HSBC

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Please refer to the prospectus and KIID before making any final investment decisions.

Asset Management

ESG Fund Report

HSBC OpenFunds

Global Sustainable Multi-Asset Adventurous Portfolio

30 June 2024

Key Facts:

Asset Class	Multi Asset
Report Currency	USD
Fund Size (USD m)	42.1
Reference Benchmark	GSMA Adventurous Blended Benchmark

Investment Objective:

The Fund aims to provide growth in line with its risk profile in the long term, which is a period of five years or more. The Fund's risk profile is rated as 5 where 1 is a lower level of risk and 5 is a higher level of risk. The Fund invests in a range of sustainable investment strategies. Please see the Prospectus for an explanation of the HSBC risk levels and sustainable investment strategies.

This is one of a range of actively managed Global Sustainable Multi-Asset Portfolios offered at different risk levels. The asset allocation of each fund in the range reflects the risk level. The Fund is managed with the aim of maximising returns in line with its agreed long term risk profile therefore any potential returns are likely to be limited by the risk profile of the Fund. The exposure to each asset class may be achieved by investing in collective investment schemes, investing directly in asset classes and investing in derivatives. The focus on sustainable investment strategies is taken into consideration when deciding which asset classes the Fund will invest in and how the Fund achieves exposure to those asset classes. The Fund is not managed with reference to a benchmark.

The fund is actively managed and does not track a benchmark. The reference benchmark for market comparison purposes is GSMA Adventurous Blended Benchmark.

Please refer to the Glossary for all terminology explanations

All calculations exclude cash holdings

*Benchmark = GSMA Adventurous Blended Benchmark. This benchmark is used solely for market comparison purposes.

**Source: HSBC Asset Management. Data as at 30 June 2024. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

Sustainable Targets:

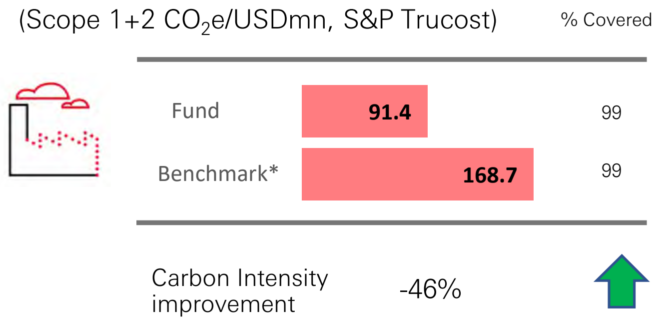
The Fund aims to deliver a reduction in carbon intensity versus the carbon intensity of the GSMA Adventurous Blended Benchmark of 20%. The target reduction is assessed against the weighted average carbon intensity of scope 1 and scope 2 greenhouse gas emissions, combining both corporate and sovereign results. S&P Trucost is the source of all emission data.

The Fund aims to deliver an improvement in the total fund MSCI ESG rating versus the MSCI ESG rating of the GSMA Adventurous Blended Benchmark of 5%.

The GSMA Adventurous Blended Benchmark applies the fund asset class weights to indices which are an appropriate comparator for each asset class. The asset classes and respective reference index comparator are as follows:

Asset Class	Reference Index
Developed Equity	MSCI World
Emerging Market Equity	MSCI Emerging Markets
Global Corporate Bond	Bloomberg Global Aggregate Corporates
Global Government Bond	Bloomberg Global Aggregate Treasuries
GEM Debt Local Currency	JPM GBI-EM Global Diversified
GEM Debt Hard Currency	JPM EMBI Global Diversified
Global High Yield	Bank of America Merrill Lynch Global High Yield BB-B
Global Property	FTSE EPRA NAREIT

Carbon intensity
(Scope 1+2 CO_2e/USDmn, S&P Trucost)

