

Website disclosure summary

Europe Value

No significant harm to the environmental or social characteristics of the financial product

Do no significant harm (DNSH) analysis is an integral part of our investment process for sustainable assets. It covers ESG best in class, minimum governance score, normative and controversial activities monitoring, consideration of Principal Adverse Impacts (PAI) and Principal Adverse Impact integration.

All SFDR mandatory PAI are reviewed to assess the relevance to the sub-fund. Our Responsible Investment Policy sets out the approach we take to identify and respond to principal adverse sustainability impacts and how we consider ESG sustainability risks. This is available on our website at: www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

The sub-fund is also aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Environmental or social characteristics of the financial product

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

The environmental and/or social characteristics promoted by this sub-fund are:

1. The sub-fund includes the identification and analysis of a company's environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on the company issuing a security's financial performance and valuation. This identification and analysis is an integral part of the investment decision making process. In addition, HSBC Asset Management (HSBC) also considers corporate governance practices that protect minority investor interests and promote long term sustainable value creation.
2. Responsible business practices in accordance with UN Global Compact and OECD Principles for businesses.
3. Active consideration of environmental issues through engagement and proxy voting.
4. Excluding activities covered by HSBC Asset Management's Responsible Investment Policies

Investment strategy

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a Regulated Market in, any developed European country. The sub-fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").

The sub-fund aims to have a higher ESG score, calculated as a weighted average of the ESG scores given to the companies of the sub-fund's investments, than the weighted average of the constituents of the Reference Benchmark.

Proportion of Investments

The sub-fund promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it aims to maintain a minimum proportion of 10% of sustainable investments. The sub-fund aims to maintain a minimum proportion of 51% of investments that are aligned with the environmental or social characteristics promoted by the financial product and liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments may be used for efficient portfolio management.

Monitoring of environmental or social characteristics

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the issuer and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Companies with ESG risk scores that require a targeted review are assessed within an internal governance forum. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds.

We monitor companies to ensure they operate with good corporate governance. Please refer to the 'Engagement Policies' section below. For our full Stewardship Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.



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 of third parties. All data used will be verified by HSBC Asset Management's extensive research department.

Data Sources and Processing

HSBC Asset Management uses data from a number of external third parties such as Sustainalytics, ISS, MSCI and Trucost to ensure it attains the Environmental/Social (E/S) characteristics promoted. All data is verified by our extensive research department and processed using our proprietary research methodology.

Limitations to Methodologies and Data

We use third party data from multiple sources however there is limited coverage of data available. We are not aware of any limitation in meeting the Environmental/Social (E/S) characteristics of the sub-fund.

Due Diligence

We carry out quantitative and qualitative monitoring and analysis of all companies and other issuers held in active portfolios before and during the period of our investment. Using this monitoring and analysis the companies and other issuers are discussed regularly within our investment teams including their strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. We may also assess their disclosures, consideration of research – including ESG & voting research and we may attend meetings with management and directors, visit production sites, talk to competitors, customers and other stakeholders, and carry out our own financial modelling. Our Stewardship & Engagement teams play a supporting role when it comes to assessing issuers against ESG considerations.

Engagement Policies

We use a number of ESG rating agencies for norms-based screening against the UN Global Compact Principles. We incorporate good corporate governance in our proprietary fundamental company research and meet with investee companies (and potential investee companies) regularly as part of our active investment process. This helps ensure that companies are managed in line with the long-term interests of their investors and helps us to improve our understanding of their business and strategy, to signal support and/or to highlight concerns we have with management actions and promote best practice.

This engagement is a key element in our stewardship oversight of client assets. We challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. We engage to understand the approach management is taking and to test how far they are being good stewards. We also encourage investee companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. We raise ESG or other concerns with investee companies and other issuers where we believe that to be in the interest of investors, identifying company specific or systemic risks. We prioritise our engagement on the basis of scale of client holdings, salience of the issues concerned, and our overall exposure to these issues.

For our full Engagement Policy, please go to

www.assetmanagement.hsbc.com/about-us/responsible-investing/policies

Designated Reference Benchmark

The MSCI Europe is the "Reference Benchmark" for the sub-fund and will be used to measure the sub-fund's ESG score, calculated as a weighted average of the ESG scores given to the companies of the sub-fund's investments relative to the weighted average of the constituents of the Reference Benchmark, but has not been designated for the purpose of attaining the environmental or social characteristics promoted by the sub-fund.