



HSBC Global Funds ICAV – HSBC MSCI Emerging Markets Small Cap ESG Fund

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

By virtue of investing at least 85% of its net assets in the HSBC MSCI Emerging Markets Small Cap ESG UCITS ETF (the “Master Fund”), the Sub-Fund promotes 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 Small Cap Index (the “Parent Index”) such that the Master Fund invests in companies with more favourable ESG ratings compared to the Parent Index and that take account of the sustainable agenda, support the transition to a sustainable economy and a reduction in greenhouse gas (“GHG”) emissions and carbon footprint and have not committed severe ESG controversies.

The Master Fund seeks to achieve the promotion of these characteristics by replicating the performance of the MSCI Emerging Markets Small Cap SRI ESG Universal Select Index (the “Master Fund Index”). The improvement of the 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 so as to improve the exposure of the Master Fund Index (and the Master Fund) to companies with more favourable ESG ratings compared to those in the Parent Index. Further detail on the manner in which the companies comprising the Master Fund Index and in which the Master Fund invests offer an improved ESG rating against the Parent Index can be found below and in the section of the Supplement for the Fund titled “Master Fund Index Description”.

The Sub-Fund does not use a reference benchmark to attain its environmental and/or social characteristics.

Investment Strategy and Proportion of Investments:

The Sub-Fund will aim to invest at least 85% of its assets in the Master Fund.

The investment objective of the Master Fund is to replicate the performance of the Master Fund Index, which provides investors the opportunity to gain specific exposure to small-cap equity securities from certain emerging market countries (as determined by the Index Provider) while integrating ESG metrics within an emerging markets 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 Fund promotes environmental and/or social characteristics but will not make any 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.

HSBC's Responsible Investment Policy, our Engagement Policy and Stewardship Plan is available on our website www.assetmanagement.hsbc/responsible-investing/policies