%	31.55%	26.85%	22.93%	22.95%	PAI 11 is intended to capture evidence, or lack thereof, of companies' mechanisms and due diligence efforts to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (MNE's). It measures the share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: HSBC AM uses available data to monitor controversies that could represent breaches of UN Global Compact (UNGC) principles and other international standards, including those linked to human rights. This third-party monitoring may prompt due diligence on issuers of listed securities held in actively managed fundamental equity and fixed-income sustainable portfolios in HSBC Asset Management's major investment hubs. The findings of the due diligence are reviewed within its investment governance structures. HSBC AM's Stewardship Plan includes its engagement approach on human rights, which acts as a reference to good practices for its engagement with priority companies where human rights is a relevant issue.
12	Social and employee matters	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies Eligible assets: 72.84% Covered assets: 5.60%	0.95%	0.84%	0.28%	0.18%	This PAI corresponds to the difference expressed between the average (mean or median) earnings of men and women including management across a workforce, irrespective of worker characteristics or job title. The unadjusted analysis offers a holistic view for assessing potential pay disparity as it considers the distribution of employees across all jobs. The analysis is unaffected by differences such as level and job title, which may themselves be a result of discrimination. It can reveal, for example, gaps in the representation of women in senior-level roles. We use the percentage gender pay gap for total employees including management for the company. This Percentage represents female earnings in relation to its male counterparts.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: In the 2026 Stewardship Plan, HSBC AM's Social Opportunities theme focuses on how companies manage and create value through their people and products or services. It covers four key engagement topics: working conditions, inclusion and belonging, fair reward, and access and affordability.

								Data limitation: Only a small proportion of companies disclose gender pay gap data, and not all disclosures are the same, but we expect these limitations to be eased in the future.	
13	Social and employee matters	Board gender diversity	Average ratio of female to male board members in investee companies Eligible assets: 72.84% Covered assets: 47.88%	16.57%	19.53%	16.37%	15.58%	This PAI measures the average ratio of female to male board members in investee companies, expressed as a percentage of all board members. This data point is collected directly from company reports and is not estimated by Sustainalytics and no further adjustments are made to the metric values.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: In the 2026 Stewardship Plan, HSBC AM's Social Opportunities theme focuses on how companies manage and create value through their people and products or services. It covers four key engagement topics: working conditions, inclusion and belonging, fair reward, and access and affordability.
14	Social and employee matters	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons Eligible assets: 72.84% Covered assets: 49.98%	0.00%	0.00%	0.00%	0.00%	We rely on ISS ESG to screen out companies with strong indications of involvement in the production or distribution of anti-personnel mines, cluster munitions, chemical weapons, and biological weapons. Based on ISS, coverage of the investment universe in this PAI assumes coverage is equivalent to eligibility. Data limitation: Involvement in some weapon categories like biological and chemical weapons, blinding lasers, not detectable fragments remain at best patchy. But there is no alternative as of now. It is worth noting that chemical and biological weapons cases are very unusual and have tended to be made by state owned or private companies.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: HSBC AM excludes securities and other assets from its own manufactured active, systematic and index portfolios that have been issued by corporations with verified involvement or with strong indication of involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions. HSBC AM considered the following weapons to be banned by the following international conventions: Anti-Personnel Mines, Biological weapons, Blinding laser weapons, Chemical weapon, Cluster munitions, Non-detectable fragments,

									This exclusion covers listed and non-listed equity and corporate fixed income issuers currently assessed as involved in these banned weapons or issuers for which there are strong indications of involvement in these weapons or their key components. Past involvement in these weapons is not covered. Involvement may be direct or as a parent company (>10% ownership for listed companies or over 20% ownership for nonlisted companies). Exclusions do not apply to issuers with an ownership stake of less than 10% in the business exposed to the activity. It worths noting that whilst the Convention on Certain Conventional Weapons, Protocol III on Prohibitions or Restrictions on the Use of Incendiary Weapons, regulates the use of incendiary weapons, these are not banned under the Convention.
Indicators applicable to investments in sovereigns and supranationals									
15	Environmental	GHG intensity	GHG intensity of investee countries (Tonnes CO_2 emissions per EUR million of GDP) Eligible assets: 13.59% Covered assets: 6.97%	0.06	46.02	22.56	24.55	This PAI discloses the GHG intensity of investee countries - Metric kilo tonnes per unit of GDP (in millions of euros). This metric is measured as the level of GHG territorial emissions (measured in kilo tonnes, Ktonnes) per unit of GDP (in millions of euros, M€). GHG Emissions are associated with any aspect of an economy’s activity and includes territorial emissions (domestic + exported) and emissions embedded in its imports. GDP used is the purchasing power parity (ppp) GDP.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: Data on the emissions related to sovereign issuers are included in HSBC AM's third party ESG data available for inclusion in our investment process. The Sovereign Virtual Sector Team (VST) assessed this data to be included in their upcoming ESG proprietary scoring for Sovereigns issuers which was designed in 2025.

