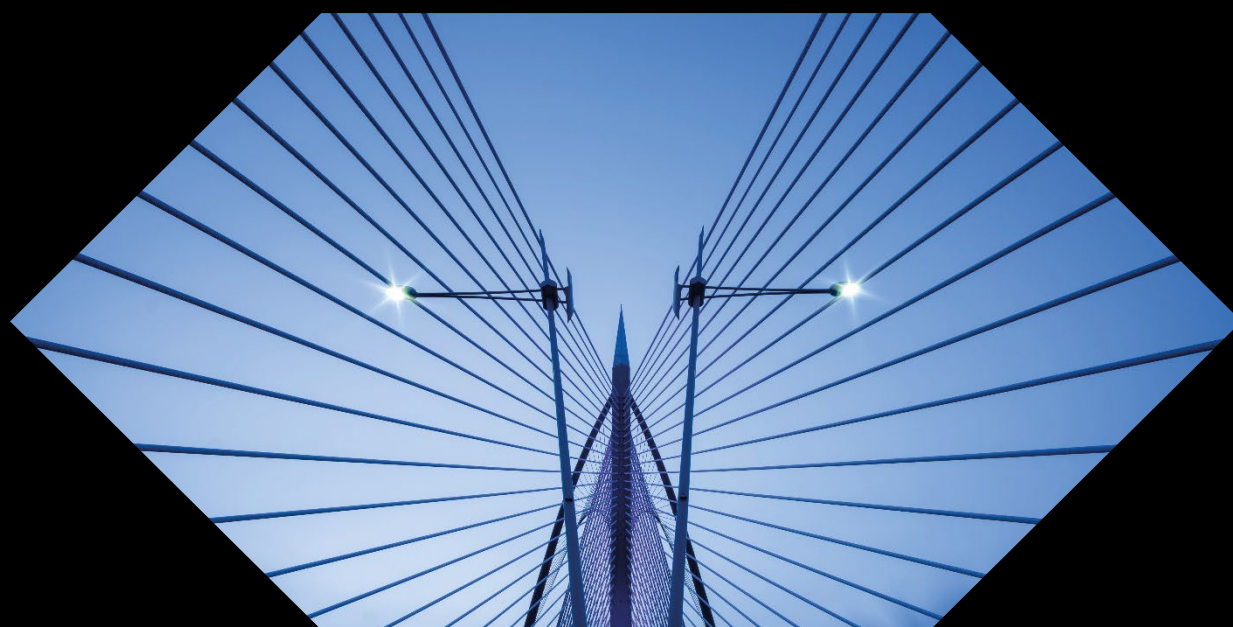


# HSBC Asset Management (Fund Services UK) Limited

## Sustainability Annual Report 2024

For reporting period 1 January – 31 December 2024  
Published September 2025



---

Message from the Chief Executive Officer	2
Introduction	3
Governance	8
Strategy	12
Risk Management	19
Metrics and Targets	20
Important Information	25

---





**Matthew Higginbotham**

Chief Executive Officer

Welcome to the first HSBC Asset Management (Fund Services UK) Limited (HAMF) Sustainability Disclosures Requirements (SDR) Entity report, where we will provide information about the sustainability-related impact and risks of all funds overseen by HAMF. This report is intended for investors in HSBC Asset Management fund ranges where HAMF is the Authorised Corporate Director (ACD).

In this report, we will explain our governance, strategy, risk management and metrics and targets in relation to managing sustainability-related risks and opportunities.

As the investment management industry continues to adapt to evolving sustainability regulatory developments, we seek to improve the quality and disclosure of our sustainability data. HAMF aims to continue to engage with regulators, our peers and our clients to navigate this transition. SDR is an important framework for understanding and analysing sustainability-related risks, and HAMF is committed to regular, transparent reporting to help communicate our progress in line with regulatory requirements.

I hope this HAMF SDR Entity report provides you with useful information regarding the sustainability-related impact and risks of our investment funds.

Thank you for your continued confidence in HSBC Asset Management as your trusted partner for investments.

## **Compliance Statement**

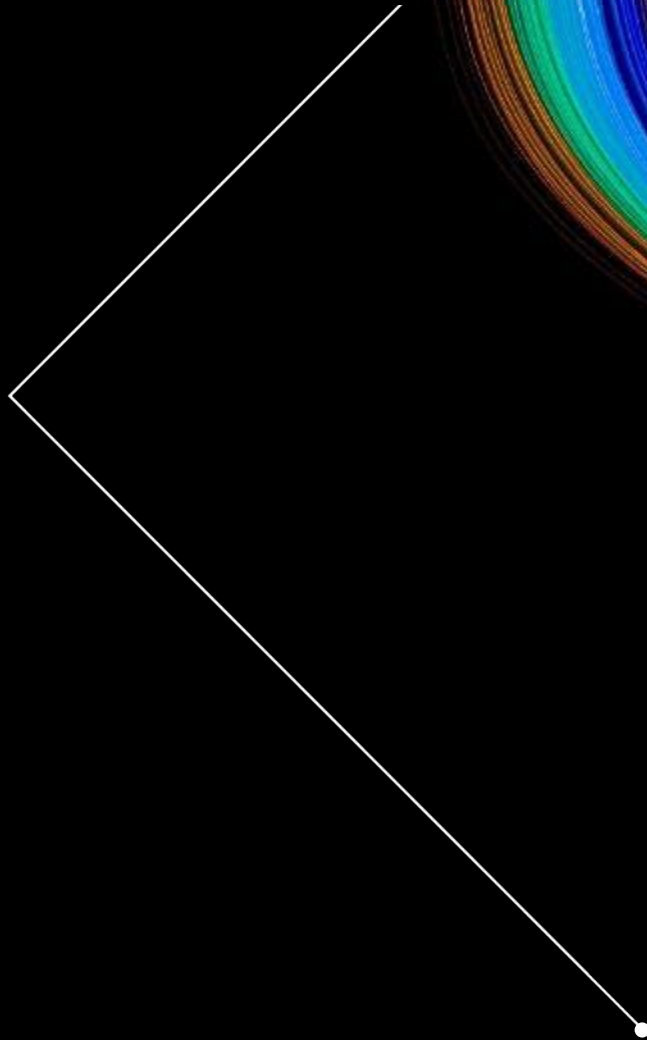
I can confirm under the FCA rules ESG 2.2.7, ESG 4.3.1 and ESG 5.6.8, that the disclosures in this report, including any third party or group disclosures cross-referenced in it, comply with the requirements stated in the FCA's Environmental, Social and Governance sourcebook.

