



HSBC GLOBAL FUNDS ICAV - GLOBAL SUSTAINABLE GOVERNMENT BOND INDEX FUND

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

In tracking the performance of the Bloomberg MSCI Global Treasury ESG Weighted Bond (USD unhedged) Index (the "Index"), the Fund promotes environmental and/or social characteristics by seeking to improve the MSCI ESG rating against that of the Bloomberg Global Aggregate Treasury Index (the "Parent Index").

The Fund seeks to achieve the promotion of these characteristics by tracking the performance of the Index which uses MSCI ESG sovereign scores to tilt country allocations above or below their market value weights in the Parent Index and excludes countries with a country score 5 and below in order to reduce exposure to countries with high exposure to and/or low management of ESG risks and to improve the exposure to countries with favourable ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

The Index achieves this in the following ways:

1. On a monthly basis, the Index uses fixed multipliers to adjust the weight of each eligible security in the Index above or below their market value weights in the Parent Index. Security weights are then normalized using these adjusted market values.

No significant harm analysis is completed by the Index provider as part of the Index construction.

Investment Strategy and Proportion of Investments:

The Fund is passively managed and will aim to replicate the net total return performance of the Index. The Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio.

In seeking to achieve its investment objective, the Fund will use optimisation techniques which take account of tracking error and trading costs and availability of index constituents when constructing a portfolio. Consequently, the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights. Furthermore, the Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to certain Index constituents. Cash and other instruments may be used for liquidity, hedging and efficient portfolio management.

The Fund promotes environmental and/or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments.

Methodologies:

HSBC Asset Management's ESG data team leverages its proprietary data to run internal ESG reports to ensure sustainable objectives and targets, and the indicators used to measure these, as

embedded in the product's methodology, are met. Using this data HSBC Asset Management conducts regular reviews with the relevant index partner to ensure accuracy of the data being provided.

Good corporate governance has long been incorporated in HSBC Asset Management's proprietary fundamental company research. HSBC Asset Management's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice. HSBC Asset Management believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

For our full Stewardship Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

More information is available on request.