



WEBSITE DISCLOSURE SUMMARY GLOBAL EMERGING MARKETS CORPORATE SUSTAINABLE BOND

No significant harm to the sustainable investment objective

The sustainable investments in the sub-fund will be assessed against the principle of DNSH to ensure that the investments do not significantly harm any environmental or social objectives. The DNSH principle applies only to the underlying sustainable investments of the sub-fund. This principle is incorporated into the investment decision-making process, which includes assessment of principal adverse impacts (“PAIs”). The mandatory PAIs as defined in Table 1 of Annex 1 of the regulatory technical standards for Regulation 2019/2088 are used to assess whether the sustainable investments of the sub-fund are significantly harming the environmental or social objective. To support the DNSH assessment, quantitative criteria have been established across the PAIs.

Sustainable investment objective of the financial product

The sub-fund aims to make a positive environmental, social and governance (“ESG”) effect, by investing in equities and equity equivalent securities issued by companies that contribute to United Nations Sustainable Development Goals (“Contributing Companies” and “SDGs”), while also aiming to provide long-term total return. The sub-fund qualifies under Article 9 of SFDR.

The sustainable investment objectives promoted by this sub-fund are:

1. Investment into a portfolio of companies that contribute to Contributing Companies and SDGs, including, but not limited to, Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities.
2. The identification and analysis of a company’s environmental and social factors, including corporate governance practices which form an integral part of the investment decision making process.
3. Consideration of lower carbon intensity investments compared to the 100% MSCI AC World Index TRI, the (“Reference Benchmark”).
4. Consideration of responsible business practices in accordance with United Nations Global Compact (“UNGC”) and OECD Guidelines for Multinational Enterprises (“OECD”) principles. Where instances of potential violations of UNGC principles are identified, companies will be subject to HSBC’s proprietary ESG due diligence checks to determine their suitability for inclusion in the sub-fund’s portfolio and, if deemed unsuitable, excluded.
5. Excluding activities covered by HSBC Asset Management’s Responsible Investment Policies (the “HSBC Excluded Activities”) and the Paris-aligned Benchmark exclusions (the “PAB Excluded Activities”) (together referred to as the “Excluded Activities”).

Investment strategy

The sub-fund aims to make a positive ESG contribution, by investing in equities and equity equivalent securities issued by Contributing Companies that contribute to SDGs, while also aiming to provide long-term total return.

The SDGs that the Contributing Companies contribute to include, but are not limited to, Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities. The sub-fund qualifies under Article 9 of SFDR.

The sub-fund aims to have a higher ESG score, calculated as a weighted average of the ESG scores given to the companies in which the sub-fund has invested, than the weighted average of the constituents of the Reference Benchmark.

The sub-fund aims to have a lower carbon intensity relative to the Reference Benchmark.

Proportion of Investments

The sub-fund will make a minimum of sustainable investments with an environmental objective of 90%. Non-Sustainable investments include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments which may be used for efficient portfolio management.

Monitoring of the sustainable investment objective

All sub-funds shall demonstrate strong and/or improving ESG characteristics at the company and overall portfolio level. Such criteria can be quantitative or qualitative and are monitored on an on-going basis. HSBC Asset Management conducts on-going monitoring of sub-funds - both at the company and overall portfolio level. Companies with ESG risk scores that require 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 (for example - portfolio average ESG score, exclusions, enhanced due diligence etc.).

Methodologies

The sustainable investments in the sub-fund will contribute to sustainable investment objectives. Investments will be considered sustainable if they make a positive contribution in accordance with HSBC's Responsible Investment Methodologies.

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 sustainable investment objective 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 certain data. We are not aware of any limitation in meeting the sustainable investment objective of the sub-fund.

Due Diligence

Investments in the sub-fund are assessed for minimum good governance practices through consideration of UNGC principles, additionally good governance practice of companies is viewed through ESG and G pillar scores. Investments considered to be Sustainable Investments must pass an additional good governance screen before they can be designated as such.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. UNGC violations are assessed through ESG due diligence as well as screening which are used to identify companies that are considered to have poor governance. Companies which meet the criteria of sustainable investment are assessed through minimum governance scores to ensure higher standards of governance and no association with severe controversy. Where relevant those companies will then be subjected to further review, action and/or engagement.

Engagement Policies

HSBC's Stewardship team meets with companies regularly to improve HSBC's understanding of their business and strategy, signal support or concerns we have 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.

HSBC Asset Management considers PAIs at group level as part of its stewardship process and companies that are flagged for severe violations or worst in class performers on certain PAIs may be subject to further dialogue and ESG due diligence. Certain PAIs will also be considered through exclusions - including for example controversial weapons and UNGC violations. Potential UNGC violations are identified by a third-party controversies-based research service.

Attainment of the Sustainable Investment Objective

There is no specific index designated as a reference benchmark to meet the sustainable investment objective.

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