Best wishes,

A handwritten signature in black ink, appearing to read 'MH', with a long, sweeping horizontal line extending to the right.

**Matthew Higginbotham**

# Introduction



## Reporting Approach: SDR built on TCFD reporting

This SDR entity report covers the period 1 January to 31 December 2024 and builds on and leverages HAMF's Taskforce on Climate-Related Financial Disclosure (TCFD) entity report recently published in June 2025.

Additional SDR entity level commentary is included in this document. This should be read alongside the [HAMF TCFD report](#) with respect to climate-related disclosures.

In line with guidance in the FCA's ESG Sourcebook, we have considered the following as a starting point, when deciding what additional sustainability-related information to include in this SDR entity report over and above the climate-related information already included in the TCFD entity report, alongside a materiality assessment:

- ◆ International Financial Reporting Standards S1 (IFRS S1) General Requirements for Disclosure of Sustainability-related Financial Information
- ◆ Standards from the Sustainability Accounting Standards Board (SASB)
- ◆ The Global Reporting Initiative Standards (GRIS)

The scope of this report covers the assets where HAMF was the management company for the reporting period 1 January 2024 to 31 December 2024. During this period, the UK Authorised Corporate Director (ACD) responsibilities were transitioned from HSBC Global Asset Management (UK) Limited to HAMF on 29 July 2024.

Throughout this report we refer to activities of HAMF and our parent HSBC Global Asset Management Limited (HSBC AM), both of which form part of HAMF's approach to climate and sustainability. Depending on the context, 'we' means either or both HAMF or HSBC AM. HAMF shares policies and principles with the wider HSBC AM business, while respecting local regulatory requirements.



## Sections in this report

This report is structured in four sections, in line with SDR and TCFD recommendations.

Additional SDR entity level commentary is included in this document. This should be read alongside the [HAMF TCFD report](#) with respect to climate-related disclosures.

### 1. Governance section

Here we discuss HAMF's governance around sustainability-related risks and opportunities.

### 2. Strategy section

Here we discuss the actual and potential impacts of sustainability-related risks and opportunities on HAMF's business, strategy and investment management.

### 3. Risk Management section

Here we discuss the processes used by HAMF to identify, assess and manage sustainability-related risks.

### 4. Metrics and Targets section

Here we share the metrics and targets used to assess and manage relevant sustainability-related risks and opportunities.



## Cautionary statements regarding ESG data, metrics and forward-looking statements

In preparing the information contained in this report, we have made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. We have used ESG (including climate) data, models and methodologies that we consider, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse emissions, to set sustainability-related targets and to evaluate the classification of sustainable investments.

However, these data, models and methodologies (including third party proprietary estimation models, methodologies, assumptions, techniques and model data inputs that are not made public) are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles.

In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to evolve.

We also face challenges in relation to the lack of consistency and comparability between data that is available and the use of proprietary models, estimates and proxies by data vendors to address gaps in data from issuers. Consequently, the information and ESG metrics disclosed in this report carry an additional degree of inherent risk and uncertainty.

Due to the unpredictable evolution of climate change and its future impact and the uncertainty of future policy and market response to sustainability-related issues and the effectiveness of any such response, HSBC AM may have to re-evaluate its progress towards its sustainability ambitions, commitments and targets in the future, update the methodologies it uses or alter its approach to sustainability (including climate) analysis and may be required to amend, update and recalculate its sustainability disclosures and assessments in the future, as market practice and data quality and availability develop.



## Cautionary statements regarding ESG data, metrics and forward-looking statements

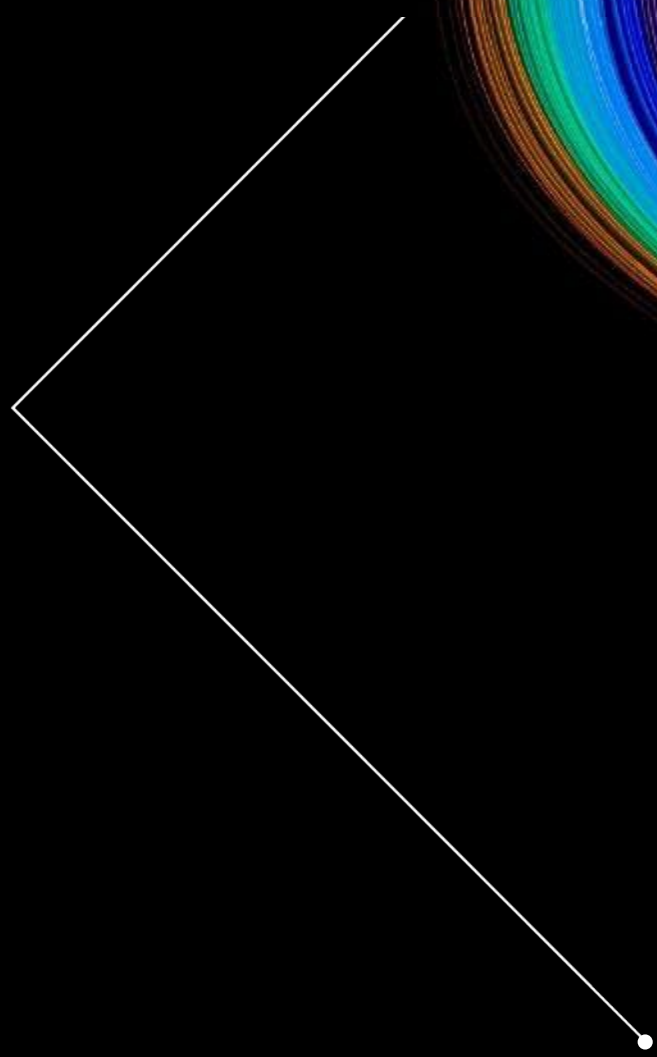
No assurance can be given by or on behalf of HSBC AM or HAMF as to the likelihood of the achievement or reasonableness of any estimates, targets, commitments or ambitions contained herein. Readers are cautioned that a number of factors, both external and those specific to HAMF's clients, could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any ESG-related forward-looking statement or metric due to a variety of risks, uncertainties and other factors (including without limitation those referred to below):

