European SRI Transparency Code

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: www.eurosif.org. The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif on February 19, 2018.

REVISION OF THE CODE

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

TWO KEY MOTIVATIONS UNDERPIN THIS CODE

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

GUIDING PRINCIPLE

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

COMMITMENTS BY SIGNATORIES

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;

- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

Statement of Commitment

Complete/modify the below section accordingly

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of HSBC Asset Management. We have been involved in SRI since 2001 and welcome the European SRI Transparency Code.
This is our second statement of commitment and covers the period from 01 August 2022 to 31 July 2023. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

HSBC Asset Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. HSBC Asset Management meets the full recommendations of the European SRI Transparency Code. As of 7 July 2022.
(If the full recommendations are not met, please state if and when you hope to comply with the questions you cannot answer at this time).

Eurosif classification of Sustainable and Responsible Investment[1] strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

1 Sustainable and responsible investment (”SRI”) is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

Exclusion of Holdings from Investment Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

Impact Investing: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances[2]. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires*.

Contents

1. *List of funds covered by the Code*

Name of the fund(s): HSBC GIF Global Equity Climate Change					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	**Asset class**	**Exclusions standards and norms**	**Fund capital as at 31 December**	**Other labels**	**Links to relevant documents**
☐Best-in-Class Investment section ☐ Engagement & Voting ☒ ESG Integration ☐ Exclusions ☐ Impact Investing ☐ Norms-Based Screening ☐ Leading to exclusions ☐ Leading to risk management analysis/engagement ☒ Sustainability Themed	**Passively managed** ☐Passive investing – core benchmark: specify the index tracking ☐Passive investing – ESG/SRI benchmark: specify the index tracking **Actively managed** ☐ Shares in a euro area country ☐ Shares in an EU country ☒ International shares ☐Bonds and other debt securities denominated in euro ☐ International bonds and other debt securities □Monetary assets ☐ Short-term monetary assets ☐ Structured funds	☒ Contro-versial weapons ☐ Alcohol ☐ Tobacco ☐ Arms ☒ Nuclear power ☐ Human rights ☐ Labour rights ☐ Gambling ☐ Porno-graphy ☐ Animal testing ☐ Conflict minerals ☐ Biodiversity ☐ Deforestation ☒ CO2 intensive (including coal) ☐ Genetic engineering ☐ Other (please specify) ☒ Global Compact ☐ OECD Guidelines for MNCs ☐ ILO Conventions	To be filled out with a number of AuM USD 305.111.984 (31.05.2022)	☐ French SRI label ☐ French TEEC label ☐ French CIES label ☐ Luxflag Label ☒ FNG Label ☐ Austrian Ecolabel ☐ Other (please specify)	- KIID *1 - Prospectus *2 -Management report *3 -Financial and non-financial reporting *4 -Corporate presentations *5 - Other *6

		☒ Other (please specify) Conventional weapons, Uranium mining, Nuclear power generation, Coal mining, Coal-fired power generation, Oil sands, Fracking, Tobacco production, Norm based exclusions			

*1:

https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/kiid

*2:
https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/prospectus

*3:
https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/factsheet
*4:
https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/annual%20report

*5:

Available on request
*6:

https://www.assetmanagement.hsbc.de/de/institutional-investors/fund-centre/lu0323239441?t=5

2. General information about the fund management company

2.1. Name of the fund management company that manages the applicant fund(s)

Management company: HSBC Investment Funds (Luxembourg) S.A.
Fund administrator: HSBC Continental Europe, Luxembourg
Fund advisor: HSBC Global Asset Management (UK) Limited

This document was completed by HSBC Global Asset Management (Deutschland) GmbH.

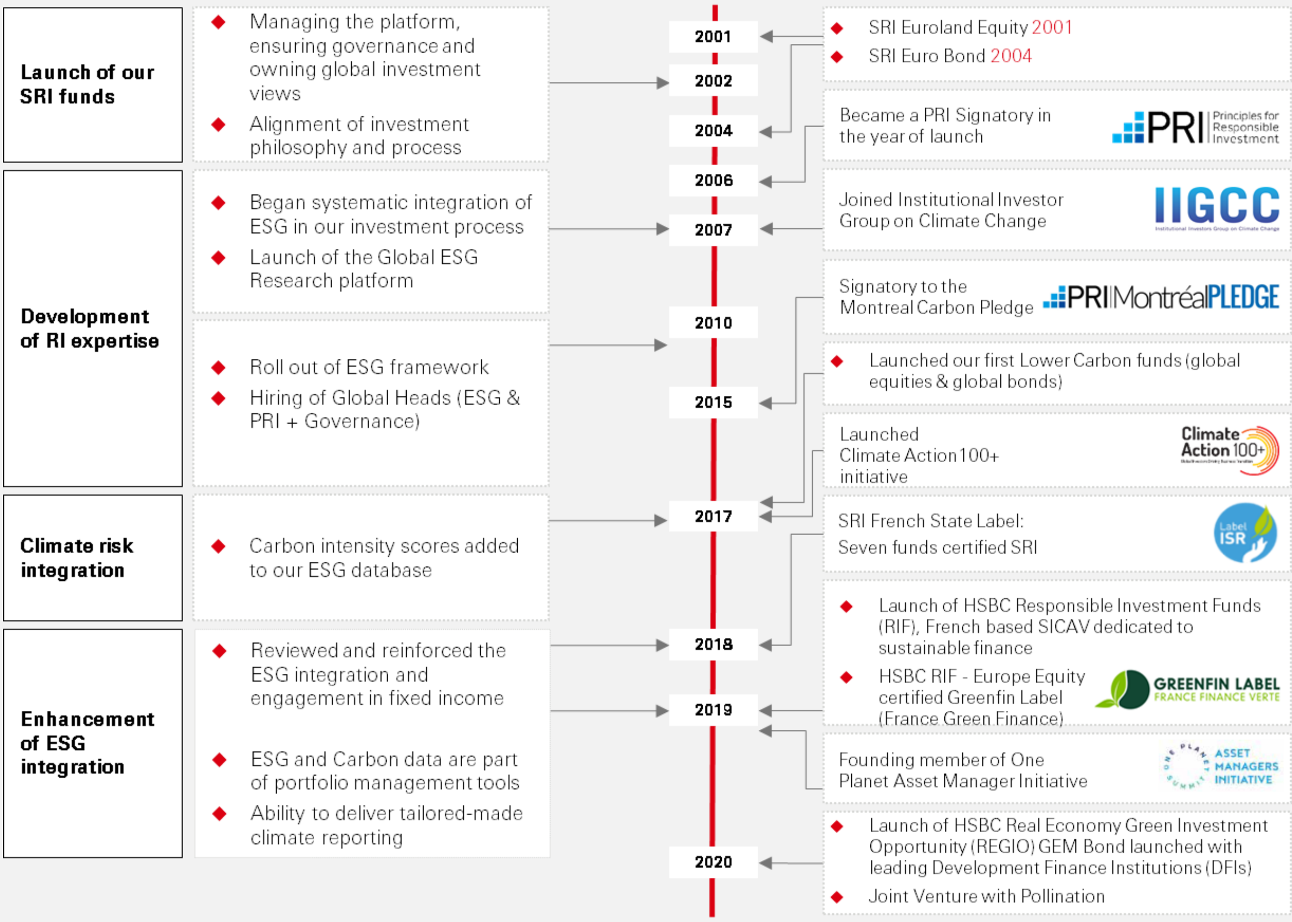
2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

We have a long track record of integrating SRI into our investments processes. HSBC Asset Management has long believed that Environmental, Social, and Governance (ESG) issues can have a material effect on companies. Issues including climate change, water scarcity and availability, deforestation, health and safety, executive pay, are generating risks and opportunities for companies which financial markets may not price appropriately.

As owners of the businesses in which we invest for our clients, we have a responsibility to exercise active stewardship on their behalf. We meet with companies regularly to improve our understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice. We believe that good corporate governance ensures that companies are managed in line with the long-term interests of their investors. We also engage with carbon-intensive companies to encourage climate–resilient business strategies.

As early signatories to the Principles for Responsible Investment, we are committed to integrating ESG into our investment process. This applies to all equity strategies, whether large-cap, small or mid-cap and fixed income including corporate investment-grade, corporate high-yield and sovereign debt, applied to both developed and emerging markets. It also applies to multi-asset strategies at the fulfilment level.

While each fund has its own investment objective, we conduct both thorough financial analysis and comprehensive assessment of ESG risks and opportunities.



Source: HSBC Asset Management. For illustrative purposes.

Please provide a hyperlink to any of the company's sustainable investment webpages.

https://www.assetmanagement.hsbc.com/about-us/responsible-investing

2.3. How does the company formalise its sustainable investment process?

We have developed a set of policies that apply globally across our assets under management and reports outlining our commitment and approach to actively embed ESG and stewardship within our investment practices. We view these as part of our stewardship and fiduciary responsibilities.

Our Responsible Investment Policy is available under the following link:

https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies

The related policies include our RI Policy Implementation Procedures which outline the procedures that support the implementation of the RI Policy, focusing on the integration of ESG in investment decision making, active ownership, including our approach to engagement, voting and exclusions, and the compliance framework to demonstrate we are meeting our regulatory requirements and voluntary commitments.

Accountability for all investment management activities, including the integration of ESG considerations, lies with our Global Chief Investment Officer (CIO). Our Head of Responsible Investment, asset class and regional CIOs and investment teams are responsible for integrating ESG issues into their respective investment decisions, supported by ESG specialists.

Our RI policy supports the UN Global Compact (GC) Principles, as for over a decade, our commitment to the UN GC Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption have helped shape our approach to sustainable business and investment. As investors, we conduct enhanced due diligence when we have evidence that companies may be in serious breach of the UN CP Principles.

We have formally integrated ESG factors into our investment decisions since we signed the Principles for Responsible Investment (PRI) at their launch in 2006; we were one of the first asset managers to do so. Every security in which we invest is assigned an ESG rating based on our proprietary ESG research. The rating is a function of both a company's relative ranking within its sector or industry based on our bespoke ESG materiality framework and compliance with the 10 UN GC Principles.

We also use ESG research to identify long-term trends, for valuation inputs, as part of due diligence to screen or exclude companies where relevant for a specific mandate or as per our own process, and as an input for company engagement. To support our research from engagement activities, we have developed "ESG key topic sheets", and this ESG executive summary is then supplemented by a set of potential engagement questions to guide our analysts and portfolio managers when meeting an issuer.

Our company and issuer level ESG research is undertaken throughout our organisation through our proprietary ESG ratings tool. Avoiding a "one size fits all" approach, we strive to highlight what is material for each industry or sector. We have created a bespoke 30-sector segmentation derived from the Global Industry Classification Standards (GICS), and given each sector specific E, S and G weightings according to the materiality of each dimension's impact on the sector.