It's noteworthy that a 0 carbon intensity to certain internally approved Green Bonds issued by sovereigns is attributed. These sovereign Green bonds are regarded as owing to their explicit commitment to finance projects with environmental benefits based on the International Capital Market Association (ICMA) guidelines. The funds raised by these bonds are used for projects that positively impact the environment or climate, such as renewable energy or sustainable waste management.	A custom methodology was designed to assess sustainable Sovereign bonds two years ago including green and social bonds. The rationale behind assessing a country's positive contribution to sustainability is based either on the SDG performance of countries or on their positive contribution to climate change mitigation. The pillar of Climate Mitigation holds significant importance to us. Therefore, in HSBC AM's assessment, they give a high degree of importance to a country's positive contribution to climate change mitigation.
This approach, which considers 0 carbon intensity, is adopted in the absence of a more precise, project-based assessment of GHG emission reductions.	By focusing on Climate Mitigation, HSBC AM aims to encourage and support those countries that are making substantial efforts to reduce their carbon footprint and contribute positively to the global climate change mitigation. Do No Significant Harm principles encompass HSBC Sanctions, Corruption, as well as GHG emissions intensity per capita for Environmental harm, and the Human Development Index minimal ranking for the Social ones.

16	Social	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law Eligible assets: 13.59% Covered assets: 0.81%	absolute: 1	6	5	4	This PAI discloses the number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law. We rely on Sustainalytics' country risk analysis which includes social risks such as civil or transnational conflict, state repression, violent crime, and labour rights/discrimination. Sustainalytics captures the most controversial social-related events in which a country is involved in that are interpreted to potentially affect the prosperity and economic development of a country and its ability to manage its wealth in an effective and sustainable manner. At the event level, the overall impact on stakeholders and the environment gets evaluated based on the Incidents' Severity Scores as well as the risk to a country's Human Capital. The impacts of an incident, get summarized in a Severity Score, which measures the Depth (the degree of impact), Breadth (how widespread the impact is) and Duration (what the duration is likely to be) of an Incident. We consider and report only the most severe events (category 5) to constitute Social Violations in the spirit of the regulation.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM). Below outlined key activities from HSBC AM: HSBC AM uses third-party ESG data covering sovereign issuers to support the investment process. The Sovereign Virtual Sector Team (VST) has assessed the dataset's social indicators for inclusion into HSBC AM's proprietary ESG scoring framework for sovereign issuers, which was developed in 2025. HSBC AM has a bespoke methodology to assess sustainable sovereign bonds, including social bonds. Within the Social pillar, they focus on identifying investee countries that may be exposed to potential social violations by applying a "Do No Significant Harm" screening approach. This includes applying relevant HSBC sanctions and anti-corruption considerations, alongside minimum eligibility thresholds based on social development indicators (for example, requiring a minimum Human Development Index ranking).
				relative: 3.25%	5.82%	3.97%	6.88%	As above	As above
				Indicators applicable to investments in real estate assets					
17	Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels Eligible assets: 0.00% Covered assets: 0.00%	n/a	n/a	n/a	n/a	Due to data constraints, we were not able to collect PAI indicators for our real estate assets, therefore they could not be reported. If data becomes available in the future, these will be included and the PAI value will be presented.	Due to the lack of data coverage, PAIs could not be calculated for portfolio/funds in the Alternatives investment sector (i.e., private equity, private debt, real estate & infrastructure).

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18	Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets Eligible assets: 0.00% Covered assets: 0.00%	n/a	n/a	n/a	n/a	Due to data constraints, we were not able to collect PAI indicators for our real estate assets, therefore they could not be reported. If data becomes available in the future, these will be included and the PAI value will be presented.	Due to the lack of data coverage, PAIs could not be calculated for portfolio/funds in the Alternatives investment sector (i.e., private equity, private debt, real estate & infrastructure).