- ◆ **Climate change projection risk:** this includes, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts
- ◆ **ESG projection risk:** ESG metrics are complex and are still subject to development. In addition, the scenarios employed in relation to them, and the models that analyse them, have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology-driven outcomes
- ◆ **Changes in the sustainability regulatory landscape:** this involves changes in government approach and regulatory treatment in relation to sustainability disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to sustainability across all sectors and markets
- ◆ **Variation in reporting standards:** sustainability reporting standards are still developing and are not standardised or comparable across all sectors and markets, new reporting standards in relation to different ESG metrics are still emerging
- ◆ **Data availability, accuracy, verifiability and data gaps:** our disclosures are limited by the availability of high-quality data in some areas and our own ability to timely collect and process such data as required. Even the most recent available data obtainable from vendors may relate to underlying data for periods earlier than the year ended 31 December 2024. Where data is not available for all sectors or consistently year on year, there may be an impact to data quality. While we expect data quality to improve over time, as issuers continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be unexpected fluctuations within sectors year on year, and/or differences between the data quality across varied sectors. Any such changes in the availability and quality of data over time, could result in revisions to reported data going forward, meaning that such data may not be reconcilable or comparable year-on-year
- ◆ **Developing methodologies and scenarios:** the methodologies and scenarios HAMF uses to assess emissions and set sustainability-related targets may develop over time in line with market practice, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data, including on emissions or the classification of sustainable investments, meaning that data outputs may not be reconcilable or comparable year-on-year

Any forward-looking statements made by or on behalf of HAMF speak only as of the date they are made. HAMF expressly disclaims any obligation to revise or update these ESG forward-looking statements, other than as expressly required by applicable law.



# Governance



# Entity-level information for non-labelled products with sustainability characteristics

The FCA’s ESG Sourcebook requires firms to provide entity-level information for investment products that use certain sustainability-related terms in their name or in their financial promotions. We refer to these as “non-labelled products with sustainability characteristics”. SDR requires non-labelled products with sustainability characteristics, including investment funds, to meet certain naming and marketing requirements (“SDR Naming and Marketing Rules”) as set out in the FCA’s ESG Sourcebook. The funds listed below underwent name changes earlier this year to ensure alignment with the SDR Naming and Marketing Rules.



Global Responsible Multi-Asset Cautious Portfolio



Global Responsible Multi-Asset Conservative Portfolio



Global Responsible Multi-Asset Balanced Portfolio



Global Responsible Multi-Asset Dynamic Portfolio



Global Responsible Multi-Asset Adventurous Portfolio



Developed World Lower Carbon ESG Tilt Equity Index Fund



USA Lower Carbon ESG Tilt Equity Index Fund

The information provided in this section complements our climate-related disclosures under the TCFD framework.

For more information on the sustainability characteristics of the above named funds, together with details of their exclusions and sustainability metrics, please refer to the Consumer-Facing Disclosures (“CFDs”). Links to the CFDs are provided by clicking on the images above.

## Governance and ESG oversight for non-labelled products with sustainability characteristics

### Sustainability Governance Framework

During 2024, all our non-labelled products with sustainability characteristics were governed through the same structures outlined in the Governance section of the [TCFD report](#) (pages 13–19).

In 2025, we updated our sustainability governance framework to maintain strategic oversight, accountability, effective decision-making, assurance, and delivery of our sustainable investing activities. As part of these updates, the ESG Investment Committee was renamed the Responsible Investment Committee (RIC). Additionally, we established the Asset Management Sustainability Oversight Committee (AMSOC) and the Responsible Investment Operations Committee (RIOC). The Sustainability Forum’s responsibilities have been integrated by these new committees and the Forum has now been demised.

Sustainability Governance Forums	Responsibilities
Asset Management Sustainability Oversight Committee (AMSOC)	<ul style="list-style-type: none"> <li>◆ The Asset Management Sustainability Oversight Committee (AMSOC) is a sub-committee of the Asset Management Global Operating Committee (AMOpCo)</li> <li>◆ AMSOC oversees the implementation of sustainability strategy across all Asset Management locations, ensuring alignment with HSBC Group’s sustainability strategy</li> <li>◆ <b>Chair:</b> AM Chief Executive Officer</li> </ul>
Responsible Investment Committee (RIC)	<ul style="list-style-type: none"> <li>◆ The Responsible Investment Committee (RIC) is a sub-committee of the Asset Management Sustainability Oversight Committee (AMSOC)</li> <li>◆ The RIC determines proposals for Responsible Investment (RI) strategy, positioning and policies. It seeks to develop and strengthen internal processes to implement RI policies and investment objectives, across investment teams, functions and regions</li> <li>◆ <b>Chair:</b> Global Chief Investment Officer</li> </ul>
Responsible Investment Operations Committee (RIOC)	<ul style="list-style-type: none"> <li>◆ The Asset Management Responsible Investment Operations Committee (RIOC) is a sub-committee of the Asset Management Sustainability Oversight Committee (AMSOC)</li> <li>◆ RIOC oversees the operational implementation and changes relating to RI strategy, policies and commitments, including regulatory, product and operational changes</li> <li>◆ <b>Chair:</b> Global Chief Operating Officer</li> </ul>

## Governance and ESG oversight for non-labelled products with sustainability characteristics

### Oversight of ESG Data and Due Diligence

#### 1. Selection of data sets used to inform investment decisions

In line with our responsible investment policies and risk management framework, the Investment and RI teams work together to assess what data sets are required for our funds in relation to investment decision making, investment restrictions, risk monitoring, regulatory reporting and client reporting requirements (e.g. Factsheets, Key Investor Information Documents (KIIDs), TCFD Product Reports, Prospectuses, SDR Pre Contractual Disclosures and SDR Client Facing Disclosures). Once these data sets have been defined, selected and agreed upon, we then use in-house and third party research and data to provide the information.

