

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product Name:** HSBC Global Funds ICAV - HSBC MSCI Emerging Markets Value ESG Fund

**Legal Entity Identifier:** 2138001JL2N97SCLAW06

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?



**Yes**



It made **sustainable investments with an environmental objective:** \_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective:** \_%



**No**



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 32.93% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

By virtue of investing at least 85% of its net assets in the HSBC MSCI Emerging Markets Screened Value UCITS ETF (the "Master Fund"), the Sub-Fund promoted the same characteristics as the Master Fund, being the investment in companies with an improvement of ESG rating compared to those of the MSCI Emerging Markets Index (the "Parent Index"), such that the Master Fund invested in companies with more favourable ESG ratings compared to the Parent Index.

The Master Fund sought to achieve the promotion of these characteristics by replicating the performance of the MSCI Emerging Markets Value Select Screens Advanced Index (the “Master Fund Index”). The improvement of the MSCI ESG rating against the Parent Index is achieved by the Master Fund Index through the removal of companies from the Parent Index based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and by weighting companies so as to improve the exposure of the Master Fund Index (and the Fund) to companies with more favourable MSCI ESG ratings compared to those in the Parent Index. The Sub-Fund did not use a reference benchmark to attain its environmental and/or social characteristics. The Sub-Fund did not use derivatives to attain the environmental and/or social characteristics of the Fund.

The performance of the sustainability indicators the Sub-Fund used to measure the attainment of the environmental or social characteristics that it promoted can be seen in the table below. The sustainability indicators were calculated by the Investment Manager and utilise data from third party data vendors.

The data can be based on company/issuer disclosures, or estimated by the data vendors in the absence of company/issuer reports. Please note that it was not always possible to guarantee the accuracy, timeliness or completeness of data provided by third party vendors.

● ***How did the sustainability indicators perform?***

<b>Indicator</b>	<b>Sub-Fund</b>	<b>Broad Market Index</b>
ESG Score	7.01	5.95

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Broad Market Index - MSCI Emerging Markets Index

● ***...and compared to previous periods?***

This Sub-Fund launched in the reference period, and as such there are no previous periods to compare against.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Through investing in the Master Fund, the Sub-Fund had exposure to sustainable investments. The objectives of the sustainable investments in the Master Fund were, amongst others:

1. Companies with sustainable product and/or services or quantifiable projects (e.g. identified through CAPEX, OPEX and Turnover) linked to sustainable goals or outcomes;
2. Companies that demonstrated qualitative alignment and/or convergence with United Nations Sustainable Development Goals (UN SDGs) or sustainable themes (e.g. Circular Economy); and
3. Companies that were transitioning with credible progress. (e.g the transition to or use of renewable energy or other low-carbon alternatives).

Whilst the Sub-Fund did not commit to investing in sustainable investments, the Sub-Fund invested in sustainable investments that contributed to the above sustainable objectives, through investment in the Master Fund.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Do no significant harm analysis is completed by the Index Provider as part of the Index construction.

The Index is re-balanced periodically and is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index Provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index Provider and set out in the Index methodology and which may be amended from time to time):

- controversial weapons;
- conventional weapons/civilian firearms;
- nuclear weapons;
- adult entertainment;
- genetically modified organisms;
- alcohol;
- gambling;
- nuclear power;
- fossil fuel reserves ownership;
- fossil fuel extraction;
- thermal coal power; and
- tobacco.

Through investing in the Master Fund, which replicated the performance of the Master Fund Index, the sustainable investments to which the Sub-Fund had exposure to, did not cause significant harm to environmental and/or social investment sustainable objectives.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

Through investing in the Master Fund, the mandatory principal adverse impacts (“PAI”) indicators were used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Master Fund Index was constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlighted each security’s involvement or adherence to global sanctions, controversies and global norms (PAI 10, 11), carbon and sustainable impact (Positive screening) (PAI 1,2,3). As per the Master Fund Index methodology, securities involved in thermal coal mining and generation, oil & gas, were screened at a minimum threshold level and controversial weapons (PAI 14) were removed before the final Master Fund Index was calculated.

In addition a separate controversy screen was applied to the starting universe of the Master Fund Index to remove any security in violation of UNGC principles (PAI 10).

No optional indicators were taken into account.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?  
Details:*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Master Fund Index methodology incorporated MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

The Master Fund Index was constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (“BISR”) highlighted each security’s involvement or adherence to global sanctions, controversies and global norms (PAI 10, 11), carbon and sustainable impact (positive screening) (PAI 1,2,3). As per the Master Fund Index methodology, securities involved in thermal coal mining and generation, oil & gas, were screened at a minimum threshold level and controversial weapons (PAI 14) were removed before the final Master Fund Index was calculated.