3. Other indicators for principal adverse impacts on sustainability factors

Additional climate and other environment-related indicators

No	Adverse sustainability impact		Metric	Impact [2025]	Impact [2024]	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
				Indicators applicable to investments in investee companies					
				CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
4	Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement Eligible assets: 72.84% Covered assets: 49.64%	12.78%	16.71%	12.81%	13.52%	This PAI discloses investments in companies without carbon emission reduction initiatives. It indicates whether the company is lacking carbon emissions reduction initiatives aimed at aligning with the Paris Agreement. The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2 Degrees Celsius and pursuing efforts to limit it to 1.5 Degrees Celsius. Data limitation: By now, only a fraction of companies has committed to carbon emission reduction initiatives, but we can expect this proportion to increase in the future.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM), which also took action during 2025 in the following areas: As part of HSBC AM's engagement with priority companies, where climate change is a relevant issue, they highlight good practices such as setting a climate strategy including decarbonisation and emissions reduction plans. As outlined in HSBC AM's 2026 Stewardship Plan, HSBC AM encourages companies to: • Set a net zero ambition from the company that covers all material areas of business and operations, aligned with the objectives of the Paris Agreement. • Develop clear short and medium-term emission reduction targets, for scope 1, scope 2 and material scope 3 emissions.

								• Set out sector-based decarbonisation strategies supporting the achievement of the company’s net zero target, including climate solutions and objectives to grow green revenue. • Set out capital expenditure plans to support the company’s climate targets and objectives. • For companies covered under our Coal or Energy policies, set out a credible transition plan. As part of HSBC AM's research and due diligence, they consider PAI indicators as a structured way to identify and monitor potential negative sustainability impacts associated with issuers. PAIs help inform their stewardship priorities, risk assessment, and—where relevant—our sustainable investment due diligence.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

No	Adverse sustainability impact		Metric	Impact [2025]	Impact [2024]	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
				Indicators applicable to investments in investee companies					
				INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
9	Human Rights	Lack of a human rights policy	Share of investments in entities without a human rights policy Eligible assets: 72.84% Covered assets: 49.82%	2.46%	3.26%	3.66%	3.88%	This PAI is disclosing the investments in companies which lack a certain Human Rights policy or programme. Data limitation: By now, only a fraction of companies publishes a human right policy, but we can expect this proportion to increase in the future.	The investment management of our discretionary portfolio management products are done by HSBC Asset Management (HSBC AM), which also took action during 2025 in the following areas: HSBC AM uses available data to monitor for controversies that could represent breaches of UN Global Compact (UNGC) principles and other international standards, including those linked to human rights. This third-party monitoring may prompt due diligence on issuers of listed securities held in actively managed fundamental equity and fixed-income sustainable portfolios in HSBC Asset Management’s major investment hubs.

The findings of the due diligence are reviewed within its investment governance structures.

HSBC AM may also address human-rights related concerns through stewardship engagement under our Human Rights theme with escalation options including dialogue with senior management and/or the board.

4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

As part of HSBC Group, we engage in open and transparent communication with third-party asset managers to ensure our views on ESG are aligned and reflected in each Asset Manager's investment strategy. Global Private Banking (with representation from each local Private Banking market) hosts regular oversight forums with each Asset Manager to review their approach to ESG investment strategy, and any relevant policies, frameworks, and calculation methodologies, to ensure that they are aligned with Global Private Banking's objectives and commitments to our clients.

Stand-alone policies and statements (for example on Banned Weapons, Biodiversity, Climate Change and Thermal Coal) alongside the Responsible Investment Policy, further outline HSBC Group's approach on how we integrate associated risks and opportunities in the investment process, as well as our engagement focus and collaborative activities.

These policies have been approved and were kept under review during 2024 by the HSBC Asset Management Ltd Sustainability Forum – which includes our global CEO, CIO, Heads of Risk, Legal and Sustainability - as follows: Banned Weapons (December 2024), Energy (December 2024) and Thermal Coal (December 2024). The investment function is responsible for the implementation of these policies, overseen by HSBC Asset Management Asset Class ESG Committees and the ESG Investment Committee.