The below table provides examples of selection criteria and monitoring for external data service providers.

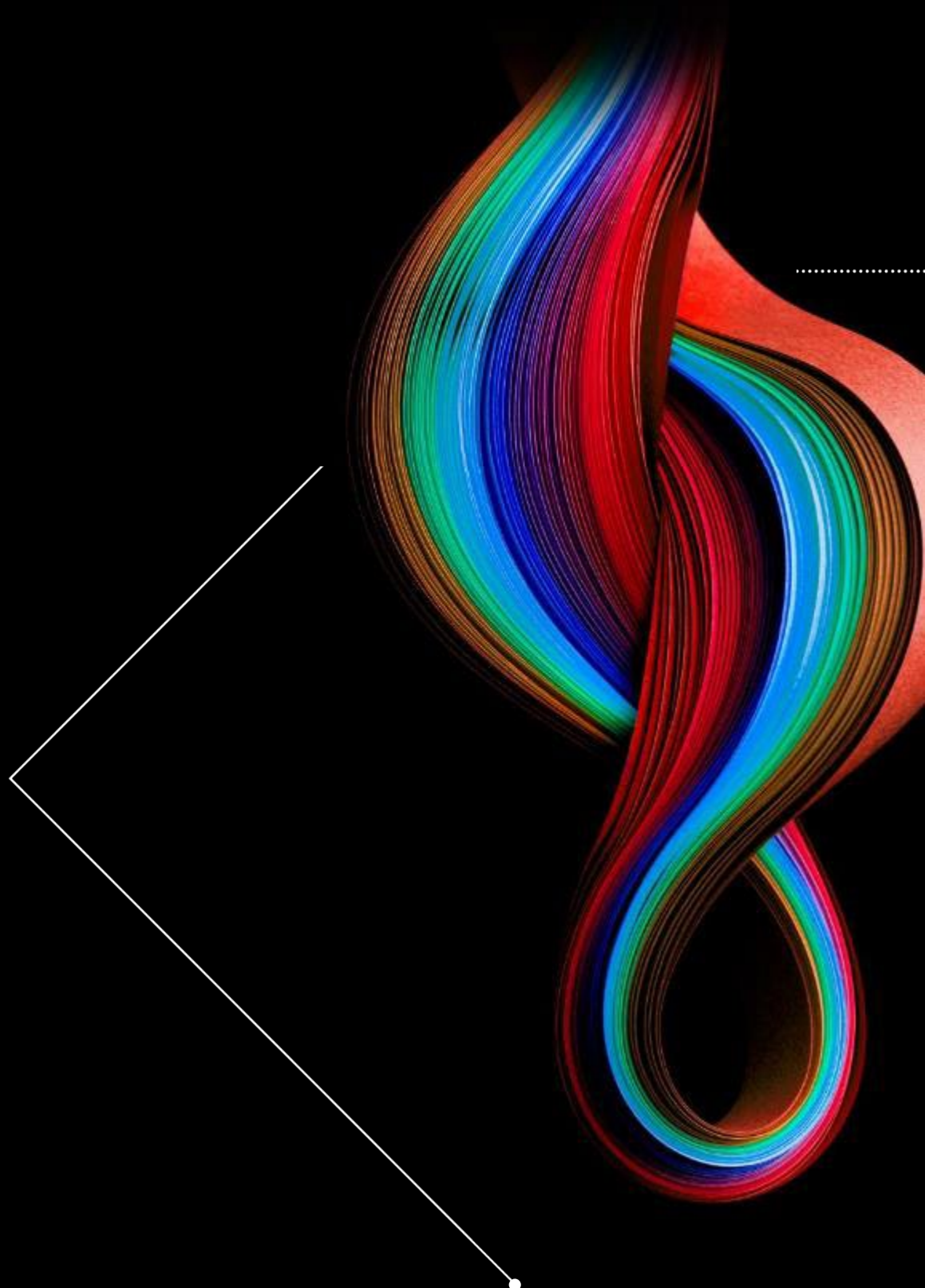
Selection Criteria	Description
Data Quality	Assesses data collection methodology, sources, and processes for accuracy, completeness, consistency, and reliability.
Data Standards	Ensures adherence to recognised standards and robust quality assurance.
Coverage and Scope	Evaluates the breadth and depth of coverage across sustainability factors, industries, and geographies. Data providers should meet specific data needs linked to tangible requirements like public commitments or regulatory requirements.
Data Transparency	Seek providers with transparent data collection and reporting practices, including disclosure of methodologies, assumptions, and limitations.
Timeliness and Frequency	Ensures data updates are timely and meet business outcomes. As ESG data is constantly evolving, reviews may ensure providers have access to up-to-date information and understanding of reporting values (end-of-year, monthly, daily).
Data Consistency	Verifies consistency in data collection and reporting over time.
Data Relevance	Assesses alignment of data with sustainability goals, strategies, and reporting requirements.
Data Integration	Checks for available documentation, data dictionaries, and industry-standard codes for easy data linking. Establish KPIs and service level agreements to ensure consistent information capture and performance monitoring.

#### 2. Monitoring ESG data providers can include, for example:

- ◆ Regular reviews of third party ESG data providers
- ◆ Review meetings to address any issues and discuss enhancements
- ◆ Understanding the providers' coverage universe to ensure analysis of comparable ESG data
- ◆ Evaluation on how providers assist in implementing policies

Third party providers typically offer information based on historical data and disclosures and coverage may be limited in certain markets, particularly for smaller capital companies. Please also see our cautionary statements regarding [ESG data, metrics and forward-looking statements](#).

Strategy



## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF's business, strategy and financial planning

As part of our commitment to responsible investment and regulatory transparency under the UK SDR, an entity-level materiality assessment was undertaken to identify which sustainability-related risks and opportunities are material to our business. This assessment was conducted by our Responsible Investment team using Principal Adverse Impact indicators as well as considering regulatory expectations, stakeholder relevance, and alignment with our responsible investment policies and risk management framework (see pages 38-48 in the Risk Management section of the [TCFD report](#)).

