



HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY

The Investment Adviser will review all SFDR mandatory Principal Adverse Impacts to assess the relevance to the sub-fund. HSBC's Responsible Investment Policy sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considers ESG sustainability risks as these can adversely impact the securities the sub-funds invest in. HSBC uses third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where potential material risks are identified. Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening are a key consideration in the investment decision making process and, in turn, this also supports the advice given to clients.

The approach taken, as set out above, means that among other things the following points are scrutinised:

- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aiming, among other things, at alleviating child and forced labour. HSBC also pay a great attention to the robustness of corporate governance and political structures which include the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies as well as audit trails; and
- governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance.

The sub-fund will promote the following environmental and social characteristics:

1. Active consideration of low carbon intensity investments compared to the Reference Benchmark.
2. Identification and analysis of a company's ESG Credentials which may include environmental and social factors including, but not limited to, physical risks of climate change and human capital management, that may have a material impact on a company's financial performance and valuation. It will also consider a company's corporate governance practices that protect minority investor interests and promote long term sustainable value creation.
3. Responsible business practices in accordance with UN Global Compact Principles for businesses and OECD Principles.
4. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
5. Active consideration of environmental issues through engagement and proxy voting.
6. Analysis of the share of investment involved in controversial weapons.

Investment Strategy and Proportion of Investments:

The sub-fund aims to provide long term capital growth by investing in a portfolio of Asian (excluding Japanese) equities, while promoting ESG characteristics within the meaning of Article 8 of SFDR. This includes the identification and analysis of a company's ESG credentials (as set out above) as an integral part of the investment decision making process to reduce sustainability risk.

The sub-fund will not invest in equities issued by companies with specified involvement in specific excluded activities ("Excluded Activities"). Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:

- Companies involved in the production of controversial weapons or their key components. Controversial weapons include but are not limited to anti-personnel mines, depleted uranium

weapons and white phosphorous when used for military purposes. This exclusion is in addition to the banned weapons policy.

- Companies involved in the production of tobacco.
- Companies with more than 10% revenue generated from thermal coal extraction and do not have a clearly defined, credible plan to reduce exposure to below 10%.
- Companies with more than 10% revenue generated from coal-fired power generation and do not have a clearly defined, credible plan to reduce exposure to below 10%.

The sub-fund conducts enhanced due diligence on companies that are considered to be non-compliant with the UN Global Compact Principles, or are considered to be high risk as determined by the HSBC's proprietary ESG ratings.

The sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies which are domiciled in, based in, or carry out the larger part of their business activities in Asia (excluding Japan), including both developed markets and Emerging Markets. The sub-fund may also invest in eligible closed ended Real Estate Investment Trusts ("REITs").

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

Methodologies:

HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the sub-fund are met. HSBC will use data provided by a number of third parties. All data used will be verified by HSBC Asset Management's extensive research department.

HSBC's Responsible Investment Policy, our Engagement Policy and Stewardship Plan is available on our website www.assetmanagement.hsbc/responsible-investing/policies.