Policies implementation draws upon a range of data sources to inform the integration of ESG factors into investment process and assessment of principal adverse impacts. These include MSCI, ISS, S&P Trucost, Bloomberg and Sustainalytics. We recognize that data reliability and availability may vary across impact indicators and regions. Addressing this may take time as requirements for disclosure of underlying data differ across markets and types of issuer, and standardization of disclosure is not inevitable. HSBC AM also leverage their global investment analyst network and engagement activities to inform about evaluation of the risks of adverse impact in our investment. We have selected indicators to identify and assess PAIs principal adverse impacts to reflect data sources we use in our own investment processes and / or the data available to market participants in a consistent and comparable format with sufficiently broad coverage. These have been our main considerations; we have not taken account of the possibility of recurrence or severity of impacts beyond their relevance to these considerations.

SEIL's views on ESG are aligned with HSBC Asset Management and focus on three pillars: sustainability in manager research, sustainable investing solutions and investment stewardship. We continue to work with SEIL on these areas and to develop an appropriate PAI framework for the discretionary product range.

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SEIL's Corporate Social Responsibility Committee was established in 2018 and meets quarterly to coordinate and promote sustainability efforts across SEIL globally. Its mandate includes both corporate and investment management initiatives. This committee supports SEIL's activities that further the environmental, social, and governance (ESG) principles laid out in their ESG statement (see below).

HSBC Asset Management's policies are available on the website at:

https://www.assetmanagement.hsbc.lu/en/professional-clients/about-us/responsible-investing/policies

SEIL policies are available on the website at:

https://www.seic.com/our-commitment/sustainable-investing

5. Engagement policies

We strongly believe in the impact and effectiveness of engagement to encourage improvement in corporate practices and therefore actively engage with the companies/issuers in which we and our partners invest. Our engagement policy describes our approach to shareholder engagement where we invest for our clients as part of our discretionary management services directly in equity shares. Discretionary portfolios that invest in funds managed by third-party asset managers, HSBC Asset Management or SEIL Investments Europe Limited, will apply their engagement policies.

If companies present sustainability risks, company management teams are engaged directly to raise areas of concern. Board members, executive management and responsible officers are engaged to build a constructive dialogue between investors and companies. Where applicable, voting rights are leveraged to reward positive corporate development, drive behavioural change, and hold company directors accountable when they fail to meet expectations.

The full range of internal and external data on PAI is drawn upon to inform the engagement approach. A well-established escalation procedure is used, with a range of engagement tools where issuers do not respond sufficiently, or PAI are not reduced. Even though we see disinvestment as a last resort option, we may apply selective exclusions when we deem engagement to be unsuccessful in a timeframe, we consider reasonable for companies to implement desired changes.

Annual stewardship plans are published, which also detail approaches to prioritisation of engagement topics and includes several indicators for PAI considered in engagement. Further details on impacts considered and, on the escalation, where issuers do not respond adequately are provided in HSBC Asset Management's Stewardship Plan. Our escalation response will consider whether there has been no improvement in the issue of concern / negative impact but where we determine that escalation would be unlikely to have impact, we may not take any further action. These include greenhouse gas emissions, labour and social impacts of climate transition, biodiversity loss, potential human rights violations, gender inequality and economic inequality.

Detailed information on monitoring issuers, voting and engagement can be found in the links below:

Private Bank Luxembourg S.A. engagement policy: https://www.privatebanking.hsbc.com/about-us/financial-regulations/shareholder-rights-directive-II/

HSBC Asset Management engagement policy:https://www.assetmanagement.hsbc.lu/en/professional-clients/about-us/responsible-investing/policies

SEIL engagement policy: https://apps.seic.com/funddocuments/FundDocumentsUK/Page/SEI-SRD2-Engagement-Policy.pdf

SEIL proxy voting policy and procedures: https://www.seic.com/proxy-voting/proxy-voting-policy-and-procedures

6. References to international standards

In providing discretionary portfolio management services, the Group works with third-party asset managers who are committed to the application and promotion of global standards and believes in collaborative action to address the sustainability challenges globally.

Paris Climate Agreement

HSBC Group is a supporter of the Paris Climate Agreement, an international treaty signed in 2015, committing countries to transition to a lower carbon economy. Under the Net Zero Asset Managers initiative, HSBC Asset Management has set an ambition to reach net zero emissions by 2050 or sooner across all assets under management, in line with global efforts to limit warming to 1.5°C, which is also applicable to our mandates managed by them.