A Principal Adverse Impact is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

Following the entity-level materiality assessment, various sustainability-related risks and opportunities have been identified which include a broad spectrum of climate, environmental, social, and human rights considerations.

We recognise that sustainability risks may lead to outcomes that have adverse impacts on the value of the financial products. Our integration of environmental, social and governance factors as set out in our responsible investment policies and standards addresses material negative environmental and/or social outcomes that may arise in pursuing the investment objective.

We consider these impacts in our voting and engagement, and in further policies which express our sustainability objectives and set out the actions we take to reach them. This approach helps us to manage these adverse impacts and sustainability risks in our investments.



## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF's business, strategy and financial planning

We consider sustainability policies in our investment process through integration, engagement and/or exclusion. For our investment products, relevant principal adverse impact indicators will be reflected in portfolio construction through screening<sup>1</sup>, tilting and other techniques, where applicable.

We explain our approach to voting at company meetings in our Global Voting Guidelines; companies which do not adequately manage adverse impacts may face a stewardship escalation process where options include voting against certain management proposals, including director (re)elections, and co-filing shareholder proposals.

Our Stewardship Plan sets out our approach to engagement, including escalation of engagement where companies do not respond adequately to concerns raised regarding adverse impacts.

We give further details on our expectations for companies in their management of adverse impacts in our [Stewardship Plan](#).

Further details of our approach for screening, investment process and engagement are set out in specific policies and commitments, including our Banned Weapons, Energy and Thermal Coal policies.

HSBC AM's current policies can be found here: [Policies and Disclosures](#)

1. Screening: Applying rules to a universe of securities, issuers, investments, sectors or other financial instruments to rule investments in or out, based on pre-specified criteria which might include an investor's preferences or investment metrics and are part of an investment process or reflect a client or fund mandate. When used as an ESG incorporation approach, screening can be positive, best-in-class, norms-based or negative.



## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF's business, strategy and financial planning

HSBC Asset Management recognises that sustainability-related risks and opportunities may significantly impact our investments. We have a range of policies and external commitments that detail our approach to critical issues such as financed emissions, energy, thermal coal, biodiversity, human rights and banned weapons.

### Biodiversity

We recognise that nature and biodiversity issues may present risks and opportunities to companies, which could have a material effect on a company's risk profile and financial performance over various investment time horizons.

HSBC AM engages with priority companies where bioeconomy and natural capital<sup>1</sup> are relevant issues as defined in our Stewardship Plan<sup>2</sup>. These companies are encouraged to develop company wide plans and prioritise action to mitigate biodiversity risks and identify opportunities. Many of the companies that we engage with are held within HAMF portfolios.

In addition to engagement with priority companies, HSBC AM also aims to collaborate and share knowledge and assess biodiversity-related metrics amongst other activities as part of the Finance for Biodiversity Pledge.

1. The bioeconomy, in this context, refers to an economic system that utilises biological resources, such as plants, animals, and microorganisms, to produce food, materials, and energy. Natural capital refers to the world's stocks of natural assets, including geology, soil, air, water, and all living things.
2. HSBC Asset Management's Stewardship Plan is available [here](#).





## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF's business, strategy and financial planning

### Human Rights

Our commitment to the UN Global Compact is also an important element of our responsible investment policies. As investors, we support the ten principles covering human rights, labour issues, environmental action and anti-corruption. We use data from a third party research provider to monitor sustainable investments for involvement in controversies which include potential breaches of UN Global Compact principles, where these securities are held in ESG and Sustainable active fundamental portfolios.<sup>1</sup>

We acknowledge the important role that business plays in respecting human rights. If mismanaged or left unaddressed, human rights violations may materialise as business risks, negatively impacting investee companies' operations, supply chains or brand. These may, in turn, present risks both to client investments and reputations.

We engage with companies prioritised for purposeful engagement under our Stewardship Plan on topics relevant to investee companies, including human rights.

### Banned Weapons

Strategies will not invest in companies and/or issuers HSBC AM considers to be directly involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of banned weapons. Under our Banned Weapons Policy, which was reviewed during 2024, the active, systematic, and index portfolios that HAMF manage do not hold listed or unlisted equities and bonds issued by companies assessed to have proven involvement in weapons banned by certain international conventions, including anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions, and non-detectable fragments.<sup>2</sup>

1. Please note multi-asset or fund of fund strategies utilising third party, systematic or passive funds may be unable to implement certain aspects of these guidelines with potential limited exposure to issuers that would otherwise be excluded. Non-labelled multi-asset or fund of funds strategies with sustainable characteristics will seek strategies with aligned/similar restrictions where these are available. For the funds that are passively managed and have as an investment objective to track as closely as possible the returns of their underlying index, all screening criteria are applied at the index level. The index is rebalanced in accordance with its index rules, as outlined in the Index methodology document. However, HSBC monitors the index providers' approach as per its regulatory requirements and may also engage with the index providers to discuss index construction and changes that occurred as a result of an index rebalance.
2. Please note multi-asset or fund of fund strategies utilising third party, systematic or passive funds may be unable to implement certain aspects of this exclusion standard. Non-labelled multi-asset or fund of funds strategies with sustainable characteristics will seek funds with aligned/similar restrictions where these are available.



## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF's business, strategy and financial planning

**Below we outline the sustainability-related topics that we deem material to HAMF:**

### **Financed Emissions**

Our lead entity, HSBC Global Asset Management Limited (HSBC AM), has set an interim financed emissions target. Further details can be found within the Metrics and Targets section of the [TCFD report](#) – see page 69.

### **Energy Transition**

During 2023, we published our [Energy Policy](#) outlining our approach for considering climate change risks and opportunities in the oil and gas, and power and utilities sectors. It is aligned with the HSBC Energy Policy. The policy was reviewed in 2024. Details are covered under the Risk Management section of the [TCFD report](#) – see page 43.

Multi-asset or fund of fund strategies utilising third party, systematic or passive funds may be unable to implement certain aspects of the Energy Policy, with potential limited exposure to issuers that would otherwise be excluded. However, our non-labelled multi-asset or fund of funds strategies with sustainable characteristics seek funds with aligned or similar restrictions where these are available.