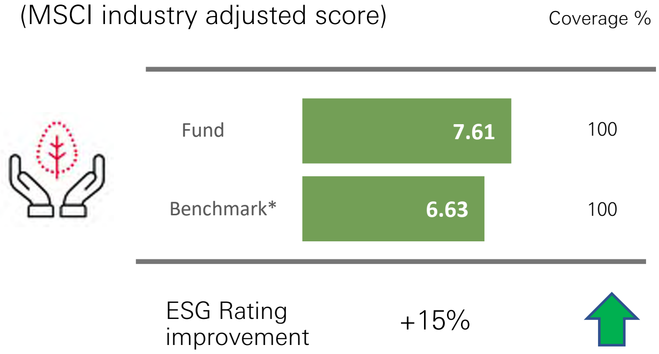


Carbon Intensity measures the quantity of carbon emission of a company (tonnes CO^2e/USD million revenue).

A lower carbon intensity metric indicates a more favourable emission profile.

Source: S&P Global Trucost

Overall ESG score
(MSCI industry adjusted score)



The MSCI ESG Key Issue Score is the numerical, weighted average of MSCI's E, S, amd G pillar scores. A higher number indicates a more favourable ESG profile in the view of MSCI.

The weighted averages of the Key Issue Scores are aggregated and companies' scores are normalized by their industries. After any overrides are factored in, each company's Final Industry-Adjusted Score corresponds to a rating.

For more information, see MSCI ESG Ratings Methodology @ https://www.msci.com/esg-and-climate-methodologies

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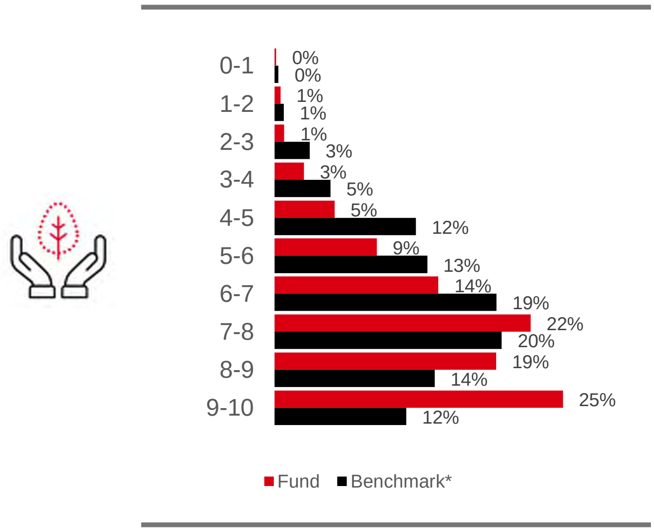
ESG Reporting

Overall ESG score
(MSCI industry adjusted score)

ESG pillar scores
(MSCI)

Overall ESG score distribution
(MSCI industry adjusted score)



ESG scores are an industry-adjusted methodology used to recognise a company's position in its industry relative to its peers. Specifically, the score seeks to quantify whether a company is adequately managing its key ESG risks. To determine these, a company's exposure to risk and how well it manages it is considered.
ESG scores are constructed from:
3 Pillars - Environment, Social and Governance
10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc.
35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.

The scores can be shown as the sum of all pillars, broken down into pillars and either shown at portfolio level and/or holding level. Where scores are shown at holding level, these scores have been normalised by the company's industry and this is known as industry-adjusted.

Overall, ESG scores closer to 10 are reflective of industry leaders and scores of 1 or close to 1 are reflective of industry laggards.

United Nations Global Compact

United Nations Global Compact Principle alignment
(Sustainalytics)

The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Companies in open violation of the UNGC Principles are flagged as non-compliant within this chart and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principles.
Please note, companies that are flagged by third-party data providers as non-compliant under the UNGC are subject to ESG due diligence requirements. The ESG due diligence process ensures a more detailed ESG review of a company is undertaken, only resulting in a company being approved for a fund if it is deemed to be meeting ESG requirements. The ESG due diligence process is overseen by relevant committees.