In addition, a separate controversy screen was applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: Based on the four-quarter average holdings of the reference period as at 31/12/2024

<b>Largest Investments</b>	<b>Sector</b>	<b>% Assets</b>	<b>Country</b>
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	12.62%	Taiwan
China Construction Bank Corporation Class H	Financials	3.10%	China
Tencent Holdings Ltd.	Communication Services	2.81%	China
Industrial and Commercial Bank of China Limited Class H	Financials	2.59%	China
United Microelectronics Corp.	Information Technology	2.18%	Taiwan
Samsung Electronics Co., Ltd.	Information Technology	2.07%	Korea
ASE Technology Holding Co., Ltd.	Information Technology	1.89%	Taiwan
Agricultural Bank of China Limited Class H	Financials	1.87%	China
Infosys Limited	Information Technology	1.79%	India
Samsung Electronics Co Ltd Pfd Non-Voting	Information Technology	1.71%	Korea
Hindalco Industries Limited	Materials	1.55%	India
Fomento Economico Mexicano SAB de CV Units Cons. Of 1 ShsB And 4 ShsD	Consumer Staples	1.52%	Mexico
Hindustan Unilever Limited	Consumer Staples	1.51%	India
Baidu, Inc. Class A	Communication Services	1.46%	China
Lenovo Group Limited	Information Technology	1.43%	China

Cash and derivatives were excluded

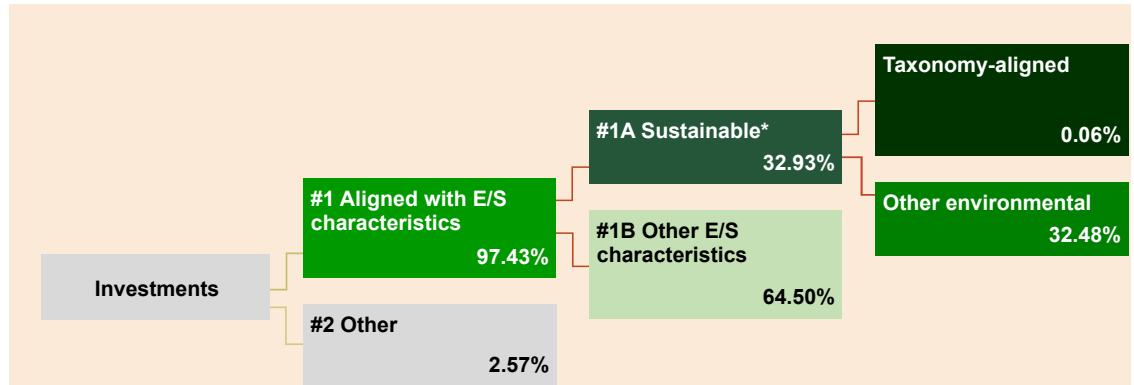


## What was the proportion of sustainability-related investments?

32.93% of the portfolio was invested in sustainable investments.

**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

\*A company or issuer considered as a sustainable investment may contribute to both a social and environmental objective, which can be aligned or non-aligned with the EU Taxonomy. The figures in the above diagram take this into account, but one company or issuer may only be recorded once under the sustainable investments figure (#1A Sustainable).

The percentages of Taxonomy-aligned and Other Environmental, do not equal #1A Sustainable investment due to differing calculation methodologies of sustainable investments and Taxonomy-aligned investments.

### In which economic sectors were the investments made?

Sector / Sub-Sector	% Assets
Information Technology	28.85%
Financials	18.77%
Consumer Discretionary	14.77%
Communication Services	9.50%
Consumer Staples	7.67%
Health Care	7.11%
Materials	4.54%
Industrials	4.19%
Other	1.82%
Real Estate	1.48%
Cash & Derivatives	0.75%
Utilities	0.41%
<i>Electric Utilities</i>	<i>0.32%</i>
<i>Gas</i>	<i>0.08%</i>
Energy	0.29%
Total	100.00%



## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

0.06% of the Sub-Fund's investments were deemed sustainable investments with an environmental objective aligned with the EU Taxonomy.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

Yes:  In fossil gas  In nuclear energy

No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

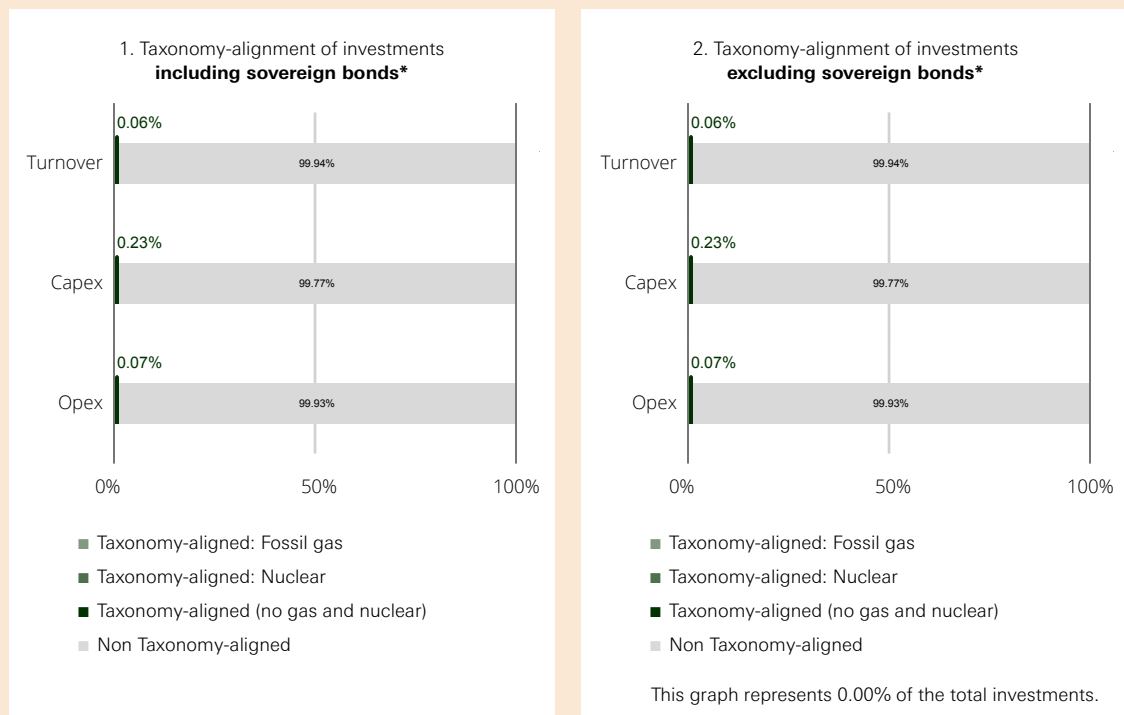
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.