We carry out an ESG analysis of all potential investments alongside the financial analysis using proprietary ESG databases and third-party analysis, to help identify possible high-risk names when screening and rating stocks. Each security is rated high, medium or low. The highest risk securities undergo an enhanced due diligence assessment and additional senior investment professional or CIO sign-off before a portfolio manager can invest. Furthermore, all internal company-level research documents - for equities and fixed Income - now have an ESG section. All these documents are made available via our various front office tools: Analytics for fixed income, Visualiser and Bloomberg Port for equities. We have recently initiated an in-house ESG rating methodology applying to government bonds.

In addition, fund or client-specific ESG factors, together with restricted stocks (in accordance with our Banned Weapons Policy) are hard coded into our front office order management systems (OMS) which are programmed to carry out investment guideline monitoring to ensure compliance with these restrictions and flag potential pre-trade breaches to the portfolio manager prior to sending the trade for execution.

Similarly, post-trade compliance is managed via the OMS. This ensures that trades are settled correctly and subsequent corporate actions are allocated on a timely basis. Should market movements or corporate actions breach a restriction, the OMS flags that security to the portfolio managers. The independent Investment Guideline Monitoring Team within our Risk Management function checks this report and ensures that instances where this occurs are rectified in a timely manner.

In 2021, the Sustainability Office and the Responsible Investment team introduced the target operating model. Its purpose is to strengthen the oversight of our sustainable investments business by establishing coordination forums and committees that involve risk, compliance and investment capability functions. This is important to the uphold of our sustainable investment standards and the prevention of greenwashing.

To oversee and ensure alignment of standards across our functions, we established a multi-tiered governance structure.

To begin with, virtual sector teams (VSTs) have been set up to capture ESG sector specific knowledge across asset classes and geographies. Run by our Head of ESG Integration and Research, these teams bring together RI specialists, and credit and equity analysts stationed in different regions. They are responsible for conducting sector research, overseeing ESG checklists, deriving ESG scores and aligning our engagement activities with risk issues, which makes them a key component of our enhanced ESG integration framework described further down.

Outputs from VSTs then go to our Asset Class ESG Committees, which hold the responsibility of overseeing ESG implementation across investment processes, and the monitoring of risk and engagement progress. Each committee leverages our sector insights, proprietary ESG scoring and data analytics generated by the VSTs. This information is synthesised to support our investment teams with decision making and new product development

The next layer is the Portfolio Review Committee that oversees the alignment of sustainable portfolios against our Sustainable Investments (SI) group definitions and regulatory requirements. It also ensures compliance to our SRI restrictions, tail risk policies and other relevant SRI risk considerations.

The last layer, ESG Oversight Committee, is the highest ranking investment decision making body. Chaired by our Global Chief Investment Officer, it oversees ESG implementation, ensuring best practices and alignment with our RI policies. The ESG Oversight Committee reviews products, frequently makes final decisions related to our sustainability standards and oversees the application of standards to investment processes and capabilities.

Please provide a link to the sustainable investment policy.
Please provide a link to the voting rights policy.
Please provide a link to the engagement policy[3].

Please find the responsible investment policy, the voting guidelines and the engagement policy under the following link:

https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies

2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?[4]

We believe that ESG risks and opportunities can affect the performance of investment portfolios across companies, sectors, regions and asset classes through time. Therefore, our analysts and portfolio managers identify and manage ESG risks and opportunities and consider ESG issues within our research and investment process where appropriate. We conduct this analysis using proprietary ESG databases and third-party input, to help us identify possible high-risk names when screening and rating issuers.

We have developed a proprietary approach to produce issuer ratings and rankings using third-party data and our own research for ESG assessments and ESG portfolio evaluations. Our tools provide these ratings as well as Executive Summaries for each issuer, covering: their ESG rating and rank (in percentile) within their industry sector; an absolute risk level based on a Global Compact compliance assessment (using Sustainalytics, ISS-ESG (formerly ISS Ethix and ISS Oekom); and a relative risk level with commentaries on ESG issues (using MSCI's ESG Research) as defined below:

1. Absolute approach: this is a norms-based analysis of the company's compliance with UN Global Compact principles. UN Global Compact is a set of 10 global norms covering human rights, labour standards, the environment and anti-corruption.

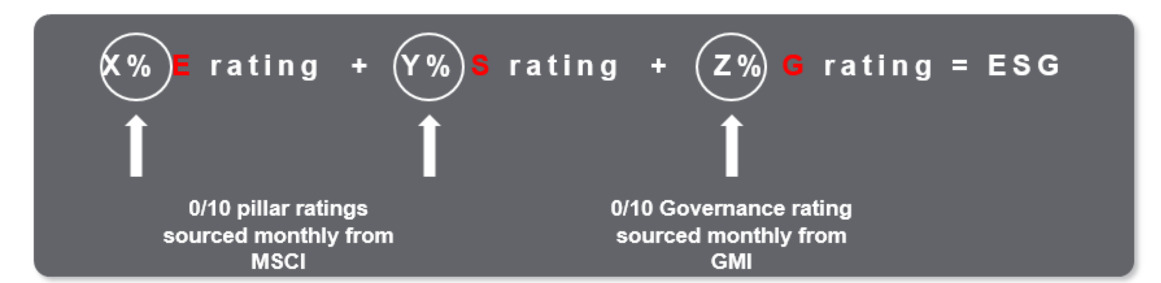
2. Relative approach: it aims to rank issuers within their sector. To achieve this, we have developed a bespoke 30 sector segmentation derived from MSCI GICS. The design was a thorough and collaborative process including systematic reviews, inputs and comments from all of our equity and fixed income teams. Based on our assessment of materiality, the ESG weights are sector-specific.

The ESG rating calculation engine helps us calculate an aggregate 0 (worst) -10 (best) ESG rating for approximately 10,000 companies. The ratings are available on the primary

[3] Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES
[4] Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

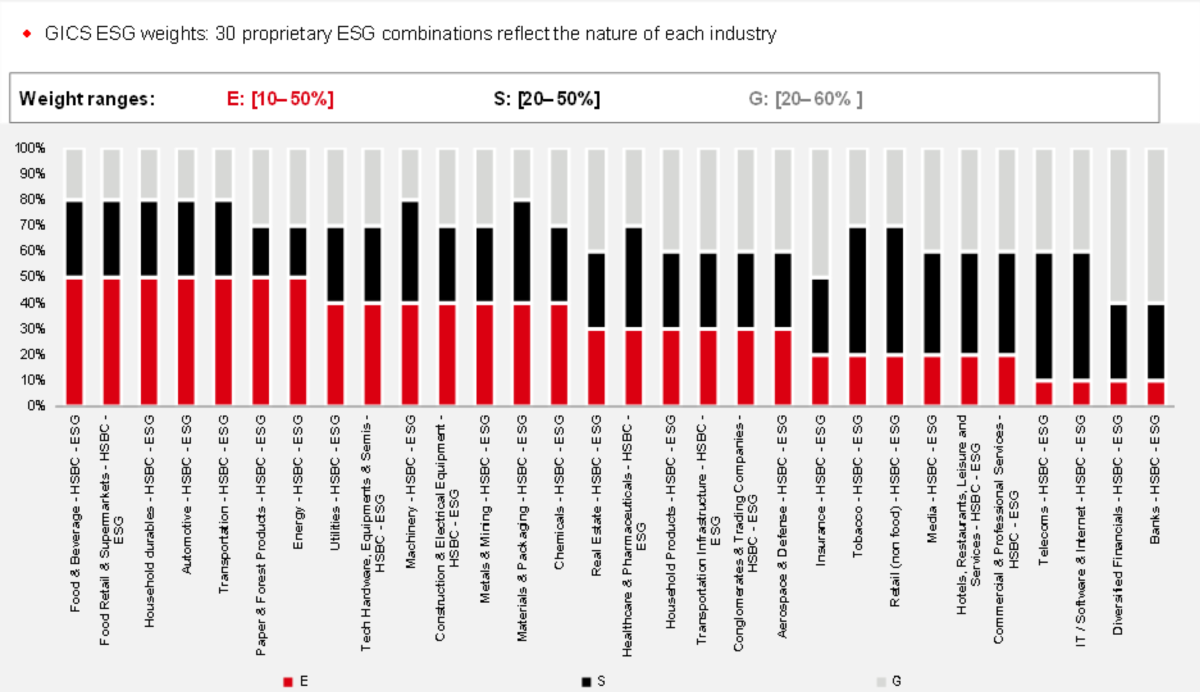
proprietary front office tools used by portfolio managers across the equity and fixed income investment teams. These ratings are essential to integrating ESG considerations in our quantitative security assessment processes.

The numeric ratings are built by combining MSCI ESG Research and other data. In determining the weighting of the E, S, and G factor weights in the rating process, we have defined the relevance of each factor for all industry groups. For example, for Banks and Financials, the "G" (governance) weighting (including board structure, corruption, bribery and instability) represents 60% of the overall score; while for Utilities and Automotive, 50% of the aggregate weighting is represented by the "E" (environmental) factor.



Source: HSBC Asset Management. For illustrative purposes.

The graph below shows the internally-defined "E", "S" and "G" weightings for all industry groups



Source: HSBC Asset Management. For illustrative purposes

Issuers with an ESG score in the bottom 5% are classified as high risk and are subject to enhanced due diligence and approval by the ESG Investment Oversight Committee. Similarly, a breach of one or more of the 10 principles of the UN Global Compact marks an issuer as high risk and triggers enhanced due diligence. Pending the result of the enhanced due diligence, new investments are not permitted or are restricted. For high risk names, the portfolio manager and/or analyst conducts enhanced due diligence, using input including sell-side research, Bloomberg data, company reports as well as the outcomes of potential engagement. This process is systematic and applies to all our equity and corporate fixed income strategies. It is an integral part of our investment process for both equities and fixed income. Where the enhanced due diligence reveals material ESG risks that cannot be managed through engagement, we may decide to exclude an issuer from our investments.