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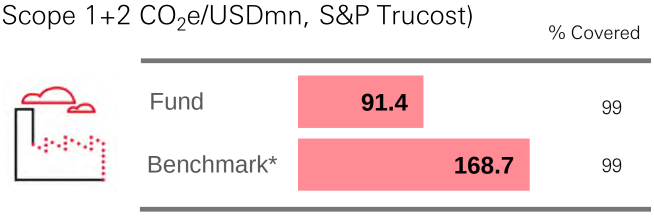
Carbon Metrics

Carbon metrics are used to track the carbon emissions associated with a financial investment. A reduction in carbon emissions is necessary to mitigate global warming. The carbon emissions released by an issuer are the responsibility of the issuer and its investors. Reducing carbon emissions requires action, including issuer development in clean technologies, simplification of supply chains, reuse and innovation of goods, and preservation of forests and other ecosystems. The carbon metrics prescribed by the rules of the FCA can be used to monitor the quantity of carbon emissions relative to the investment, and are published for this fund, where applicable.

The carbon metrics shown here are denominated in USD and treat coverage as a proportion of eligible assets. This can differ to similar metrics in the context of SFDR where metrics are denominated in EUR and coverage is treated as a proportion of total assets.

Carbon intensity

(Scope 1+2 CO_2e/USDmn, S&P Trucost)



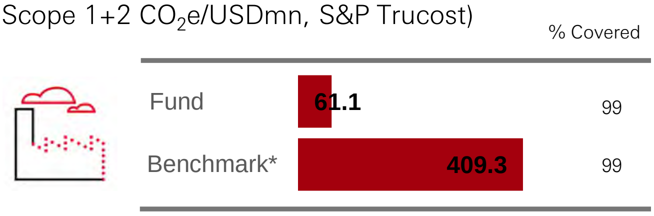
Carbon intensity measures the quantity of carbon emissions per million dollars of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer carbon emissions, relative to issuer economic output. Weighted Average Carbon Intensity is the sum of all issuer carbon intensity, weighted by the allocation to that issuer. It is useful for comparing the economic environmental position of two funds with similar sector and geographic allocation because the level of issuer carbon intensity is dependent in part on the sector, and country policies in which the issuer operates.

DO: Compare funds that have similar allocation of holdings across sector & location

DON'T: Compare funds that have different allocation of holdings across sector & location

Carbon Footprint

(Scope 1+2 CO_2e/USDmn, S&P Trucost)



Carbon footprint measures the quantity of carbon emissions divided by the issuer value, and then multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it considers the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions because of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Carbon Footprint is the sum of all issuer carbon footprint, divided by the value of the portfolio.

DO: Use to assess total emissions of assets managed, relative to portfolio size

DON'T: Consider short-term fluctuations an indicator of environmental impact or change in carbon emissions

Metric monitoring

When assessing climate risk through carbon metrics, it is important to dissect changes in the metric due to actual climate change mitigation, or the reduction in carbon emissions, versus changes in the economic investment.

Metric	Metric Outcome	Investment Movement	Investment movement direction	Environmental Outcome
Carbon Intensity	↓	Issuer economic output $m	↑	Possible carbon emission reduction
Total Carbon Footprint	↓	Issuer Value	↑	Inconclusive

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Carbon Metrics

◆ Are there any limitations or considerations for carbon metrics?

