HSBC GLOBAL FUNDS ICAV - MULTI-FACTOR EMU EQUITY FUND

The Investment Manager will review all SFDR mandatory Principal Adverse Impacts to assess the relevance to the Sub-Fund. 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-Funds invest in. HSBC uses third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where potential material risks are identified, HSBC also carry out further due diligence. 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 pay 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; 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.

The Sub-Fund will promote the following environmental and social characteristics:

1. Active consideration of low carbon intensity investments and higher ESG scores compared to the Reference Performance Benchmark.
2. Identification and analysis of a company's environmental and social characteristics including, but not limited to, physical risks of climate change and human capital management.
3. Responsible business practices in accordance with UN Global Compact Principles.
4. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
5. Active consideration of environmental issues through engagement and proxy voting.
6. 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 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.

The Sub-Fund will not invest in equities and equity equivalent securities of companies with specified involvement in specific excluded activities.

In ordinary market conditions the Sub-Fund invests a minimum of 90% of net assets in equities (i.e., shares and, to a limited extent, real estate investment trusts) or equity equivalent securities (ADRs and GDRs) of companies incorporated in the developed markets of the EMU. ADR, GDR and non-voting depositary receipts may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security.

The Sub-Fund may also hold cash and money market instruments (including bills, commercial paper and certificates of deposits) for ancillary liquidity purposes. The Sub-Fund may also invest in the units or shares of CIS in order to achieve its investment objective. Financial Derivative Instruments ("FDI") may be used for hedging and efficient portfolio management.

The Sub-Fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments.

Methodologies:
HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the sub-fund are met. HSBC will use data provided by a number or third parties. All data used will be verified by HSBC Asset Management's extensive research department.

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