We engage with and undertake transition plan assessment of listed equity and corporate fixed income issuers responsible for around 70 per cent of relevant emissions in the oil and gas, and power and utilities sectors under our direct investment control and managed within our main investment hubs. It therefore covers active fundamental, active systematic and passive holdings.



## Actual and potential impacts of material sustainability-related risks and opportunities on HAMF’s business, strategy and financial planning

### Thermal Coal

During 2024, we reviewed our [Thermal Coal Policy](#), first published in 2022.

Phasing out thermal coal is a priority for early action in achieving net zero emissions. Burning coal for electricity generation is one of the most carbon emission intensive activities in the economy.

Many countries are well advanced in phasing out thermal coal power, but some emerging markets still rely on coal for most of their electricity and need more time for the transition. For that reason, our Thermal Coal Policy allows more time for the emerging markets to phase out thermal coal. Details are covered under the Risk Management section of the [TCFD report](#) – see page 43.

The most significant reduction in Greenhouse Gas emissions will be secured by companies active in the fossil fuel sector achieving a transition away from their dependency on fossil fuel. For that reason, our lead entity favours engagement in support of robust transition plans.

The Thermal Coal Policy commits actively managed portfolios to phase-out thermal coal by 2030 for EU/OECD markets and 2040 for all other markets. This thermal coal phase-out commitment in the Thermal Coal Policy does not apply to index funds.

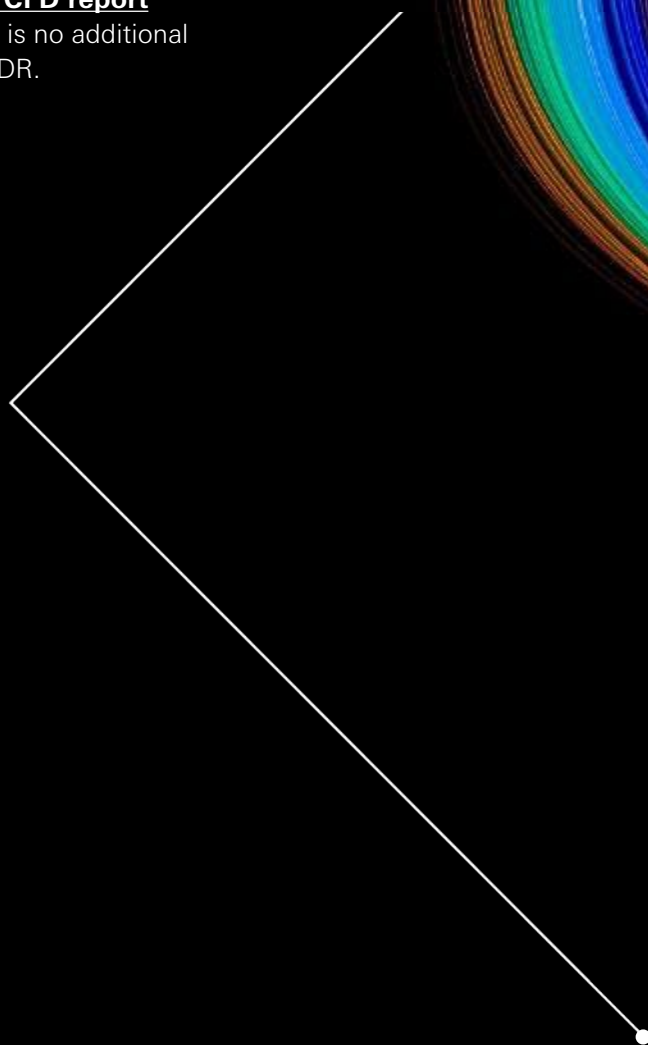
HAMF has two index funds which are classified under SDR as non-labelled products with sustainable characteristics, the Developed World Lower Carbon ESG Tilt Equity Index Fund and the USA Lower Carbon ESG Tilt Equity Index Fund. These two funds were launched before the Thermal Coal Policy and hence, the restrictions on thermal coal mining and thermal coal-fired power generation do not apply.

Multi-asset or fund of fund strategies utilising third party, systematic or passive funds may be unable to implement certain aspects of the Thermal Coal Policy, with potential limited exposure to issuers that would otherwise be excluded. Our non-labelled multi-asset or fund of funds strategies with sustainable characteristics seek funds with aligned or similar restrictions where these are available.

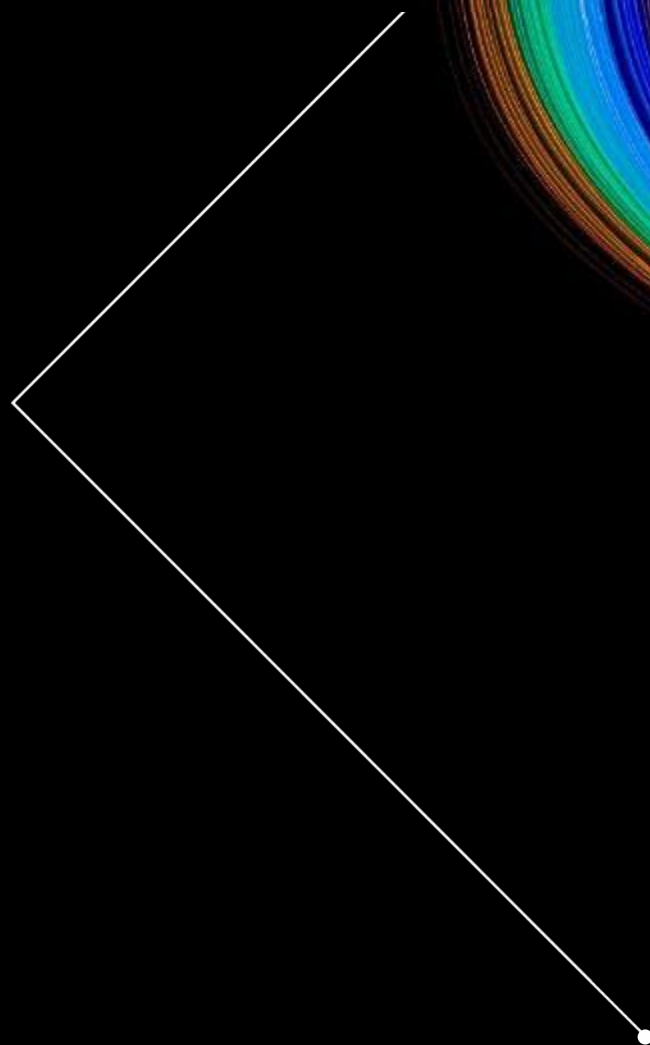


# Risk Management

Please refer to the **Risk Management section** of the **HAMF TCFD report** (pages 37 – 48) as there is no additional information related to SDR.