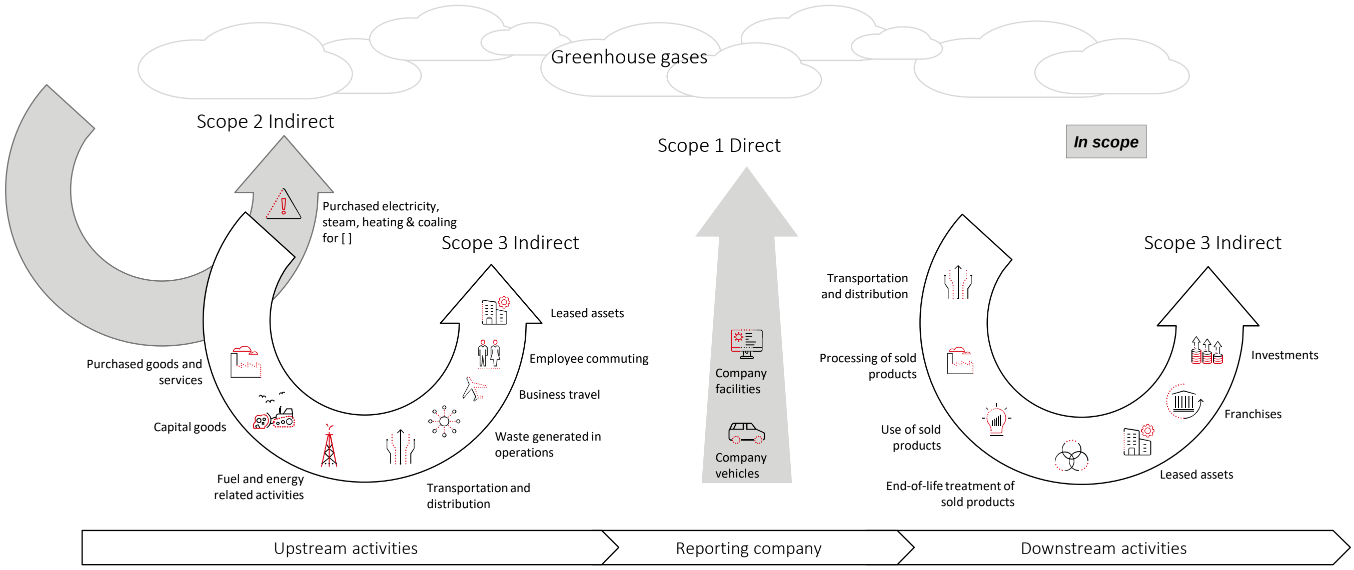
There is not 100% coverage for these metrics. While our data provider S&P TruCost endeavours to provide full coverage for the entire universe of possible holdings, there are sometimes gaps due to companies not reporting emissions and it is not appropriate to estimate non-reported emissions for niche asset classes or sub-industries. There is a further potential gap when our holding is at the subsidiary level and emissions are only reported at the level of the parent company and not distributable to the subsidiary.

We have selected S&P TruCost as our primary provider for publicly disclosing our carbon emissions though there are other providers with good quality capabilities. S&P TruCost, however, has been a market leader in providing climate data and broader ESG factors since 2000.

It's worth noting however, that there is often a lag between economic data such as issuer revenues or values, and carbon emissions data where the economic data is updated more frequently. This means that fluctuations in each of the carbon metrics are to be expected.

◆ Scope 1, 2 and 3 emissions: What are the type of emissions that are included in our carbon metrics?

For 2023, we choose only to include Scope 1 and 2 issuer carbon emissions. However, from 2024 we will also report issuer Scope 3 carbon emissions estimates which aligns to the FCA regulation. This allows all data providers more time to improve the coverage and quality of Scope 3 estimates. Scope 1 and 2 carbon is also more directly under the control of the individual companies we invest in, whereas scope 3 estimates are more representative of the general carbon emissions of a sector value chain.



◆ How is carbon measured?

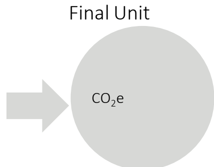
We account for seven major greenhouse gases identified under the Kyoto Protocol as guided by the Partnership for Carbon Accounting Financials, a methodological standard referenced by the Task Force for Climate Related Financial Disclosures. Our data provider converts these gasses into one unit of carbon dioxide equivalent based on their equivalent global warming potential ratio to carbon dioxide, which is summarized in the GHG protocol and summarized in the diagram. Carbon dioxide, the default, has a value of 1. Companies in different sectors will produce different types of greenhouse gases and companies do not often report greenhouse gases individually. In these circumstances they are either estimated, and then converted to their carbon dioxide equivalent unit, or excluded, which means the total carbon emissions reported are likely underestimated.

