



HSBC GLOBAL INVESTMENT FUNDS - GLOBAL LOWER CARBON 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, HSBC also carry out further due diligence. 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 and higher ESG scores compared to the index. The MSCI World Index (the "Reference Benchmark"), will be used to measure the sub-fund's carbon intensity and ESG scores.
2. Responsible business practices in accordance with UN Global Compact.
3. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
4. Identification and analysis of a company's environmental and social characteristics including, but not limited to, physical risks of climate change and human capital management.
5. Active consideration of environmental and social issues through engagement and proxy voting.
6. Exclusion of share of investment involved in controversial weapons.
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 invests in normal market conditions a minimum of 90% of its net assets in accordance with the Lower Carbon Strategy as described below, in equities and equity-equivalent securities of companies which are domiciled in, based in, carry out the larger part of their business activities in, or are listed on a Regulated Market in developed markets.

The sub-fund aims for lower exposure to carbon intensive businesses through portfolio construction.

The sub-fund uses a multi-factor investment process, based on five factors (value, quality, momentum, low risk and size), to identify and rank stocks in its investment universe with the aim of maximising the portfolio's risk-adjusted return. Although the investment process currently uses these five factors, it is subject to ongoing research regarding the current and potential additional factors. In order to lower exposure to carbon intensive businesses and raise the sub-fund's ESG rating, all holdings in the portfolio are assessed for their individual carbon intensity and ESG scores.

A HSBC proprietary systematic investment process is then used to create a portfolio which:

- maximises exposure to higher ranked stocks, and
- aims for a lower carbon intensity and higher ESG rating calculated respectively as a weighted average of the carbon intensities and ESG ratings of the sub-fund's investments, than the weighted average of the constituents of the Reference Benchmark.

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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).

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.