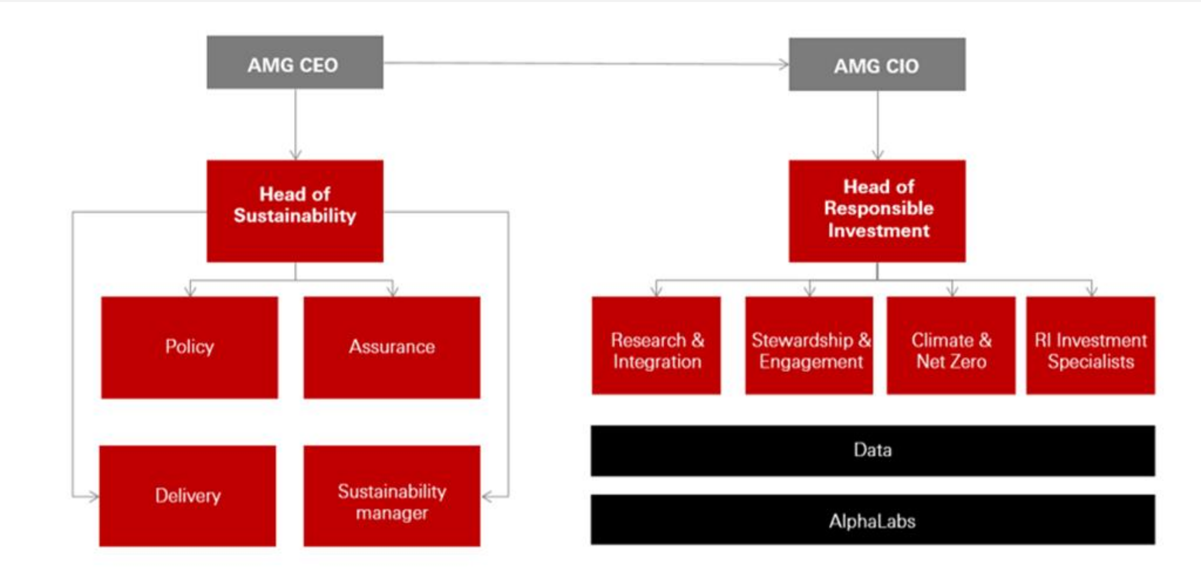
Please find our Responsible Investment Policy under the following link:

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

2.5. How many employees are directly involved in the company's sustainable investment activity?

At HSBC Asset Management, there are two teams who work in conjunction to deliver on our objective of becoming a leader in sustainable investing. These are the Sustainability Office and the Responsible Investment Team (see chart below). We believe our clients benefit from this dual structure as it allows us to increase our focus and resource alignment, develop innovative products and solutions, and provide insight on our alignment to our net-zero portfolio emissions objectives.

The Sustainability Office (SO) is responsible for initiatives such as Sustainability Business & Product Strategy; Policy; Industry Engagement; Governance and Oversight; and Culture. The Responsible Investment Team oversees ESG Integration, the Investment Process, Investment Research and Engagement with our investments.



Accountability for all investment management activities, including the integration of ESG considerations, lies with our Global Chief Investment Officer (CIO). Our Head of Responsible Investment, asset class and regional CIOs and investment teams are responsible for integrating ESG issues into their respective investment decisions, supported by ESG specialists.

In 2015 we set up a quarterly Global ESG Oversight Committee chaired by the Global CIO and comprising many of the most senior members of the Investment Function: Global CIO Fixed Income, Global Head of Credit Research, Global Head of Corporate Governance, Global Head of ESG Research and UK CIO. This committee strives to promote best practice with regard to ESG integration by driving ESG integration within asset class research and portfolio management processes.

In 2010 we made the decision to move our dedicated ESG analysts into our mainstream equity and credit analyst teams in order to further integrate ESG into our mainstream investment processes. Since then, ESG assessments are a core responsibility of all of our portfolio managers and analysts. Our company and issuer level ESG research is undertaken throughout our organisation through our proprietary ESG ratings tool.
From January 2022, we have also been running an ESG Research & Engagement Forum (EREF). The purpose of the ESG Research & Engagement Forum (EREF) is to foster and promote good ESG integration and engagement practices. The Forum provides a structured environment for investment teams to share best practices and to address challenges around ESG research and engagement; remain up to date with key developments; and ensure consistent interpretation and application of research and engagement activity across the entire investment function. As such, the ESG Research & Engagement Forum is intended to harmonise the level of knowledge, commitment and endorsement across our teams; ensure we thoroughly embed ESG into our Investment culture; bridge the gap between analysts and PMs and align our level of integration practices with those defined by legislators, consultants and our clients. The ESG Research & Engagement Forum is co-chaired by our Global Head of ESG Research and our Global Head of Stewardship.

We hold monthly Asset Class ESG Committees which ensure our investment teams are consistently implementing ESG integration, monitoring Enhanced Due Diligence risks and engagement progress (for example, reviewing and monitoring engagement activity, setting engagement milestones). The purpose of the Asset Class ESG Committees is to promote best practices of ESG integration throughout the entirety of our asset classes. These Committees are attended by our Global and Regional CIOs, Investment Teams, ESG champions within our asset classes and our RI Investment specialists.

We have also introduced a structured ESG Product Review process in which the RI Investment Specialists will review new products' ESG objectives and processes. This review process will also ensure correct interpretation and classification of SFDR principles which will be appropriately reflected in our reporting. Following an initial review and recommendation from the RI Investment Specialists, new ESG products will then pass through the ESG Oversight Committee and the Global New Business Council.

Furthermore, our risk and data teams undertake regular reviews of fund investment processes to confirm that holdings align to sustainability objectives, where possible and that our policies have been implemented.

2.6. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
☐ ECCR – Ecumenical Council for Corporate Responsibility ☒ EFAMA RI WG ☐European Commission's High-Level Expert Group on Sustainable Finance ☐ ICCR – Interfaith Center on Corporate Responsibility ☐ National Asset Manager Association (RI Group) ☒ PRI - Principles For Responsible Investment ☒ SIFs - Sustainable Investment Fora ☒ Other (please specify) Council of Institutional Investors, Wolfsberg Principles, OECD - Convention on Combating Bribery, International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery, Global Sullivan Principles	☒ CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) ☐ Climate Bond Initiative ☐ Green Bond Principles ☒ IIGCC – Institutional Investors Group on Climate Change ☒ Montreal Carbon pledge ☐ Paris Pledge for Action ☐ Portfolio Decarbonization Coalition ☒ Other (please specify) UKSIF - the Sustainable and Finance association, Eurosif - the European Sustainable Investment Forum, FIR - Forum pour l'Investissement Responsible, SIF - Italian Forum for Sustainable Finance, Global Climate Action 100+, HSBC Group Participation since UN Environment Programme Finance Initiative (UNEPFI), UN Global Compact, Roundtable on Sustainable Palm Oil, CDP - Carbon Disclosure Project, UN Principles for Sustainable Insurance, Cambridge Institute of Sustainability leadership - ILG	☐ Access to Medicine Foundation ☒ Access to Nutrition Foundation ☐ Accord on Fire and Building Safety in Bangladesh ☒ Other (please specify) ORSE - Observatoire pour la Responsabilité Sociétale des Entreprises, Cambridge Institute of Sustainability leadership- ILG, One Planet Asset Manager Initiative, Finance for Biodiversity Pledge, UN Universal Declaration of Human Rights, Equator Principles, Global Business Coalition on HIV/AIDS, Extractive s/industries' Transparency Initiative	☒ ICGN – International Corporate Governance Network ☒ Other (please specify) AFG - Association Française de Gestion Financière) membre de la commission de Corporate Governance, ACGA - Asian Corporate Governance Association, OECD Guidelines for Multinational,

2.7. What is the total number of SRI assets under the company's management?

Total company AuM: USD 618bn as of 31 March 2022.

Sustainable Investment AuM: All dedicated sustainably invested assets which are managed according to the definitions below in addition to ESG integration, corporate engagement and shareholder action: USD 34.1bn

3. General information about the SRI fund(s) that come under the scope of the Code

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

The HGIF Global Equity Climate Change is focused explicitly on the transition to a low carbon economy with additional targets of a lower carbon footprint and higher ESG rating than the broader global equity market (MSCI ACWI).

Please find below the aims and characteristics of the HSBC GIF Global Equity Climate Change Fund.

Financing the transition to a low carbon economy

The Opportunity

Climate change is one of the greatest challenges of the 21st century. Momentum is building for governments, businesses and consumers to act decisively to reduce emissions to limit the increase in global average temperatures to well below 2°C above pre-industrial levels. Since the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report, warnings of the 'severe, pervasive and irreversible impacts' of continued global warming have been noted by policymakers, who show an increasing appetite for action to reduce greenhouse gas (GHG) emissions. The stringency and coverage of climate policy is expected to increase; for example, the number of carbon pricing schemes has doubled since 2012.

A recent survey for the world economic forum highlights that climate change dominates risk perception both in terms of likelihood and potential impact. As such, climate change has significant investment implications:

Top 10 risks in terms of
Likelihood

●	1	**Extreme weather**
●	2	**Climate action failure**
●	3	Natural disasters
●	4	Biodiversity loss
●	5	Human-made environmental disasters
●	6	Data fraud or theft
●	7	Cyberattacks
●	8	Water crises
●	9	Global governance failure
●	10	Asset bubbles in a major economy

Top 10 risks in terms of
Impact

●	1	**Climate action failure**
●	2	Weapons of mass destruction
●	3	Biodiversity loss
●	4	**Extreme weather**
●	5	Water crises
●	6	Information infrastructure breakdown
●	7	Natural disasters
●	8	Cyberattacks
●	9	Human-made environmental disasters
●	10	Infectious diseases

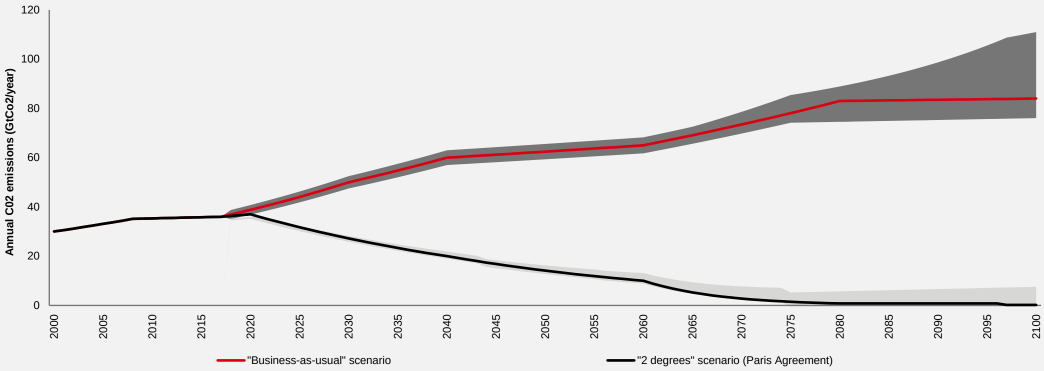
Categories

● Economic ● Geopolitical ● Technological ● Environmental ● Societal

1. World Economic Forum Global Risks Perception Survey 2020, 15th edition.

Continuing on the business as usual trajectory stands no chance of meeting the Paris Agreement. As can be seen on the graphic below, we need to follow the lower grey line in order to successfully decarbonise the economy, and make the necessary energy transition. This is not just about exiting fossil fuels, but requires a wholesale rewiring of the economy.