# Metrics and Targets



## SDR metrics and target disclosures

This section complements the Metrics and Targets pillar of the TCFD framework by incorporating additional disclosures aligned with the FCA's Sustainability Disclosure Requirements (SDR).

Sustainability-related topics that are relevant to HAMF are detailed in the [Strategy section](#) of this report. When considering these sustainability-related topics, we disclose metrics for the following which were deemed most relevant for HAMF, based upon our materiality assessment, and reflecting the nature and scale of our business.

### Climate-related Indicators:

#### Greenhouse Gas (GHG) Emissions:

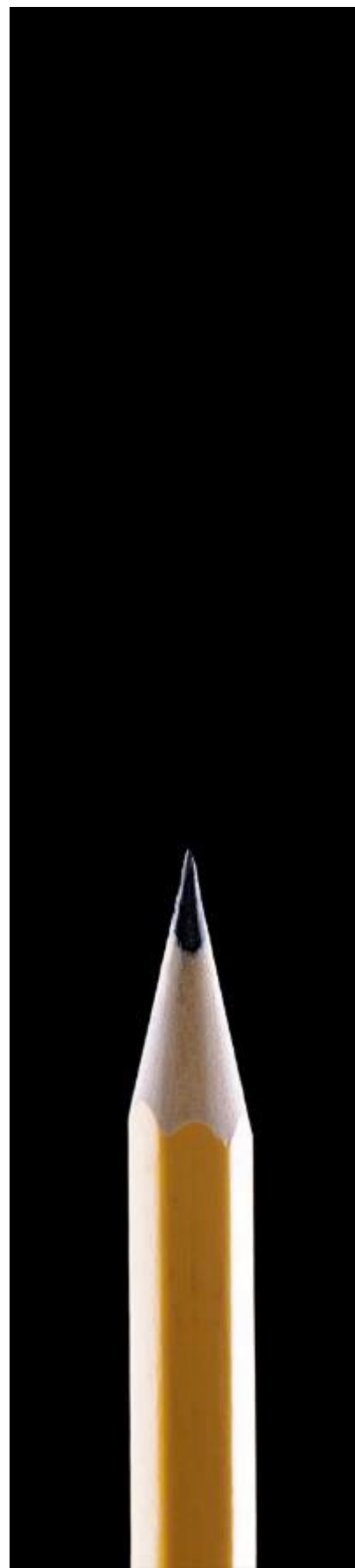
Monitoring absolute greenhouse gas emissions of investee companies forms a foundational aspect of our climate strategy and net zero ambitions. Similar metrics are disclosed in our [TCFD disclosures](#) as "Total Carbon Emissions" metric – refer to page 59.

#### Carbon Footprint:

This reflects total emissions relative to assets under management and provides an aggregate measure of emissions exposure across the portfolio. Similar metrics are disclosed in our [TCFD disclosures](#) as "Total Carbon Footprint" metric, expressed in tonnes of CO<sub>2</sub>e per USD million invested – refer to page 58.

#### GHG Intensity of Investee Companies:

This measure enables us to understand emissions efficiency and the transition readiness of portfolio companies. Similar metrics are disclosed in our [TCFD disclosures](#) as "Weighted Average Carbon Intensity (WACI)" metric – refer to page 57, which captures emissions intensity per unit of revenue or GDP (for sovereigns).



## SDR metrics and target disclosures

### Exposure to companies active in the fossil fuel sector:

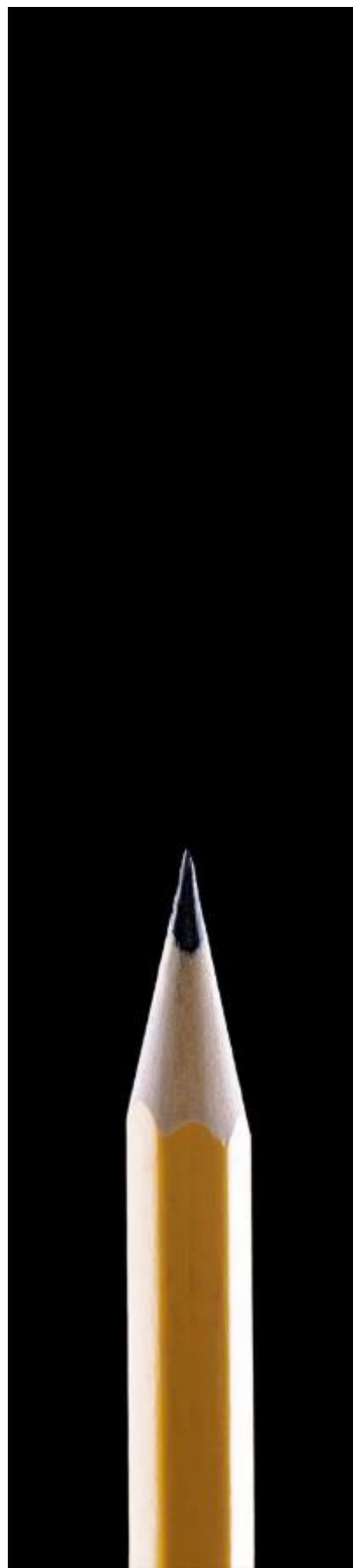
This metric represents the share of the portfolio's corporate assets with active exposure to companies involved in fossil fuel-related activities. It includes companies generating revenue from thermal coal extraction, oil and gas production, fossil fuel-based power generation, and products or services supporting fossil fuel operations.

