

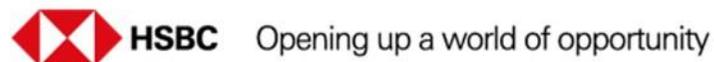
HSBC Asset Management Financed Emissions Disclosures

Reporting Criteria

February 2026

For Professional Clients Only

Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>.



This technical supplement provides further detail on the methodology used to measure HSBC Asset Management’s (HSBC AM) financed emissions metrics, including the baseline, current and comparative years.

HSBC AM published an interim target to reduce the Scope 1 and 2 financed emissions intensity of in scope assets under management by 58% between 2019 and 2030¹. As of 31 December 2019, in scope assets amounted to \$193.9bn, equating to 38% of total global AUM across all asset classes and entities.

The reporting period is the 12-month period ending 31 December². The issuer level company values and emissions data are the prior period closest to 31 December available at the calculation date from HSBC AM’s data providers.

Definition	HSBC AM’s financed emissions intensity represents tonnes of greenhouse gas (GHG) emissions equivalent per million US dollar invested.
Scope	HSBC AM’s financed emissions intensity target, and the annual financed emissions reporting, applies to listed equities and corporate fixed income managed in our major investment hubs ³ . It excludes Multi Asset capabilities. It covers Scope 1 and 2 GHG emissions of investee companies only.
Units	HSBC AM reports the financed emissions intensity of the in scope portfolio, the covered assets under management (AUM), and the Partnership for Carbon Accounting Financials (PCAF) data quality score (DQS). Scope 1 and 2 financed emissions intensity: tCO ₂ e/\$ million Assets under management (AUM) in scope: \$ billion PCAF data quality score (DQS): 1 to 5 scale from PCAF, weighted by market value ⁴
Calculation methodology	Financed emissions and financed emissions intensity (using economic emissions intensity) are calculated based on guidance from PCAF ⁵ which defines how financial institutions should account for the emissions attributed to their investments. Financed emissions of a company are calculated by multiplying the emissions of the company by an attribution factor. The attribution factor is calculated by dividing HSBC AM’s invested amount in the company shares or corporate bonds by the economic value of the financed company. The financed emissions of a portfolio is the sum of the financed emissions of the companies in which the portfolio invests in. Financed emissions intensity is calculated by dividing the total financed emissions by HSBC AM’s total invested amount in the company shares and corporate bonds.

¹ Interim target published in November 2022. Our targets remain subject to consultation with stakeholders, including investors and fund boards on whose behalf we manage the assets. The 58% reduction target is based on assumptions for financial markets and other data, including the IEA’s 2021 Net Zero Emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO₂e/US\$Mn invested), where emissions are scaled by enterprise values including cash. The achievement of this target is subject to market conditions, data availability, regulatory developments, and other factors outside HSBC AM’s direct control. There is no guarantee that this target will be met.

² Holdings data as of 31 December or the last business day of the year.

³ As of 31 December 2024 total assets in our major investment hubs represented over 80% of total global assets under management.

⁴ From 2024, PCAF DQS is weighted by market value to better align to the PCAF Standard A (2022) (refer to footnote 5). In prior years, PCAF Data Quality Score was weighted by financed emissions. Some movement in PCAF DQS in 2024 is attributed to this change in weighting approach. Changes to methodology between reporting periods may affect year-on-year comparability and users should exercise caution when comparing across different reporting periods.

⁵ The Partnership for Carbon Accounting Financials (PCAF) defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standard for Financed Emissions provides detailed methodological guidance to measure and disclose financed emissions. PCAF Standards are available at: <https://carbonaccountingfinancials.com/standard>. HSBC Asset Management reports financed emissions based on Part A – Financed emissions 2nd edition (2022).

	<p>Company values are measured using enterprise value including cash (EVIC) for publicly listed companies, which is defined as the sum of the market capitalisation of ordinary shares and preferred shares, the book values of the total debt and minorities' interests and the cash, at fiscal year-end.</p> <p>The value for private companies is measured by the sum of total company equity and debt, which can be found on the company's balance sheet, as no market value for equity is available in the case of private companies⁶. If total debt or total equity are not available, financial institutions can use the total balance sheet value (i.e. the sum of total equity and liabilities, which is equal to the company's total assets).</p>
<p>Data sources</p>	<p>Financed emissions metrics are based on both issuer level financial data collected from internal HSBC AM financial reporting systems, company EVIC data collected from Bloomberg, an external data provider, and company emissions data collected from S&P Trucost, an external data provider. Due to company EVIC and emissions data coming from external providers, data mapping logic is required to match the external data to internal HSBC AM financial reporting systems.</p> <p>EVIC data:</p> <ul style="list-style-type: none"> • EVIC data is provided by Bloomberg in USD, using latest publicly available company data⁷ • For listed companies, EVIC is derived from the sum of market capitalisation of ordinary shares, market capitalisation of preferred shares, long-term and short-term debt, and minorities' interest • For private companies, EVIC is derived from total equity, and long-term and short-term debt <p>Emissions data:</p> <ul style="list-style-type: none"> • S&P Trucost maintains a database of historic company emissions, based on company disclosures or estimated by S&P Trucost in the absence of company reported data. • Regarding the different types of GHG emissions measured, HSBC AM incorporate all greenhouse gases included in the data of external data providers, including carbon dioxide (CO₂), methane (CH₄) Nitrous oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbon's (PFCs), Sulfur Hexafluoride (SF₆), These GHG emissions are measured in tonnes of CO₂ equivalent (CO₂e) using the Global Warming Potential framework⁸. • The company-disclosed, non-modelled data used by the provider, "comes from a variety of publicly disclosed sources such as company financial reports (Annual Reports, Financial Statements, 10-K/20-F reports, SEC/regulatory filings) and environmental data sources (CSR, Sustainability or Environmental Reports, the CDP, EPA filings) in addition to data published on company websites or other public sources."⁹