Business as usual vs. the Paris Agreement scenarios



World Economic Forum Global Risks Perception Survey 2018, 13th edition. Source: UNEP Emissions Gap Report 2016,GtC02e = gigaton of carbon dioxide equivalent.

Achieving a low-carbon transition which limits temperature increases – will involve disruptive, structural changes in the economy, with implications for financial assets over different time frames. This presents investment opportunities for companies contributing to and/or benefitting from the transition to a lower carbon economy.

Our Commitment

Our Climate Change Policy, available using the following link, outlines an approach to increasing the climate resilience of clients' investments as well as contributing towards financing the transition to a low carbon economy.

https://www.global.assetmanagement.hsbc.com/about-us/responsible-investing/climate-change

In 2015 we signed the Montréal Carbon Pledge. This annual disclosure forms an important part of our commitment to report on actions. We provide an annual report of the carbon footprint of our global equity portfolios in line with the PRI-sponsored Pledge.

HSBC GIF Global Equity Climate Change Fund Summary

1. Climate change is creating new markets and resilient investment opportunities

- The necessary energy transition and decarbonisation of the economy to achieve the Paris Climate agreement will drive businesses innovation.
- Response to these challenges will generate investment opportunities that active investment management can exploit to generate alpha.
- Companies with a focus on climate solutions and maintaining ESG performance were found to be resilient in turbulent market conditions through robust ESG risk management.

2. Clear thematic approach delivering competitive performance

- Exposure to nine core climate transition themes that benefit from the low carbon transition: renewable energy, energy efficiency, clean transport, green energy, sustainable water and wastewater management, climate change adaptation, pollution and waste prevention, circular economy and resource efficiency and natural capital and ecosystems.

- Targets higher aggregated ESG score and lower carbon intensity relative to the reference benchmark to deliver a risk-managed and well-rounded sustainable investment solution.
- First quartile Morningstar peer ranking over the last 5 years demonstrating strong fund performance.

3. Strong resources and commitment to ESG

- Investment team utilises specialist data providers to enhance the investment process and their ability to identify companies well-positioned to take advantage of the low-carbon transition. Data sources include:
  - FTSE Russell Green Revenues – capturing and classifying revenues from companies generated by products or services contributing to the transition to the low-carbon economy.
  - S&P TruCost – providing analysis of carbon emissions data for around 6000 issuers.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Internal resources:

We consider data and analysis on a range of ESG issues based on our own in-house analysis, specialist third-party ESG research providers, direct engagement with companies and a host of relevant public and industry sources. We use proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector.

Our research professionals' analyse, comment and assign ratings as part of their Annual Review of individual companies. For every security we hold, we can indicate its E, S and G ratings as well as its overall ESG score as recorded on our dedicated intranet. We can also indicate the average ESG rating of a portfolio, and show how it compares to the average ESG rating of the investment universe.

ESG Road Map: We have developed an ESG Roadmap to help investment teams research financially material ESG criteria in depth. Avoiding a "one size fits all" approach, we strive to highlight what is material for each industry or sector. We have created a bespoke 30 sector segmentation derived from the Global Industry Classification Standards (GICS), and given each sector specific E, S and G weighting according to the materiality of each dimension's impact to the sector.
The ESG rating calculation engine helps us calculate an aggregate 0 (worst) -10 (best) ESG rating for approximately 10,000 companies. The ratings are available on the primary proprietary front office tools used by portfolio managers across the equity and fixed income investment teams. These ratings are essential to integrating ESG considerations in our quantitative security assessment processes.

Executive Summary and Low, Medium and High risk ranking: We capture these assessments in Executive Summaries which provide our investment teams with a snapshot of each company's ESG profile.

External resources:

We use the following external ESG Data vendors to support our analysis:

MSCI ESG Research: Intangible Value ESG Assessment, comprehensive ESG assessment and Financial Crime Compliance screening. We use MSCI because of their wide coverage of issuers and sector specific methodology.

Sustainalytics: UNGC compliance and revenues from controversial and sustainable products and activities

ISS ESG (formerly ISS Ethix and ISS Oekom): Identifying issuers involved in the production and/or marketing of controversial weapons like cluster munition and landmine and government bonds´ environmental and societal assessment.

Trucost ESG Analysis / S&P Global: Data and analysis on carbon, water, waste, pollutant and natural resources for countries & companies.

Carbon4 Finance: Measures "carbon emission savings" to help understand a company's strategic and financial commitment to a low-carbon transition.

Reprisk: Tracks a company's reputational risk and involvement in ESG-related controversies. It provides an ongoing view of issuer's ESG performance, risks, and controversies.

A selection of providers gives us a variety of views and sufficient coverage for our universe. New providers can be added on an ongoing basis in order to cater with new client needs or further strengthening the accuracy of our ESG scoring and analysis. A frequent dialogue with data providers ensures the quality of the data.

-

	MSCI	SUSTAINALYTICS		ISS ESG		Trucost ESG Analysis S&P Global	carbon 4 finance	RepRisk
Issues under review	Overall E,S,G assessment	Revenues from sustainable or controversial products	UN Global Compact Principles assessment	Controversial weapons	E&S assessment for countries / governments	Data and analysis on Carbon, Water, Waste Pollutant and Natural Resources for countries & companies	Climate data solutions (Transition and Physical Risk)	Dynamic reputational risk assessment
Coverage	9,100 Global names (DM & EM) incl. unlisted bond issuers	14,000 Global names (DM & EM	23,000 Global names (DM & EM)	6,000 Global names (DM & EM)	54 Government bond issuers	6,200 100% coverage of 25 indices including MSCI World + EM Indices and iBoxx Euro Corporate	15,000 Global Names Equities, Fixed Income (Sovereign, listed & unlisted corporates, Green Bonds)	40,700 companies
Output	E, S and G numeric ratings (0-10 scale) + Sector reports + Company reports (focus on E&S)	Revenues percentage derived from products and services	Red / Amber / Green light	Company reports	E&S/G letter ratings + Country reports	GHG Emissions expressed in volumes + efficiency assessment	GHG Induced and Saved Emissions (Scope 1,2,3), Qualitative Analysis, Alignment with a 2° trajectory, Physical risk scoring	RepRisk Index (0-100) and Change
Contributes to in-house ESG analysis	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: HSBC Global Asset Management. September 2021. For illustrative purposes only

3.3. What ESG criteria are taken into account by the fund(s)?

Our approach towards integrating ESG criteria into the investment process is inspired by our belief that ESG issues can have a material impact on company performance and fundamentals over the longer term and that ESG is likely to create risk that financial markets may be mispricing. It is not inspired by HSBC's corporate social responsibility policy.

However, as part of the HSBC Group, we believe that the Group's leadership position on climate change – financing the transition to a lower carbon economy and enabling the shift to a sustainable financial system – supports and enhances our role in asset management. In November 2017 we made five sustainable finance commitments. In October 2020, the HSBC Group announced its own commitment to reaching net-zero emissions in its own operations by 2030, by using 100% renewable energy to power offices and branches among other strategies such as reducing waste and energy usage. The commitment also includes USD1 trillion in financing to help this transition to achieve net-zero emissions across HSBC's client base by 2050.

The link below provides details about our pledges and the progress we have made in achieving them.

Becoming a net zero bank | HSBC Holdings plc

HSBC also recognises its responsibility to contribute to the United Nations Sustainable Development Goals (SDGs). The SDGs are a globally agreed framework to help protect the planet, end poverty and ensure peace and prosperity, and consist of 17 goals and 169 targets to be achieved by 2030. We will continue to play our part in achieving the SDGs through our work on our three sustainability priorities, our financing and investments, and the way we do business.

Examples of ESG issues included in our process are listed below:

Environmental factors	Social factors	Governance factors
◆ Climate change risk ◆ Environmental impacts: carbon emissions, energy efficiency, renewable and alternative energies ◆ Material supply chain issues, including: water stress, biodiversity/land use and raw material sourcing ◆ Waste issues, including: toxic emissions/waste, packaging material and waste, and electronic waste ◆ Clean tech and green buildings	◆ Human capital management ◆ Health and safety ◆ Supply chain labour standards ◆ Product suitability ◆ Product safety and quality ◆ Chemical safety ◆ Privacy and data security ◆ Demographics and the digital divide ◆ Financial exclusion ◆ Access to healthcare, nutrition and health	◆ Business ethics ◆ Cultures and values ◆ Corporate governance ◆ Bribery and corruption ◆ Financial system instability ◆ Anti-competitive practices ◆ Responsible tax practices ◆ Minority shareholder rights

Environmental factors we consider include climate change risk and environmental impacts, and the associated carbon emissions, energy efficiency, and renewable and alternative energies. We also assess material supply chain issues which may include water stress, biodiversity and land use, and raw material sourcing. We consider waste including toxic emissions and waste, packaging material and waste and electronic waste, as well as positive developments in clean tech and green buildings where they are relevant to the issuer or industry

Social factors encompass a variety of different issues including human capital management, health and safety, and supply chain labour standards. We consider product suitability, product safety and quality, and chemical safety as well as privacy and data security depending on the company or sector. We also look at demographics and the digital divide, as well as financial exclusion, access to healthcare, and nutrition and health.

Governance factors address business ethics, cultures and values, and corporate governance. These can also include bribery and corruption, financial system instability, anti-competitive practices and responsible tax practices, as well as minority shareholder rights.

When analysing issuers, we ensure we consider which specific ESG factors are generally material for the industry in which each company operates. We also use proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included above are by no means exhaustive, and we can consider further unlisted ESG factors that may have meaningful impact on companies' future potential.