### Scope

The fossil fuel exposure metrics applies to corporate issuers (both listed equity and corporate fixed income) held across portfolios managed by HAMF. Sovereigns and supranational holdings are excluded. The analysis identifies companies with material involvement in fossil fuel-related activities based on revenue thresholds and sector classification data from external ESG providers.

### Units

Percentage of Assets under Management (AuM) - % of investments with fossil fuel involvement.



## SDR metrics and target disclosures

### Calculation Methodology

The metric reflects the proportion of the investments in companies with revenues explicitly tied to fossil fuel activities, including thermal coal extraction, thermal coal power generation, oil and gas production, power generation and supporting products and services.

**Exception:** To ensure appropriate classification, for Oil and Gas supporting products and services only companies classified within the energy sector are considered to ensure that pure Oil and Gas supporting product and service subsidiaries are captured. Only companies from the energy sector will be included in the calculation for this sub-indicator. It limits the scope of "Oil and Gas – Supporting Products and Services revenue" to companies in the energy sector with revenues explicitly tied to oil and gas activities and excludes companies providing indirect support product and services (e.g. IT or data management).

For Thermal Coal, we will maintain the existing scope to capture activities such as the transportation and processing of thermal coal, consistent with Sustainalytics' methodology.

It is important to note that a fossil fuel share of zero is assigned to certain internally approved green bonds issued by companies operating in the fossil fuel sector, where the proceeds are ring-fenced for environmentally beneficial projects. This treatment is aligned with the International Capital Market Association (ICMA) Green Bond principles and applies only where the bonds have been assessed and approved internally against such standards.

Investments flagged under the criteria above are aggregated and expressed as a percentage of total AuM, where data is unavailable, holdings may be excluded from the calculation.

### Threshold

The threshold for all indicators, including thermal coal extraction, thermal coal power generation, thermal coal supporting products and services, oil and gas production, oil and gas generation, and oil and gas supporting products and services, is set at 0%, with no sector limitations, except for oil and gas supporting products and services, where the Global Industry Classification Standard (GICS) sectors classification must be "Energy" and is not considered if GICS sectors level data is unavailable.





## SDR metrics and target disclosures

### Data Source

Company revenue data used for this metric is collected from Morningstar Sustainalytics, an external ESG data provider. Sustainalytics identifies fossil fuel involvement based on company-level revenue disclosures and estimates across a wide range of fossil fuel activities including:

### Thermal Coal

- ◆ Thermal coal extraction
- ◆ Thermal coal power generation
- ◆ Thermal coal supporting products and services

### Oil and Gas

- ◆ Oil and Gas production
- ◆ Oil and Gas generation
- ◆ Oil and Gas supporting products and services

Fossil fuel involvement data is updated periodically and reflects the latest available information as of 31 December 2024.

Fossil fuel exposure and data coverage for HAMF (as of 31 Dec 2024)

Metric	% of total AuM
Exposure to companies active in the fossil fuel sector	8.33%

Eligibility = 88.66%

Coverage = 87.69%

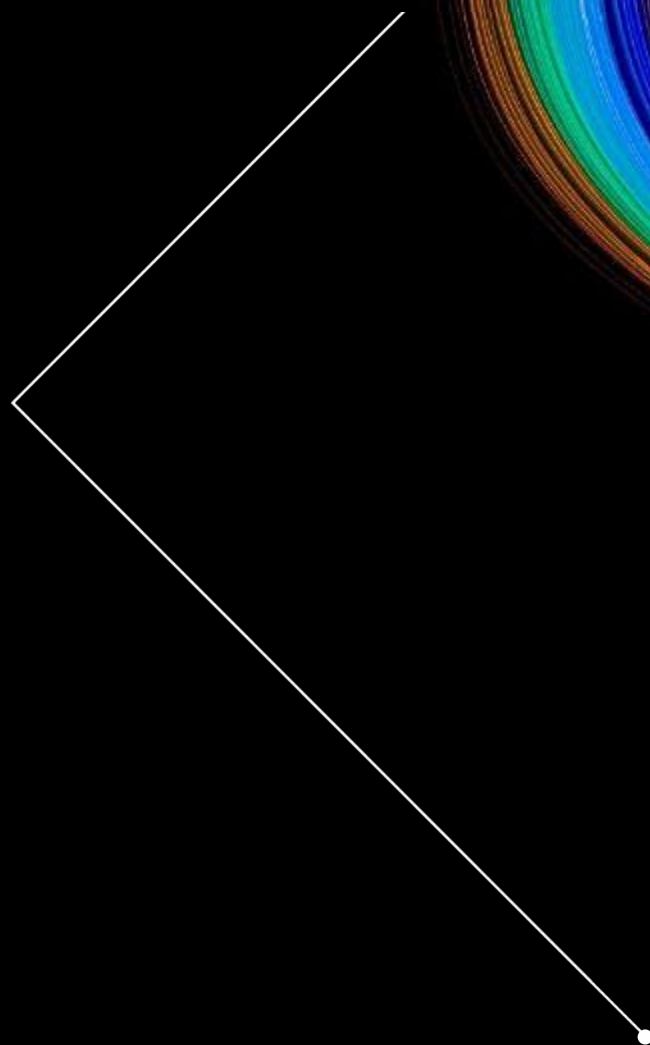
Data Vendor: Morningstar Sustainalytics

### Financial Impact of sustainability-related risks and opportunities within our financial planning

HAMF is not using sustainability-related scenarios within our financial planning at present. Financial planning is carried out on a 5-year cycle so in line with these planning cycles, we will continue to assess whether sustainability scenarios could be introduced in our financial planning.



Important  
Information



The material contained in this SDR report is for information only. This document is not contractually binding. It does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This material is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way, HSBC Asset Management (Fund Services UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Asset Management (Fund Services UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

Sustainalytics: This report contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third parties suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

Approved for issue in the UK by HSBC Asset Management (Fund Services UK) Limited, who are authorised and regulated by the Financial Conduct Authority.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entity, HSBC Asset Management (Fund Services UK) Limited.

[www.assetmanagement.hsbc.co.uk](http://www.assetmanagement.hsbc.co.uk)

Copyright © HSBC Asset Management (Fund Services UK) Limited 2025. All rights reserved.