⁶ For private companies, PCAF specifies that, “In cases where the total company equity value according to the client’s balance sheet is negative... the financial institution shall set total equity to 0; this means that all emissions are attributed to debt only, while no emissions are attributed to equity investments”.

⁷ For some companies (contributing to around 1% of total financed emissions), the only EVIC data available from the external data provider is from 2022 or earlier.

⁸ Global Warming Potential (GWP): An index, based on radiative properties of greenhouse gases (GHGs), measuring the radiative forcing following a pulse emission of a unit mass of a given GHG in the present-day atmosphere integrated over a chosen time horizon, relative to that of carbon dioxide (CO₂). The GWP represents the combined effect of the differing times these gases remain in the atmosphere and their relative effectiveness in causing radiative forcing. Estimates of GWP are periodically compiled, revised, and published in IPCC reports. The last revision dates from 2021, in the IPCC AR6 report.

⁹ S&P Trucost (2019).

	<ul style="list-style-type: none"> • When data is not disclosed, or does not cover all operations or gases, S&P Trucost produces estimates¹⁰. The model uses data on direct emissions from various distinct industry sectors, like emission intensity factors in units of emissions per dollar of industry output (or company revenue), sourced from national, international, industry and company databases. S&P Trucost uses country specific data when possible. • The emissions data used by HSBC AM is based on the latest available data provided by S&P Trucost. • When emissions data is not available from S&P Trucost, company emission intensities are estimated by HSBC AM. When company values and GICS sub-industry classifications are available, HSBC AM estimate the emissions of a company by multiplying its company value by the median sub-industry emission intensity, based on available data. For cases where company values were not available, HSBC AM use the average company sector emission intensity as a proxy of the company emission intensity.
Data quality	<p>PCAF proposes a methodology for scoring the quality of a company’s GHG emissions data used by financial institutions in their carbon footprint disclosures. Scores of this methodology range from 1 to 5, the lowest number indicating the best quality.</p> <p>Exhibit 1 shows the mapping of the third party data provider’s labelling of company emissions data sources, to the PCAF data quality score.</p>

¹⁰ S&P Trucost methodology for environmental data based on their Environmentally Extended Input Output (EEIO) model.

Source of Emissions Data	PCAF Option	PCAF Score
Exact Value from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR/personal communication	1.b	2
Value summed up/split from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR	1.b	2
Value derived from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR/personal communication	1.b	2
Value derived from chart/graph/previous year figures	1.b	2
Value derived from fuel use provided in Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR	2.a	2
Estimate based on partial data disclosure in Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR		2
Estimate	3.a	4
HSBC AM estimate based on Sub-industries	3.a	4
HSBC AM estimate based on Sectors (Proxy use)	3.b	5

Exhibit 1 – Mapping of PCAF Data Quality Score per source of emission data

Emissions data coming from S&P Trucost accounts for the majority of the HSBC AM portfolio holdings in scope. S&P Trucost assigns labels for data sources covering Scope 1 emissions derived from CO₂ only, which HSBC AM extrapolate across Scope 2 emissions and all other greenhouse gases in the absence of more granular data sourcing labels from S&P Trucost. This does not impact the overall financed emissions intensity calculation.

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Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>.

The information presented concerns the activity of HSBC Asset Management globally. The numbers presented and commitments listed are not necessarily a direct reflection of those of local HSBC Asset Management entities.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, investment manager's skill, risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade.

The financed emissions metrics disclosed in this document are subject to inherent limitations and uncertainties, including but not limited to: (i) reliance on third-party data sources which may contain errors or be incomplete; (ii) the use of estimated emissions data where company-reported data is unavailable; (iii) time lags between company reporting periods and HSBC AM's calculation dates; (iv) changes to calculation methodologies over time which may affect comparability; and (v) the evolving nature of emissions accounting standards. These metrics should be read in conjunction with the methodological disclosures provided herein and should not be regarded as providing a complete or precise picture of climate-related financial risk.

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