Please see 4.8 to find out more about firm wide ESG considerations of relevance to this fund and other HSBC Asset Management funds

3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?[5]

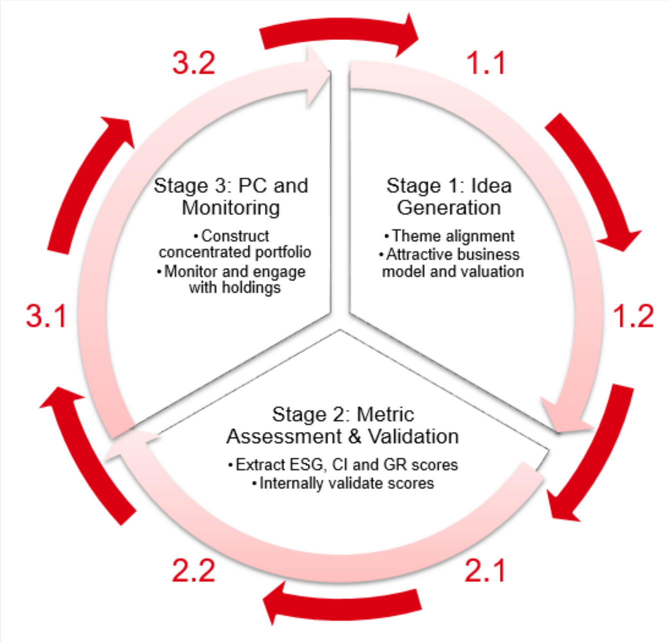
Please find below the principles and criteria linked to climate change which are taken in to account in the HSBC GIF Global Equity Climate Change Fund:

Opportunities we are seeking to meet the Fund's Objectives

- Carbon dioxide and other greenhouse gases enter the Earth's atmosphere primarily as a result of the burning of fossil fuels for electricity production, the production of food and changing agricultural practices and land use, industrial processes, transportation and buildings.
- Whilst some of these emissions are absorbed naturally into land and sea based "sinks" approximately two thirds of them remain in the atmosphere and are the key drivers of climate change. A successful energy transition and decarbonisation of the entire global economic system requires a fundamental rewiring across all industries and sectors.
- Innovation and dramatic change in business practices will be required to reduce the emissions that remain in the atmosphere in order to mitigate the worst impacts of climate change.
- We want to finance companies that are targeting these areas as solution providers, solution enablers or those companies that are facilitating adaptation to climate change.
  - Our investment process aims to deliver investment performance over the long term through a transparent and consistently applied fundamental approach to selecting investment candidates and managing the portfolio.

[5] Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code): https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697

The Investment Stages



Source: HSBC Asset Management. For illustrative purposes.

Stage 1. Idea Generation

There are two stages within our idea generation – theme alignment and fundamental analysis.

1.1: Theme Alignment

We have identified a series of sub themes that we believe encompass the necessary responses to the challenges of climate change. All portfolio holdings are aligned with at least one of these sub themes. The sub themes are:

Renewable Energy	Green Buildings	Pollution & Waste Prevention and Control
Energy Efficiency	Sustainable Water & Wastewater Management	Circular Economy and Resource Efficiency
Clean Transport	Climate Change Adaptation	Natural Capital & Ecosystems

We selected the sub themes based on internal research, engaging with internal sustainability experts, and external consultation.

Our themes align well with what independent science suggests needs to happen for climate change to be minimised. Project Drawdown have used peer reviewed research to determine the likely impact of possible solutions to climate change. They find that renewable energy, ecosystem restoration, food, and energy efficiency are particularly important solutions due the size of their effects, and their lower cost. Currently, our portfolio aligns well with these findings, but we would hope to add more to the ecosystem restoration and land conservation area as more investment opportunities become apparent in this space.

Theme	Examples	Opportunity
Renewable energy	◆ Renewable electricity generation - wind, solar, marine power ◆ Manufacture of components of renewable energy ◆ Construction/maintenance/expansion of associated distribution and transmission networks	◆ To achieve a sustainable transition away from fossil fuels there will need to be USD110trn of investment in renewable energies cumulatively to 2050[1] ◆ For every USD 1 spent for the energy transition, there would be a payoff of between USD 3 and USD 7 to 2050

Energy efficiency	◆ Development of products or technology that reduces energy consumption ◆ Manufacture of components to enable energy efficiency ◆ Digital solutions that meaningfully reduce energy/ fuel consumption or material use	◆ USD18trn to 2035, increasing growth by 0.25-1.1% per year[2] ◆ Energy management technologies are growing and will be a USD30bn market by 2020[3] ◆ On average, every EUR 1 invested in energy efficiency saves EUR 3 over the lifespan of a technology[4]
Clean transport	◆ Low energy or emission transportation products, components and services including electric, hybrid, public, rail, and infrastructure for clean energy vehicles	◆ Low emission passenger car technologies are growing at 30% annually, and will be a near USD400bn global industry by sales in 2020[3] ◆ Improved and digitalised planning in shipping could lead to fewer km travelled, allowing for industry revenue benefits of USD1.5trn by 2025[5]
Theme	**Examples**	**Opportunity**
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Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Source: HSBC Asset Management

1. IRENA 2019
2. New Climate Economy 2016
3. McKinsey 2019
4. Danfuss 2020
5. World Economic Forum 2019

Theme	**Examples**	**Opportunity**
Green buildings	◆ New construction building developments or renovation of existing buildings, which meet recognised environmental standards ◆ Buildings management that target specific reduction in energy, water use (e.g. green leases) ◆ Building materials or technology (e.g. insulation) that reduce energy, and water use	◆ In emerging markets alone, Green Buildings are expected be a USD24.7 trillion investment opportunity by 2030[1] ◆ The market for building environmental efficiency products and services is expected to grow to USD360bn by 2040, up from USD134bn in 2016[2]
Sustainable water and wastewater management	◆ Water collection, treatment, recycling, re-use, technologies and related infrastructure ◆ We target a minimum water efficiency improvement of 20% compared to the baseline (where available)	◆ Closing the gap between water supply and demand by deploying water productivity improvements could cost USD60 billion annually over the next two decades. Many of these investments yield positive returns in just three years[3] ◆ The number of people living in water scarce or water stressed areas is expected to rise from 1 billion in 2005 to 3.5 billion by 2025[4]
Climate change adaptation	◆ Flood defences systems and related infrastructure information support systems, such as climate observation and early warning systems ◆ Sustainable pest control	◆ Research has shown that spending USD1.8trn on specific adaptation areas between 2020 and 2030 could generate USD7.1trn in total net benefits through avoided losses, economic benefits, and socio-environmental gains[5] ◆ An analysis of 1,300 known invasive pests and pathogens estimated their potential cost to global agriculture at over USD540bn per year if they continue to spread in large part due to climate change[6]

Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Source: HSBC Asset Management

1. FC 2019
2. International Energy Agency 2018
3. McKinsey 2019
4. World Bank
5. Global Commission on Adaptation 2019
6. Kew 2017

Theme	Examples	Opportunity
Pollution and waste prevention and control	◆ Products or technology contributing to (non-transport) reduction of air emissions (NOx, SOx, particulates etc.). ◆ Sustainable waste management – Waste minimisation, collection, management, recycling, re-use, processing, disposal (such as methane capture) products, technologies and solutions	◆ Air pollution kills 7 million people each year, costing USD5tn/year[1] ◆ Palladium, a metal used as a catalyst to reduce toxic fumes from car exhausts, has risen in price by 12% CAGR for the last decade and is now considerably more valuable than gold per Oz
Circular economy and resource efficiency	◆ Resource-efficient packaging and distribution ◆ Industrial carbon capture and storage technology	◆ Switching to a circular economy could unlock additional USD4.5trn of global GDP by 2030 as a result of resources being better utilised and more jobs being created in higher-skilled industries[2] ◆ Marine plastic alone is estimated to cost the world between USD250bn and USD2.5trn annually[3]
Natural capital and ecosystems	◆ Environmentally sustainable agriculture ◆ Environmentally sustainable fishery and aquaculture/products ◆ Environmentally sustainable forestry/forestry products ◆ Sustainably sourced food and meat alternatives	◆ USD44trn of global economic value is moderately or highly dependent on nature and its services[4] ◆ Enhancing coastal wetlands could save the insurance industry USD52bn a year in reduced losses from storms and flood damage[5]

Any forecast, projection or target when provided is indicative only and is not guaranteed in anyway. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Source: HSBC Asset Management

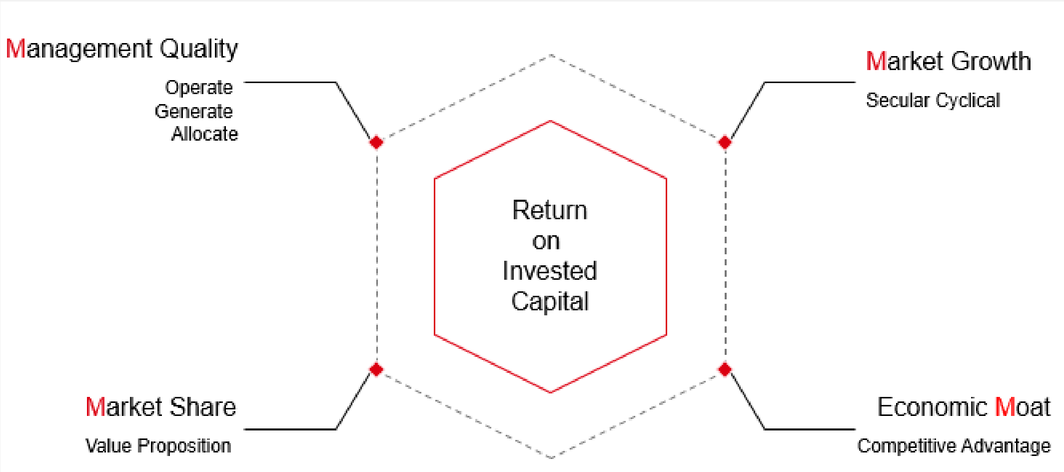
1. BAML 2020, citing UN 2019
2. World Economic Forum
3. Beaumont et al 2019
4. WEF 2020
5. Barbier et al 2019

1.2: Business Model & Valuation Analysis

All companies that meet the thematic filters are then subject to a rigorous business model analysis, stakeholder due diligence and valuation framework to assess their suitability as potential investments.

Business Model Analysis:

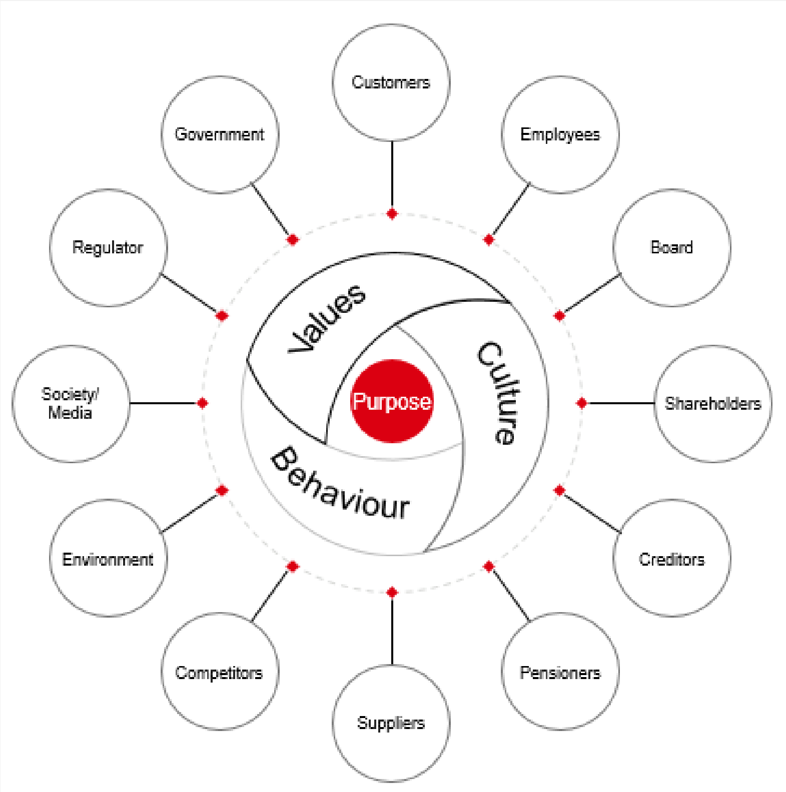
The business model is assessed by analysing sector and company specific process, using our four 'M' approach:



Source: HSBC Asset Management. For illustrative purposes only.