Sustainability indicators used to measure the adherence:

- Table 1 PAI 1 - GHG emissions
- Table 1 PAI 2 - Carbon footprint
- Table1 PAI 3 - GHG intensity of investee companies
- Table 1 PAI 4 - Exposure to companies active in the fossil fuel sector
- Table1 PAI 5 - Share of non-renewable energy consumption and production
- Table 1 PAI 6 - Energy consumption intensity per high impact climate sector
- Table 2 PAI 4 - Investment in companies without carbon emission reduction initiatives

UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights

HSBC Group’s commitment to the UN Global Compact is an important element in our responsible investment policies. As investors, we support the ten principles covering human rights, labour issue, anti-corruption. Together with our third-party asset managers, who are involved with Principles for Responsible Investments (PRI), we conduct enhanced due diligence on issuers alleged to be in breach of these principles where securities are held in our sustainable portfolios.

Sustainability indicators used to measure the adherence:

- Table 1 PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Table 1 PAI 11 - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Table 3 PAI 9 - Lack of a human rights policy

HSBC Group's third-party asset managers use external research provider to monitor issuers for alleged breaches of UN Global Compact principles, International Labour Organisation's labour standards, UN Global Compact principles, and Universal Declaration of Human Rights. The adherence to the UN Principles for Responsible Investment is reported across multiple data points through the signatories' questionnaire.

Biodiversity

Under the Finance for Biodiversity Pledge, HSBC Asset Management is committed to work with other investors, to engage with companies to assess the impacts of our investments on biodiversity and set target on impacts.

Sustainability indicators used to measure the adherence:

- Table 1 PAI 7 - Activities negatively affecting biodiversity-sensitive areas

Methodology and data used

The Group third-party asset managers use a range of data sources to inform the integration of ESG factors into their investment process and assessment of PAI. These include MSCI, ISS, S&P Trucost, Bloomberg ESG and Morningstar Sustainalytics and the details are reflected in each sustainable product disclosure. Data coverage and transparency can be restricted; we are looking to develop our own bespoke ratings. The Group has not included a forward-looking climate scenario as it is still assessing which methodologies to deploy in its investment processes. However, to quantify the effects of climate change on our products, HSBC Group is testing MSCI's climate value at risk model, which estimates the net present value of future cost and opportunity projections of each company through to 2050 – using transition costs and opportunities models and to 2100 – using physical risks cost models for the relevant third-party climate scenario. The Group also plan to enhance the data coverage and reports accuracy (the Group is considering a best-in-class approach for data sourcing and alignment with HSBC Asset Management to ensure consistency within HSBC Group), as the current report is prepared based on Morningstar Sustainalytics PAI data only.

More detailed information on the methodology and data used to measure the adherence, including the scope of coverage and data sources, is available on our website in the statement on principal adverse impacts of investment decisions on sustainability factors methodology document. Whilst HSBC Group use of data may help it to anticipate principal adverse impacts, monitoring data such as that used to monitor potential UN Global Compact breaches is largely based upon past events or existing practice and is not well suited to forecasting.

7. Historical comparison

Direct comparison between the 2025, 2024, 2023 and 2022 figures is presented in the 'Impact' columns for each respective year. As additional reference periods become available, the analysis will be extended to cover at least five reporting periods.

PAI indicators may vary year-on-year due to changes in the underlying adverse impacts of investee companies. Movements may also reflect data availability, updates to data provider methodologies, and/or changes in data sources. Where covered assets are low, the resulting PAI calculations are inherently less robust due to limited investee company data. The 'Explanation' column provides further detail on the drivers of change for each PAI indicator, and additional commentary will be provided in future reporting where relevant.

Key highlights

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Almost all indicators remained comparable to last year, and there have not been any significant deteriorations in adverse impacts with the exception of PAI 9 (Hazardous and radioactive waste) which increased to 6.37 in 2025 from 1.76 in 2024. The number of investee companies associated with hazardous and radioactive waste is limited, and this movement is largely driven by changes in portfolio composition within mining companies (including gold mining).

8. Disclaimer

While we strive to ensure the accuracy and completeness of the disclosures made herein, it is important to acknowledge the inherent challenges associated with sustainability data, metrics, and the evolving nature of the regulatory landscape. As a result, we make our disclosures on a best-efforts basis, exerting every reasonable effort to provide reliable and meaningful information via the methods mentioned above.