



### HSBC Global Funds ICAV - Multi-Factor Worldwide Equity Fund

The Investment Manager will review all SFDR mandatory Principal Adverse Impacts Indicators to assess the relevance to the Sub-Fund, those that are not considered applicable do not form part of the proprietary systematic investment process. HSBC's Responsible Investment Policy sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considers ESG sustainability risks as these can adversely impact the securities the Sub-Fund invest in. HSBC uses third party screening providers to identify companies with a poor track record in managing ESG risks.

Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening are a key consideration in the investment decision making process and, in turn, this also supports the advice given to clients.

The approach taken, as set out above, means that among other things the following points are scrutinised:

- 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.

HSBC also pays a great attention to the robustness of corporate governance and political 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.

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

1. Active consideration of low carbon intensity investments compared to the Reference Performance Benchmark.
2. Responsible business practices in accordance with UN Global Compact Principles.
3. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
4. Active consideration of environmental issues through engagement and proxy voting.
5. Exclusion of controversial weapons and other Excluded Activities.

### Investment Strategy and Proportion of Investments:

The optimised portfolio aims for a lower carbon intensity and a higher ESG score, calculated respectively as a weighted average of the carbon intensities and ESG scores of the Sub-Fund's investments, than the weighted average of the constituents of the Reference Performance Benchmark. The Reference Performance Benchmark will be used to measure the Sub-Fund's carbon intensity and ESG scores, but it has not been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics of the Sub-Fund.

The Investment Manager uses a proprietary systematic investment process to create a portfolio which focus on risk premia offered by exposure to factors such as value, quality, momentum, low risk and size.

Following identification and ranking of the investment universe based on the above factors, the Investment Manager uses a HSBC proprietary systematic portfolio construction process to create an optimised portfolio.

In order to lower exposure to carbon intensive businesses and raise the Sub-Fund's ESG score, all holdings in the portfolio are assessed for their individual carbon intensity and ESG scores.

#### 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](http://www.assetmanagement.hsbc/responsible-investing/policies)