Stakeholder Due Diligence:

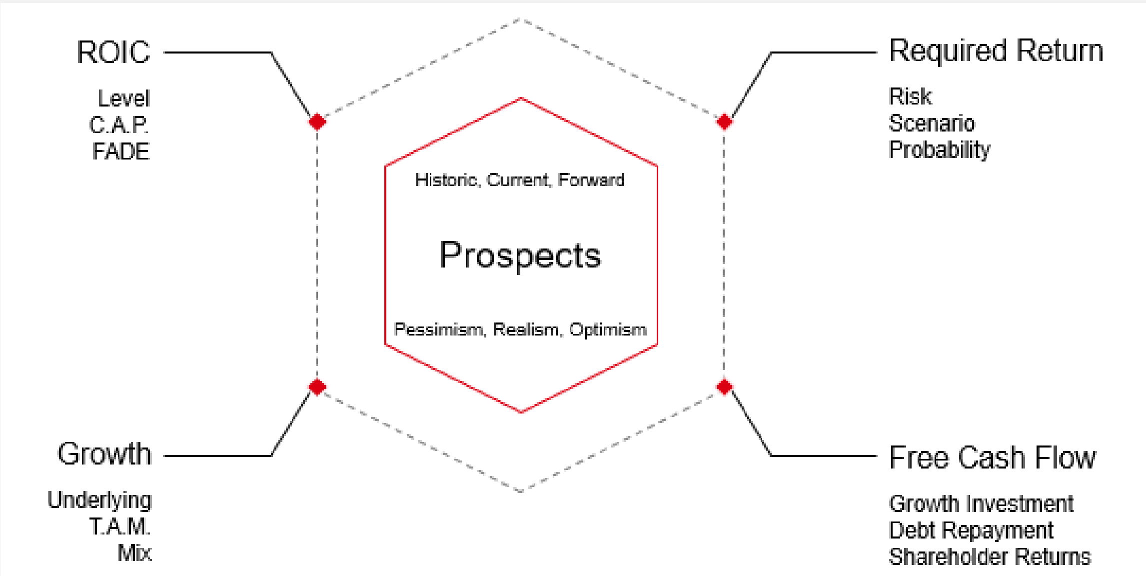
Companies do not exist in a vacuum, there are a wide range of environmental, social, and governance stakeholders that a company must consider in order for it to achieve its purpose. We look for evidence of good values, behavior and culture to ensure that no stakeholders are being exploited.



Source: HSBC Asset Management. For illustrative purposes only.

Valuation Framework Diagram:

Our approach seeks to understand what is currently discounted in the share price, with reference to what the company has achieved historically, to ensure that the current valuation is appropriate given our assessment of the company's prospects:



Source: HSBC Asset Management. For illustrative purposes only.

Resources

Our fundamental research is internal and proprietary. We take advantage of the firm's global research capability to access specific knowledge, perspective and on-the-ground insight.

The Global Equity team makes several hundred company visits each year, with our scale and reputation allowing direct access to senior management teams around the world.

We leverage select external research providers for access to their in-depth insight and understanding, including HSBC Global Research's Climate Change Centre.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

Please find below details of our ESG analysis and evaluation for the fund, which form Stage 2 of the investment process.

Stage 2: Metric Assessment and Validation

Stages 2.1 and 2.2 involve assessing data provider scoring on ESG, carbon intensity, and green revenue scores, and validating the scoring.

Metric	Tools and Data Used
ESG Score	MSCI & HSBC Internal scores as first points of call. Internal analyst verification of these scores, involving reading about company, researching its relationships with key stakeholders. Direct engagement with company and its stakeholders if required.
Exclusion Criteria	HSBC Internal data (from Sustainalytics) on UNGC compliance Firm wide exclusions (cluster munitions etc) also applied
Green Revenue	FTSE Russell Green Revenues Database as first point of call. Internal analyst verification of FTSE analysis, and integration of internal sustainability research into our own view of whether FTSE analysis makes sense as part of one of our nine themes If candidate is not rated by FTSE Russell GR, internal assessment used, following conservative estimate of current revenue base and its link to one (or more) of the 9 themes
Carbon Intensity	Trucost Data for entire global universe updated monthly. Trucost data for company is checked against MSCI and internal CO2 emissions estimates. Also, internal analyst work to sense check the data, and anticipate if the CI could change significantly in future (e.g a business division sale could lower revenues and thus increase CI)

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

Portfolio Monitoring

The portfolio is monitored and re-assessed continually. Weekly investment team meetings provide a formal forum for investment discussion. Every opportunity is taken to challenge the sustainability of the profitability of individual holdings. We actively monitor and engage with current and prospective portfolio companies, but also benefit from the wider HSBC Asset Management level engagement work on climate change and broader E, S and G topics.

Portfolio Level Engagement

- Ongoing engagement with portfolio companies
- Input into key voting decisions on portfolio companies

Examples:

- We wrote to the management of Weichai Power to discuss some of their ‘S’ and ‘G’ related ESG disclosures
- We encouraged the company to publicly disclose more information on their policies relating to labour management, health & safety, and supply chain vetting
- We also encouraged change in specific areas where we felt the company’s policies were falling short of global best practice
- We held a call with Verisk to discuss the company’s opportunity in providing data analytics services for the energy transition – in line with our renewable energy thematic
- We encouraged the company to be bold in its vision to create ‘the Bloomberg of energy data’ (company’s words), by making renewable energy insights a central tenant of the product offer

<u>Firm Level Engagement</u>

Active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investment. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us.

Engagement

We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice
- Recent examples
    - In depth research and engagement with companies highly exposed to high use of plastic packaging in their product sales. We encouraged shifts to sustainable packaging materials and reuse-based business models
    - Engagement with largest buyers of commodities from countries experiencing rainforest loss. Asking for stricter monitoring and reporting on deforestation risks, and commitments to reforestation and ceasing business links with known illegal loggers.

Our Engagement Policy applies to both equity and fixed income assets and reflects our adherence to the relevant directives of which we are a signatory and our approach to engagement including:

- Monitoring issuers
- Engagement

- Collective engagement
- Voting
- Conflicts of interest

Proxy Voting

Proxies are voted per internal global policy. Our Voting Guidelines Policy, available using the following link, sets out our global voting guidelines, informing our clients, company boards and other stakeholders how we exercise these voting rights.

https://www.global.assetmanagement.hsbc.com/about-us/responsible-investing/stewardship

Key voting issues that inform our engagement activity are listed but not exhaustive and are complemented by a number of tailored voting frameworks to reflect our approach in specific markets:

- Board's role and leadership
- Board composition and independence
- Board remuneration
- Disclosure and audit
- Capital issues and shareholder rights

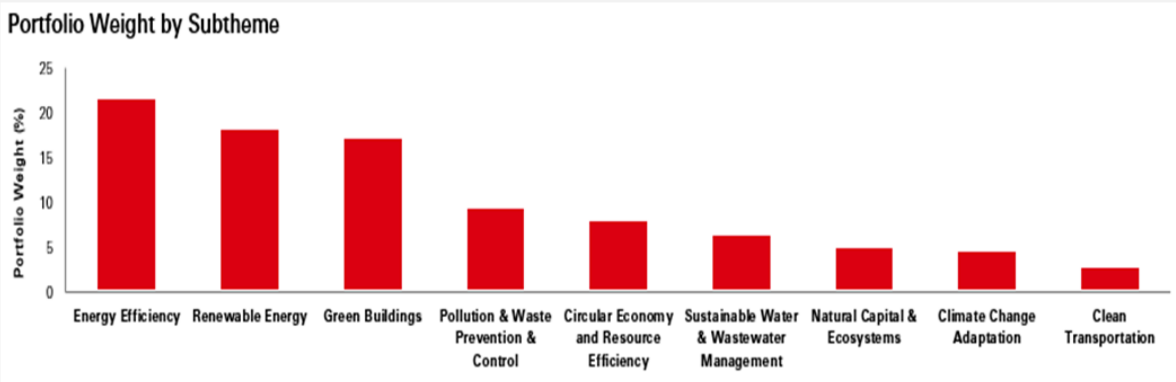
Furthermore, these global voting guidelines inform the custom voting recommendations we receive from our external proxy voting research and platform provider. The voting recommendations for active holdings are reviewed by the relevant fund managers, whilst our corporate governance specialists oversee voting for all holdings.

4. *Investment process*

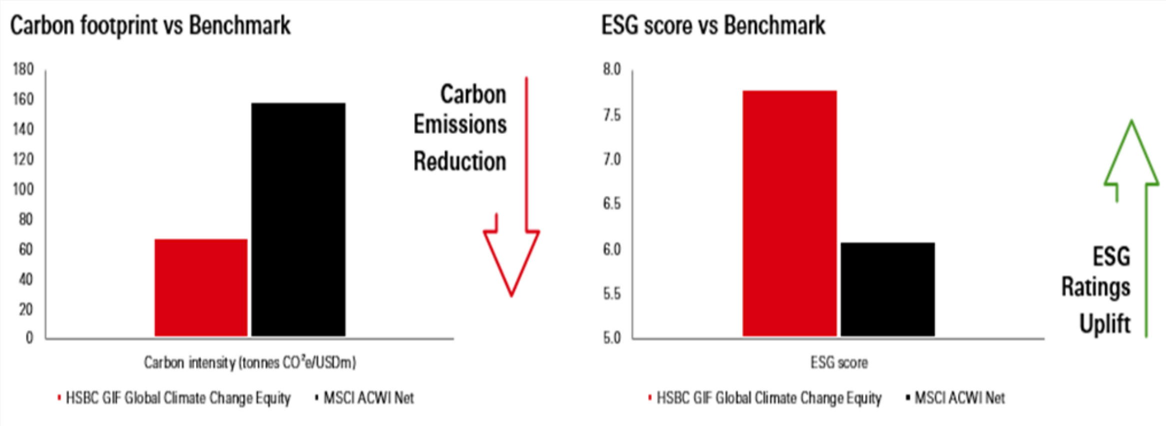
4.1. How are the results of the ESG research integrated into portfolio construction?

