English Version (mars 2021)

HSBC Group recognises that environmental, social and corporate governance (ESG) issues, which includes climate change, can have a significant impact on individuals, businesses and communities across the world. HSBC Group is committed to accelerating the transition to a low-carbon global economy via financial services. In 2020, the next phase of the Group's climate ambition was published. This includes the commitment to become a net-zero bank; supporting customers to thrive through the transition; and to unlock the next-generation of climate solutions. Central to this ambition is to reduce financed emissions to net zero by 2050 or sooner, in line with the Paris Climate Agreement. In doing so, HSBC Group aims to facilitate between USD750 billion and USD1 trillion of finance and investment by 2030 to support our clients. More information on HSBC Group's approach to ESG issues can be found here: https://www.about.hsbc.fr/fr-fr/our-company/sustainability

HSBC Private Banking - HSBC Continental Europe has a critical role to play. We are proud to support our clients' aspirations to make a positive change in the world through investments, wealth planning or philanthropy.

In compiling and maintaining the suite of Funds, insurance-based investment products (IBIP'), and Alternative Investment Funds ('AIFs') HSBC Private Banking - HSBC Continental Europe advises on, we take into account, among other factors, information ***manufacturers***[1] *(i.e. Financial Market Participants) of these products are required to disclose about how they integrate* ***sustainability risks***[2] *into their investment decision making processes, including the likely impacts of sustainability risks on the returns of financial products.*

This includes, where applicable, if they consider the ***adverse impacts***[3] *of their investment decisions on* ***sustainability factors***[4]*. As part of this process, our specialist due diligence teams engage with product manufacturers to understand how they integrate these factors into their investment decision making through research, analysis, due diligence, and portfolio construction.*

HSBC Private Banking - HSBC Continental Europe has designed and maintains policies related to the way sustainability risks and adverse impacts are considered in the investment advisory and insurance brokerage processes.

HSBC Private Banking - HSBC Continental Europe has designed and maintains a remuneration policy aligned with internal sustainability risks policies.

[1] Manufacturers are Financial Market Participants (FMP). FMPs as per Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector (« SFDR »), are:

(a) an insurance undertaking which makes available an insurance-based investment product (IBIP);

(b) an investment firm which provides portfolio management;

(c) an institution for occupational retirement provision (IORP);

(d) a manufacturer of a pension product;

(e) an alternative investment fund manager (AIFM);

(f) a pan-European personal pension product (PEPP) provider;

(g) a manager of a qualifying venture capital fund registered in accordance with Article 14 of Regulation (EU) No 345/2013;

(h) a manager of a qualifying social entrepreneurship fund registered in accordance with Article 15 of Regulation (EU) No 346/2013;

(i) a management company of an undertaking for collective investment in transferable securities (UCITS management company); or

(j) a credit institution which provides portfolio management.

[2] Sustainability risk : under SFDR, "sustainability risk" means an environmental, social or governance event or condition that, if it occurs, could cause a negative material actual or potential impact on the value of the investment.

[3] adverse impacts: under SFDR, "adverse impacts" should be understood as negative effects on sustainability factors resulting from impacts of investment decisions and advice of financial market participants.

[4] sustainability factors: under SFDR, "sustainability factors" mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

HSBC Private Banking - HSBC Continental Europe remuneration policy takes into consideration sustainability risks and the adverse impacts on sustainability factors of investment and insurance advice.

HSBC Private Banking - HSBC Continental Europe is committed to incorporating environmental, social and corporate governance (ESG) issues within our investment practices and contributing to a more sustainable financial system. In providing discretionary portfolio management services, we work with portfolio management partners who are signatories to the Principles for Responsible Investment (PRI), a United Nations supported network of investors whose objectives are to further the understanding of sustainability issues and promote their incorporation into investment decision-making, policy, and practice.

We recognise that sustainability risks can lead to outcomes that may have a negative impact on the value of investment returns. Therefore, working with our portfolio management partners, our investment decisions as a portfolio manager take account of sustainability risks and adverse impacts on sustainability factors (i.e. environmental, social and employee matters, respect for human rights, anti-bribery and anti-corruption matters).

Together with our portfolio management partners, we use third party screening providers to identify companies with a poor track record in the key areas of sustainability risk. Where potential sustainability risks are identified we also carry out our own due diligence. Sustainability impacts identified through screening are also a key consideration in our investment analysis and decision-making process.

As part of this process, the following factors, among others, are analysed:

- *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. We also focus on the robustness of corporate governance 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.*

Where analysis of the above factors highlights inadequate practices, the risk and potential impact of those practices are considered, so that appropriate investment decisions can be taken.

We also believe in the effectiveness of collaborative engagement as a means of improving corporate practices and promoting positive change. Therefore, we work with portfolio management partners, who actively engage with the companies in which they invest as part of their ongoing monitoring and corporate stewardship. Where any companies in which they invest present sustainability risks, then selective exclusions may be applied, which are reviewed on a regular basis.

*We support the 10 principles of the **UN Global Compact (UNGC)**, which sets out the key areas of non-financial risk: human rights, labour, environment, and anti-corruption. We also adhere to the **UN Principles of Responsible Investment (PRI)**, which provides the framework for our approach to identifying and responding to sustainability risks. Finally, we are a supporter of the **Paris Climate Agreement**, an international treaty signed in 2015, committing countries to transition to a lower carbon economy.*

HSBC Private Banking - HSBC Continental Europe remuneration policy takes into consideration sustainability risks and the adverse impacts on sustainability factors of investment decisions.