Greenhouse gases

Conversion

	Greenhouse Gas	Global warming potential (GWP)
1	Carbon dioxide (CO_2)	1
2	Methane (CH_2)	28
3	Nitrous oxide (N_2O)	265
4	Hydrofluorocarbons (HFCs)	138-12,400
5	Perfluorocarbons (PFCs)	6,630-11,100
6	Sulfur hexafluoride (SF_6)	23,500
7	Nitrogen trifluoride (NF_3)	16,100

Final Unit



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Top 10 fund holdings by weight

Holding	%	ESG Score	Sector
MICROSOFT CORP	1.6	7.90	Information Technology
MICROSOFT CORP	1.5	7.90	Information Technology
NVIDIA CORP	1.4	10.00	Information Technology
APPLE INC	1.3	5.70	Information Technology
JOHNSON & JOHNSON	1.1	6.60	Health Care
VISA INC-CLASS A SHARES	1.0	7.60	Financials
MICROSOFT CORP	1.0	7.90	Information Technology
NVIDIA CORP	0.8	10.00	Information Technology
TAIWAN SEMICONDUCTOR MANUFAC	0.7	10.00	Information Technology
APPLE INC	0.6	5.70	Information Technology

ESG Scores - top scoring holdings

Holding	%	ESG Score
NVIDIA CORP	1.40	10.00
TAIWAN SEMICONDUCTOR MANUFAC	0.66	10.00
TEXAS INSTRUMENTS INC	0.54	10.00
TRANE TECHNOLOGIES PLC	0.47	10.00
SONY GROUP CORP	0.46	10.00

ESG Scores – bottom scoring holdings

Holding	%	ESG Score
ADANI PORTS AND SPECIAL ECON	0.05	0.00
OIL INDIA LTD	0.01	0.00
SAUDI TADAWUL GROUP HOLDING	0.00	0.00
SK REITS CO LTD	0.00	0.00
JR REIT XXVII	0.00	0.00

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Glossary

Carbon intensity	Carbon intensity measures the quantity of carbon emissions per million dollars of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer carbon emissions, relative to issuer economic output. Weighted average carbon intensity is the sum of all issuer carbon intensity, weighted by the allocation to that issuer, for all covered holdings in the fund
Carbon footprint	Carbon footprint measures the quantity of carbon emissions divided by the issuer value, and then multiplied by the size of the investment. It is a measure of carbon emissions ownership, as it takes into account the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions as a result of changes in issuer value. Understanding the change in investment or issuer versus the change in carbon emissions is an important step in monitoring the environmental progress of the investment. Total carbon footprint is the sum of all covered fund issuers carbon footprint, divided by the value of the fund
Carbon dioxide equivalent "CO2e"	CO2e is a metric measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide
Coverage	This indicates the proportion of the fund/benchmark for which data can be sourced.
Issuer Value	For listed corporates, issuer values is the EVIC or Enterprise Value including Cash. For unlisted companies, issuer value is total book value of debt and equity. For sovereign issuers, issuer value is the purchasing power parity gross domestic product ("PPP-GDP") of the country for sovereign issuers.
ESG Score	Industry-adjusted methodology to recognise a company's position in its industry relative to its peers ESG scores are constructed from: 3 Pillars - Environment, Social and Governance 10 Themes - includes themes such as climate change, human capital, corporate governance and corporate behaviour etc. 35 Key Issues - includes issues such as carbon emissions, labour management, pay and business ethics etc.
UN Global Compact Principles	The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and take steps to support UN goals. Within the UNGC there are Ten Principles which focus on setting commitments relating to human rights, labour, environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
UN Global Compact Principle Alignment	Percentage of portfolio holdings which, in relation to the UNGC Principles, are either compliant, non-compliant or on the watchlist. Companies in open violation of the UNGC Principles are flagged as non-compliant and, conversely, companies flagged as Watchlist are regarded to be closely monitored but not yet in open contravention of the principals. Watchlist>1 refers to companies which have more than one watchlist on the underlying 10 principles.
Sustainable investment	Sustainable Investment is an investment in an economic activity that contributes to an environmental objective or an investment in an economic activity that contributes to a social objective provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

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