Portfolio Construction

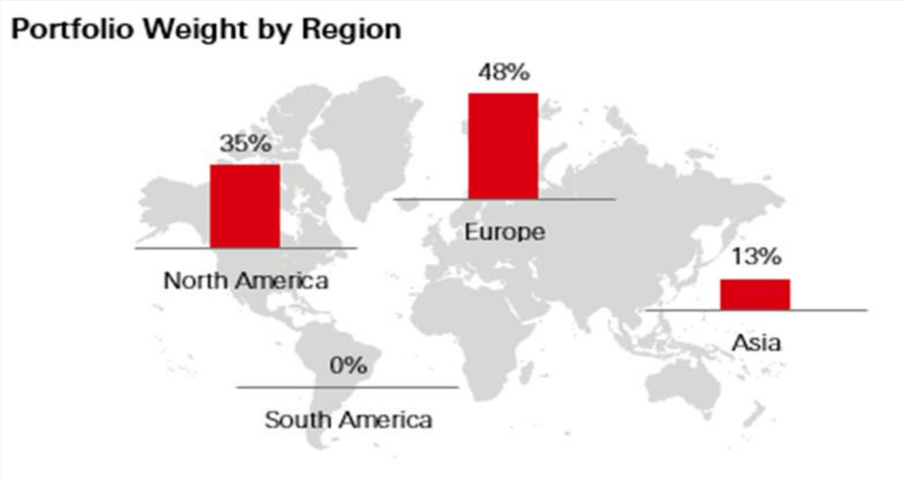
The portfolio manager aims to build a diversified portfolio that balances climate solution thematic exposure, return potential, and sustainability criteria.



Source: HSBC Asset Management, at 31 October 2021.



Source: HSBC Asset Management, at 31 October 2021.



Source: HSBC Asset Management, at 31 October 2021.

The portfolio aims to be fully invested. Cash positions are neither used strategically nor viewed as a risk management tool. Under normal market conditions, cash is invested as soon as is practically possible in order to minimise the cash drag on our clients' portfolios. The strategy may invest in index instruments, for example ETFs, to ensure efficient cash management.

4.2. How are the criteria specific to climate change integrated into portfolio construction?

Our climate change policy sets out our approach to managing climate risk. We recognise that climate risk may manifest as transition, physical and/or liability risk over the short, medium and longer term. Climate-related investment risk will differ depending on characteristics such as asset class, sector, business model and geography. We therefore incorporate climate-related indicators such as carbon intensity and management of carbon emissions into our investment decisions as well as insights from our climate-related engagement.

Please refer to our answer to question 4.1 above.

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?

Please specify how much the funds can hold.

Please refer to our answers to question 3.1 for details of the investment parameters of the HSBC GIF Global Equity Climate Change Fund and to questions 3.4 and 3.5 for information on how holdings in the fund are evaluated.

4.4. Has the ESG evaluation or investment process changed in the last 12 months?

No.

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

While the fund's focus is on sub themes that we believe encompass the necessary responses to the challenges of climate change, the fund must also have an overall environmental, social and governance (ESG) score 20% higher than MSCI ACWI as reference index, and as a result will also likely hold holdings in entities that pursue strong social goals/social enterprises.

As at 31 May 2022, the strategy's ESG score is currently ~23% higher than MSCI ACWI as reference index.

4.6. Does (do) the fund(s) engage in securities lending activities?

If so,
(i) is there a policy in place to recall the securities so as to exercise the voting rights?
(ii) does the process for selecting the counterparty(ies) integrate ESG criteria?

The fund may enter into securities lending transactions for up to 29% of its assets. However, this is not expected to exceed 25%.

4.7. Does (do) the fund(s) use derivative instruments?

If so, please describe
(i) their nature;
(ii) their objectives;
(iii) the potential limits in terms of exposure;
(iv) if appropriate, their impact on the SRI nature of the fund(s).

The sub-fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). The sub-fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the sub-fund is permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the sub-fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.

We currently hold 2.97% of the MSCI World ESG Leaders Index Future.

4.8. Does (do) the fund(s) invest in mutual funds?

If so, how do you ensure compatibility between the policy for selecting mutual funds and the SRI policy of the fund(s)? How many funds can be held?

The sub-fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other sub-funds of HSBC Global Investment funds.

As mentioned in our answers to 3.4, 3.5, 3.6 and 4.1, ESG analysis is a fundamental component of the thematic research, idea generation, portfolio construction, and portfolio monitoring.

In addition, please find below firm wide ESG considerations of relevance to this fund and other HSBC Asset Management funds into which the fund may wish to invest.

There are a number of firm wide ESG risk management exercises all potential and held investments are subjected to in addition to our analysis:

1. Issuers with an ESG score in the bottom 5% are classified as high risk and are subject to enhanced due diligence and approval by the ESG Investment Oversight Committee. Similarly, a breach of one or more of the 10 principles of the UN Global Compact marks an issuer as high risk and triggers enhanced due diligence. Pending the result of the enhanced due diligence, new investments are not permitted or are restricted.
2. For high risk names, the portfolio manager and/or analyst conducts enhanced due diligence, using input including sell-side research, Bloomberg data, company reports as well as the outcomes of potential engagement. This process is systematic and applies to all our equity and corporate fixed income strategies. It is an integral part of our investment process for both equities and fixed income. Where the enhanced due diligence reveals material ESG risks that cannot be managed through engagement, we may decide to exclude an issuer from our investments.

We carry out an ESG analysis of all potential investments alongside the financial analysis using proprietary ESG databases and third-party analysis, to help identify possible high-risk names when screening and rating stocks.

All internal company-level research documents – for equities and fixed Income – have an ESG section. All these documents are made available via Visualiser and Bloomberg Port.

On valuations, it is trading a justified valuation levels (vs history and vs peers). We see re-rating opportunity for Weichai as it moves into H2 trucks and it should help buck the industry down-cycle trend expected over the medium term. Our analysis suggest 35% upside in the case that H2 vehicles are able to contribute 10% of CV sales for the co by 2025. Overall, we recommend to **BUY** the stock for the GEM portfolio.

Balance Sheet:

Weichai has a healthy net cash position of ~RMB 14bn as of Mar-20. GS expects net gearing to decrease to -56% by 2023 (from -15% in 2018). Dividend pay-out ratio is ~25% and company and there are no current plans to increase it yet.
Capex requirements from H2 investments would be minimal as they are funded by the government. As such, management expects peak capex in 2020 (~5bn) and to decline going ahead.

ESG:

Weichai Power's MSCI ESG rating has remained at B (second worst letter rating) since 2016. MSCI judges the company to be performing poorly on a number of key issues, including corruption and instability, toxic emissions & waste, and labor management. Weichai's overall score is 1.9 / 10.

Minesweeper gives the company a much high score of 3.9. This is because Minesweeper gives a higher weighting to the company's higher E and S scores (40% & 40%, vs 26% and 36%), and a lower weighting to the company's lower G score (20% vs 38%), than MSCI.

UN Global Compact Assessment: Fully Compliant.

Environment (3.8): Weichai is lowly rated in part because MSCI judges the company to not have opportunities in clean technology, as less than 1% of its 2018 revenue come from clean technology, and the company has historically spent under 3% of revenue on R&D. We judge these views to be quite unfair on the company, who have made substantial investments in hydrogen fuel cell technology, and have built a plant to manufacture hydrogen heavy duty vehicle engines at scale. In time, the company could achieve significant revenues from clean technology, if our investment case is correct. The low R&D spend is in part because a proportion of the hydrogen technology innovation is state financed.

Weichai also scores poorly on E because MSCI judges it to have high risk exposure to toxic materials and waste, and yet it has not had targets to reduce toxic emissions. We will engage management on this topic as part of our engagement programme. However, we would question part of MSCI's analysis, because the company does have regular environmental audits, and an environmental management system. We also think that the company's product offer is underappreciated on this key issue: Weichai makes truck engines that have improved emissions output materially in order to meet national emissions targets (the company sold 1.3m engines last year to meet the standard 6 targets).

Finally, Weichai is a leader in natural gas engines, which are substantially less polluting than diesel engines. These engines are used in large vehicles such as trucks, tractors and buses. At 10% of engine sales, natural gas engines help reduce the need for diesel engines, which is an environmental beneficially revenue stream in itself.

Social (4.3): The company operates in an industry where health and safety is critical, yet it doesn't disclose a H&S strategy, nor say whether the policy is group-wide, according to MSCI. We will look to engage with the company on this matter in future. Second, with 80k employees, labor management is very important. MSCI scores Weichai lowly on this matter to as it judges that staff financial and non-financial benefits are only moderate. We will discuss this with management, however we think the score is more of a result of the industry.

Governance (3.3): The company receives a poor corporate governance score due to a lack of board independence, evidence of related party transactions, and some quantitative accounting flags MSCI employs. We will be monitoring these issues closely and will look to vote and engage to improve these issues. The company is 22% state owned, and we think this partly explains the negative view MSCI takes, however we'd add that the state is providing support for the company's hydrogen initiatives so it may not be entirely negative to have government involvement.

The company also receives a very poor corruption and instability review. This is in part because it is not signed up to various international anti-bribery initiatives, nor does it give evidence of an anti-corruption policy for suppliers. We will engage with the company on these matters at the next opportunity.

SASB: In the SASB Materiality Map the 'Auto Parts' sector is judged to have these issues:
1. Energy Management
2. Waste & Hazardous Materials Management
3. Product Quality & Safety
4. Product Design and Lifecycle Management
5. Materials Sourcing & Efficiency
6. Competitive Behaviour

We have addressed 1, 2, 6 in some detail above. 3 & 4 have already been given some thought. We are confident Weichai is a leader in diesel engines, and have some confidence that they have better than average hydrogen fuel cell technology. We will do more work on the product lifecycle question. Our suspicion so far is that the fuel cells, with so few moving parts, will require far less maintenance and changing, relative to older diesel engines.

Sustainable Development Goals: The company does not align itself explicitly to any SGD. We think the company may be aligned somewhat to SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialisation) in the long term. Key targets are 9.1 (Developing sustainable infrastructure) and 9.4 (by 2030 upgrade infrastructure to make them sustainable). This is because China's truck population is larger than Europe and the United States' fleets combined, so fitting this market with cleaner (eventually fuel cell) vehicles, can have a significant impact on carbon emissions in China. Two indicators could help us measure Weichai's progress in China on this matter:

9.1.2 – Passenger and freight volumes
9.4.1 – C02 emission per unit of value added

Past material controversies: The company has not been linked to any major controversies in the recent past.

