Fund Legal Name: HSBC Global Funds ICAV - Multi-Factor EMU Equity Fund Legal entity identifier:213800AIYN2OLBNR7131

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

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.

Environmental and/or social characteristics

Does this financial product have a **sustainable** investment

☐ Ye	☑ No
☐ **It will make a minimum of 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 EU the Taxonomy ☐ **It will make a minimum of sustainable investments with a social**	☑ **It 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 ☐ 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 promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

The Sub-Fund invests mainly in equities of companies incorporated in the developed markets of the European Economic and Monetary Union (the "EMU"), while promoting ESG characteristics within the meaning of Article 8 of SFDR. The ESG charateristics promoted by the Sub-Fund are as follows:

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.

The Sub-Fund is actively managed and does not track a 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.

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

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  Sustainability indicators are a key consideration in our investment decision making process.

The primary sustainability indicators are ESG scores and carbon intensity data sourced from various financial data providers. They are used to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund which includes:

• Carbon Intensity Score, relative to the Reference Performance Benchmark
• ESG Score, relative to the Reference Performance Benchmark

Principal Adverse Impacts considered by the Sub-Fund are:

• Green house gas intensity of investee companies - Scope 1 & Scope 2
• Violation of UNGC principles and OECD Guidelines For Multinational Enterprises
• Share of investment involved in controversial weapons

The Sub-Fund also excludes investment in companies carrying out business activities that are deemed harmful to the environment. This means it will not invest in in equities issued by companies with specified involvement in specific excluded activities ("Excluded Activities") that are listed below.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Sub-Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Investment Manager uses a HSBC proprietary systematic portfolio construction process to create an optimised portfolio which 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.

By lowering exposure to carbon intensive businesses and raising the ESG score of the investments in the Sub-Fund, when measured against the Reference Performance Benchmark, the Sub-Fund contribute to these objectives.

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.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The principle of 'do no significant harm' to environmental or social objectives applies only to the underlying sustainable investments of the Sub-Fund. This principle is incorporated into the investment decision-making process, which includes consideration of principal adverse impacts.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager will review all SFDR mandatory Principal Adverse Impacts Indicators 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-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; 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 specific Principal Adverse Impacts for this Sub-Fund are as set out above.

HSBC's Responsible Investment Policy is available on the website at: www.assetmanagement/hsbc/about-us/responsible-investing/policies.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

HSBC is committed to the application and promotion of global standards. Key areas of focus for HSBC's Responsible Investment Policy are the ten principles of the United Nations Global Compact (UNGC). These principles include non-financial risks such as human rights, labour, environment and anti-corruption. HSBC is also a signatory of the UN Principles of Responsible Investment. This provides the framework used in HSBC's approach to investment by identifying and managing sustainability risks.
Companies in which the Sub-Fund invests will be expected to comply with the UNGC and related standards.

Companies having clearly violated one of the ten principles of the UNGC, and therefore the OECD guidelines, are systematically excluded.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the approach taken to consider Principal Adverse Impacts means that, among other things, HSBC will scrutinise companies’ commitment to lower-carbon transition, adoption of sound human rights principles and employees’ fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. HSBC also pays 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 also considers the Principal Adverse Impacts that are listed below:

• Green house gas intensity of investee companies - Scope 1 & Scope 2
• Violation of UNGC principles and OECD Guidelines For Multinational Enterprises
• Share of investment involved in controversial weapons

How Principal Adverse Impacts were considered will be included in the Sub-Fund's year-end report and accounts.

☐ No

What investment strategy does this financial product follow?

The Sub-Fund is actively managed and the investment strategy is implemented on a continuous basis through compliance and monitoring of the binding elements as listed below.

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.

The Sub-Fund will not invest in equities and equity equivalent securities of companies with specified involvement in specific excluded activities (“Excluded Activities”).

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

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 (“Excluded Activities”).

These Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:

- Companies with any involvement in the production of controversial weapons or their key components. Controversial weapons include but are not limited to anti-personnel mines, depleted uranium weapons and white phosphorous when used for military purposes.
- Companies with any involvement in the production of tobacco.
- Companies that are considered non-compliant with the United Nations Global Compact (UNGC) principles.

- Companies with more than 10% revenue generated from thermal coal extraction.
- Companies with more than 10% revenue generated from coal-fired power generation.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not have a committed minimum rate to reduce the scope of investments.

What is the policy to assess good governance practices of the investee companies?

Governance is a key pillar (the “G-pillar”) of the ESG process and the Investment Manager aims to improve the G pillar versus the Reference Performance Benchmark.

HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Asset allocation describes the share of investments in specific assets.

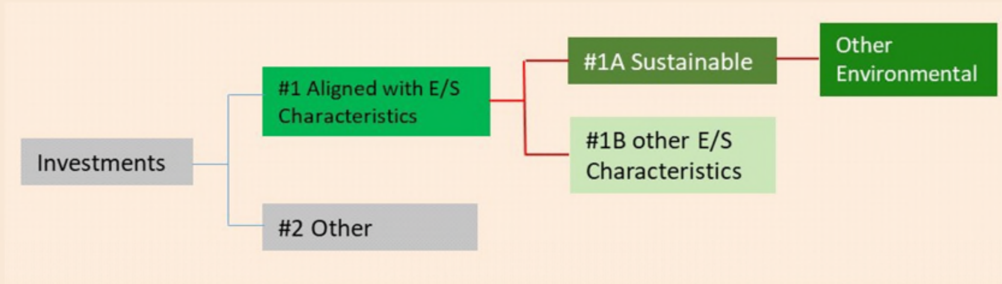
What is the asset allocation planned for this financial product?

Specifically, 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.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#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.

#2Other 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.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Sub-Fund will not use FDI to attain the environmental or social characteristics of the Sub-Fund.

-To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Sub-Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?***

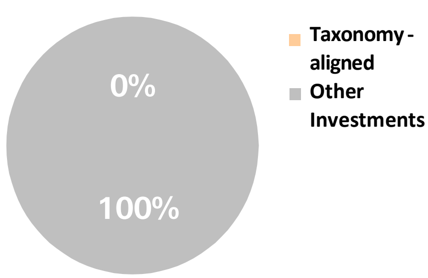
☐ Yes

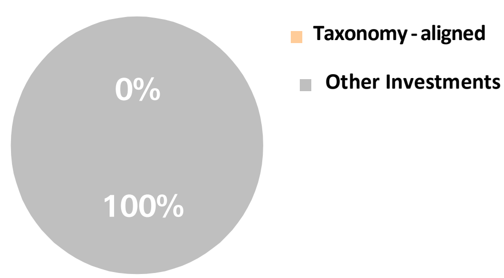
☐ In fossil gas ☐ In nuclear energy

☑ No

1. Taxonomy -alignment of investments including sovereign bonds

2. Taxonomy -alignment of investments excluding sovereign bonds





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

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.

- ***What is the minimum share of investments in transitional and enabling activities?***
  N/A. The Sub-Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Sub-Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

N/A. The Sub-Fund does not intend to commit to a minimum share of socially sustainable investments.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

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. FDI may be used for hedging and efficient portfolio management.

There will be no minimum environmental and/or social safeguards in respect of these securities.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
  N/A
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
  N/A
- **How does the designated index differ from a relevant broad market index?**
  N/A
- **Where can the methodology used for the calculation of the designated index be found?**
  N/A

Where can I find more product specific information online?
More product-specific information can be found on the website:

More product-specific information can be found on the website:
www.assetmanagement.hsbc.com