### ● What was the share of investments made in transitional and enabling activities?

For the reference period the Sub-Fund's share of investment in transitional activities was 0.00% and the share of investment in enabling activities was 0.01%.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

<b>Indicator</b>	<b>2023-24</b>
Revenue - Taxonomy-aligned: Fossil gas	0.00%
Revenue - Taxonomy-aligned: Nuclear	0.00%
Revenue - Taxonomy-aligned (no gas and nuclear)	0.06%
Revenue - Non Taxonomy-aligned	99.94%
CAPEX - Taxonomy-aligned: Fossil gas	0.00%
CAPEX - Taxonomy-aligned: Nuclear	0.00%
CAPEX - Taxonomy-aligned (no gas and nuclear)	0.23%
CAPEX - Non Taxonomy-aligned	99.77%
OPEX - Taxonomy-aligned: Fossil gas	0.00%
OPEX - Taxonomy-aligned: Nuclear	0.00%
OPEX - Taxonomy-aligned (no gas and nuclear)	0.07%
OPEX - Non Taxonomy-aligned	99.93%

 are sustainable investments with an environmental objective that **do not take into account the criteria for environmentally sustainable economic activities** under Regulation (EU) 2020/852.

 **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The sustainable investments with an environmental objective not aligned with the EU Taxonomy were 32.48%. Due to lack of coverage and data, the Sub-Fund did not commit to making any EU Taxonomy aligned investments.

 **What was the share of socially sustainable investments?**

The Sub-Fund did not invest in socially sustainable investments.

 **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Cash and other instruments and/or financial derivative instruments may have been used for liquidity and hedging purposes in respect of which there were no minimum environmental and/or social safeguards.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Sub-Fund aimed to invest at least 85% of its assets in the Master Fund. The investment objective of the Master Fund was to replicate the performance of the Master Fund Index, which provides investors the opportunity to gain specific exposure to equity securities with lower market valuations relative to their fundamental value (the “Value Factor”) while integrating ESG metrics within an emerging markets (as determined by the Index Provider) equity index, while minimising as far as possible the tracking error between the Master Fund’s performance and that of the Master Fund Index.

The Master Fund Index sought to achieve an improvement of the MSCI ESG rating against that of the Parent Index. The Master Fund Index achieved this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index Provider in the Master Fund Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index Provider and set out in the Master Fund Index methodology and which may be amended from time to time):

- controversial weapons;
- conventional weapons/civilian firearms;
- nuclear weapons;
- adult entertainment;
- genetically modified organisms;



alcohol;  
gambling;  
nuclear power;  
fossil fuel reserves ownership;  
fossil fuel extraction;  
thermal coal power; and  
tobacco.

2. The Master Fund Index applied the MSCI ESG Target methodology (which is available on the Index Provider's website) to achieve its ESG objective by maximizing the exposure to the Value Factor less a penalty for the common factor and stock-specific risk characteristics of each potential constituent, as well as placing an upper bound on the predicted tracking error of the Master Fund Index, in order to maximize the exposure to the Value Factor along with 20% ESG score improvement of the Master Fund Index relative to its Parent [market-cap weighted] Index.

HSBC Asset Management is a signatory of the UN Principles of Responsible Investment and UK Stewardship Code. The HSBC Asset Management's stewardship team met with companies regularly to improve the understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice.

Further information on shareholder engagement and voting policy can be found on our website: <https://www.assetmanagement.hsbc.co.uk/en/individual-investor/about-us/responsible-investing/policies>.



## How did this financial product perform compared to the reference benchmark?

The Sub-Fund did not have a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***  
Not applicable.
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***  
Not applicable.
- ***How did this financial product perform compared with the reference benchmark?***  
Not applicable.
- ***How did this financial product perform compared with the broad market index?***  
Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.