Green Revenue Analysis: The company has been estimated by FTSE Russel to have between 1.04% (Company Specific review, using Dec 2018 data, produced in May 2020), and 52.04% green revenue (max GR factor, using FY2016 data. Given the significant difference, we have sort to analyse the green revenue contribution independently:

Business Line	Green Revenue	Revenue USD	FTSE GR / HSBC Est	Green Revenue (USD)	Weichai Ownership	Weichai Green Revenue Share
Kion Group	Electric & Hybrid Forklift Vehicle Sales	$ 9,900,000,000.00	20%	$ 1,980,000,000.00	50%	$ 990,000,000.00
Ballard Power	Fuel Cell Technology	$ 100,000,000.00	100%	$ 100,000,000.00	20%	$ 20,000,000.00
Ceres Power	Fuel Cell Technology	$ 3,000,000.00	100%	$ 3,000,000.00	20%	$ 600,000.00
Weichei Diesel Engines	Sales of cleaner engines for trucks to comply with national standard 6a (2020 start), 6b (2023)	$ 5,400,000,000.00	100%	$ 5,400,000,000.00	100%	$ 5,400,000,000.00
					Total	$ 6,410,600,000.00
	Weichai Power Revenue (2019)	$ 25,230,000,000.00				
	Weichai Green Revenue MIN	4%				
	Weichai Green Revenue MAX	25%				

Note: The 'Weichei Diesel Engines' business line includes the natural gas engine business (which has an even greater environmental benefit than even the improved diesel engines). We estimate natural gas engines alone to be 2% of revenues and 7% of profits (engines wholly is 21% of revenue and 73% of profits).

We think that overall Weichai already has over 20% green revenue. We expect this to grow meaningfully as 1) fuel cell sales begin 2) diesel engine sales grow following China 6a & 6b 3) Kion's green revenues continue to grow. Note: In this analysis we are not linking in Kion's other businesses, such as warehouse robotics, which have notable carbon emission reduction benefits.

Conclusion: Weichai has an interesting green revenue opportunity, which could have great impact on China's emissions outlook. We think this is not well reflected in the ESG ratings at present. That said, we do note the governance and social concerns, and will seek to engage with the company on these matters in future.

Appendix:

Below

YTD Share Performance – Weichai, KION, Ballard & Ceres

Source: HSBC Asset Management. Example ESG box write up for GECC holding, Weichai Power. For illustrative purposes.

Finally, we also benefit from the production of in house research into thematic ESG issues. The reports provide an overview of the topics, potential investment opportunities, and potential engagement questions that we may wish to ask companies:

HSBC Global Asset Management

ESG - Change and Materiality

Aviation Emissions Outlook ESG Change & Materiality Report by Oliver Wilcock. 12/09/2019

Industries and Key Companies discussed:

Industry	ACWI Weight
Airlines	0.13%
Aerospace & Defence	1.97%
Hotels, Restaurants, Leisure	1.73%
Software	4.30%

Company	ACWI Weight	Rank
Ryanair	N/A	20%
Boeing	0.42%	66%
CRRC Corp	0.008%	30%
Yealink Network Technology Corp	N/A	93%
Whitbread	0.016%	50%

Executive Summary

The key message from this report is that aviation is on a path to being one of the biggest single sources of pollution by the 2030's. This is because it is very hard to decarbonise flying, and the industry does not have the means, nor the will power, to meaningfully offset the emissions from this growth to meet global society's climate targets.

The forecasted 5% global annual growth in aviation traffic volume is highly environmentally unsustainable, and through direct (policy/consumer change) or indirect (environmental pushback) disruption, the growth rate is unlikely to be achieved over the long term.

There will be strong growth in emerging markets, but in Europe we see a slowdown, as citizens and governments begin to take a tougher stance on emissions produced ultimately by the flying of a small group of people. These actions could begin to eat into the growth in Europe, and thus begin to impact the global growth rate. However this change is likely to be slow and fiercely contested by the aviation industry.

In this report we outline the emerging trends in aviation emissions, and the complexity of the way aircraft emissions occur and are measured. We also evaluate the industry solutions to the climate change risk, and present the solutions that would actually keep the industry within a sustainable climatic boundary.

We then cover the range of industries that have risks and opportunities from our view for aviation emissions. We think shorter haul aviation in Europe is most at risk on the nearest time horizon. We do not think that the market is pricing in these risks to a far extent.

Finally we outline sustainable investment ideas across high speed rail, staycationing and achieving travel's purposes by alternative and lower emissions means.

Contents

INTERNAL

Source: HSBC Asset Management. For illustrative purposes.

Topic	Investment and Engagement ideas
IMO 2020 (shipping fuel change) (2019)	Fuel distributors, shipping firms, refiners
New Energy Vehicles (2019)	Battery makers, battery production equipment makers
Meat Sustainability (2019)	Natural food product producers
Aviation Emissions (2019)	High speed rail
Social Media (2020)	Digitalisation enablers
Carbon Emissions Outlook (2020)	HVAC players

Water: Circular Economy, Health, Agriculture (2020)	Smart Water, Flow Pressure Control Devices, Plant Based Diets

5. ESG controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?[6]

Please refer to our answer to question 3.6 above for details of our portfolio monitoring. In addition, please find below details of the risk management process for the fund during which the portfolio is further assessed.

Risk management is integral to our investment process. We define risk as the failure to achieve our stated investment objective in a consistent manner, as this may lead to client objectives not being met.

As the investment team focuses on taking stock-specific risk, the priority for the team is to conduct appropriate fundamental research and due diligence on every investment we make.

The investment team continuously assesses the risks associated with each holding in the portfolio and the portfolio as a whole. The team utilises proprietary and external tools to analyse unintended risk, risk factor exposures and decompose portfolio risk into contributions by stock, sector and country.

Any unforeseen biases within the portfolio are analysed and where necessary positions are amended. Also, should a specific holding have a high risk contribution, the holding is discussed and action may be taken.

The investment style of the strategy is core which means that we do not target any bias to growth or value. We believe this allows the portfolio to outperform in different market conditions. The conviction for a stock position rests on fundamental factors. The returns are generated from stock selection rather than sector decisions or market timing.

Sector, country and currency exposures are residual to stock selection. Currency exposures are not hedged.

Portfolio performance attribution provides an ex-post perspective.

The front office investment risk team continuously monitors portfolio characteristics, and there is a monthly risk meeting chaired by the Global Chief Investment Officer where portfolio risk is discussed.

In addition, there are three levels of independent oversight with separate reporting lines to the Chief Operating Officer:

I. HSBC Asset Management's Risk Management team, providing a risk management framework and quantitative monitoring of performance and risk indicators

[6] Reference to Article 173 of the French TECV Act

II. HSBC Asset Management's Control/Compliance team, focusing on process and regulatory control, operational risk and counterparty risk

III. HSBC Group Risk Management and Audit team: process control and follow-up of risk control activities

6. Impact measures and ESG reporting

6.1. How is the ESG quality of the fund(s) assessed?

Please refer to our answer to 3.6 above for information on ways in which the portfolio is assessed.

6.2. What ESG indicators are used by the fund(s)?[7]

The strategy's objectives are to have an overall ESG score that is 20% higher and a Carbon Intensity score that is 50% lower than the MSCI ACWI as a reference index.

We do not compare these metrics to a sustainability benchmark.

The strategy's ESG and Carbon Intensity is closely monitored by the portfolio manager and the internal restrictions team on an ongoing basis and is published on the fund's factsheet on a monthly basis.

Please see the attached reports for the requested period and link to the fund's factsheet. https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/factsheet

ESG Scores
The weighted averages of the Key Issue Scores are aggregated and companies' scores are normalized by their industries. After any overrides are factored in, each company's Final Industry-Adjusted Score corresponds to a rating between best (AAA) and worst (CCC). These assessments of company performance are not absolute but are explicitly intended to be relative to the standards and performance of a company's industry peers.

Weighted Average Carbon Intensity

Description
Carbon Intensity Description, Portfolio's exposure to carbon-intensive companies, expressed in tons CO^2e/USD million revenue.

Methodology
Carbon Intensity Methodology, Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investmnet relative to the current portfolio value), rather than the equity ownership approach. Gross values should be used.

Please see the glossary in the ESG reports for full descriptions

[7] Reference to Article 173 of the French TECV Act

6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

We publicly report sustainability information of issuers in our portfolio on the website and in our engagement reports.

Please find the link for our engagement reports:
https://www.assetmanagement.hsbc.de/de/individual-investors/about-us/responsible-investing/stewardship

Link for the information of issuers in the portfolio as disclosed in the factsheet:
https://www.assetmanagement.hsbc.de/api/v1/download/document/lu0323239441/de/de/factsheet

6.4. Does the fund management company publish the results of its voting and engagement policies?[8]

We aim to vote on all equities for which clients have given us voting authority, except where this is not practical for reasons such as share blocking or overly burdensome power of attorney requirements.

We exercise our voting rights as an expression of stewardship for client assets. We have global voting guidelines. These protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

In 2021, we voted on more than 84,000 resolutions at over 8,400 company meetings across 72 markets, representing 94% of the ballots which we were entitled to vote.

Engagement with companies on voting issues is an important element in our stewardship activity. Our voting guidelines are available at:

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

Voting reports are available to clients as part of our standard reporting package. Clients may choose a report of every resolution, votes against, or a statistical analysis.
A copy of our Global Voting Guidelines and Voting Activity Disclosures are available via the following link:

https://www.assetmanagement.hsbc.de/de/individual-investors/about-us/responsible-investing/stewardship

[8] Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE

We publish a quarterly voting report.

Important Information

Risk Warnings

The value of investments may go down as well as up. There is always a risk that the investor may not receive the original sum invested.

Figures that refer to past performance are not reliable indicators of future results. Gross performance will be impacted by fees.

- **Counterparty Risk**

The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.

- **Derivatives Risk**

Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.

- **Emerging Markets Risk**

Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.

- **Exchange Rate Risk**

Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.

- **Investment Leverage Risk**

Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.

- **Liquidity Risk**

Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.

- **Operational Risk**

Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.

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The fund is denominated in EUR currency. The fund may invest in financial assets designated in a different currency than the base currency. The value of the fund may rise and fall purely as a result of changes in exchange rates. Where overseas investments are held, the rate of exchange may cause the value of such investments to go down as well as up which may have a significant impact on fund performance.

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The fund is not suitable for every investor. It cannot be excluded that an investment in the fund could lead to losses for the investor. It is also possible that an investor might lose all of their initial investment.

All information within this document do neither replace the prospectus for the fund nor the Key Investor Information Documents and the most recent annual and semi-annual reports. These documents can be obtained upon request and free of charge from HSBC Trinkaus & Burkhardt GmbH, Hansaallee 3, 40549 Duesseldorf, Germany.

HSBC Global Asset Management (Deutschland) GmbH, Hansaallee 3, 40549 Duesseldorf, www.assetmanagement.hsbc.de/de.