



WEBSITE DISCLOSURE SUMMARY
HSBC GLOBAL INVESTMENT FUNDS - GLOBAL EQUITY CIRCULAR ECONOMY

No significant harm to the sustainable investment objective

Do no significant harm (DNSH) analysis is an integral part of our investment process for sustainable assets. It covers ESG best in class, minimum governance score, normative and controversial activities monitoring, consideration of Principal Adverse Impacts (PAI) and Principal Adverse Impact integration.

All SFDR mandatory PAIs are reviewed to assess the relevance to the sub-fund. Our Responsible Investment Policy sets out the approach we take to identify and respond to principal adverse sustainability impacts and how we consider ESG sustainability risks. This is available on our website at: www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

The sub-fund is also aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Sustainable investment objective of the financial product

The sub-fund aims to provide a long-term total return by investing in a concentrated portfolio of companies that actively contribute to the transition to a more circular global economy, based on the principles of designing out waste and pollution, keeping products and materials in use and regenerating natural systems.

Investment strategy

In line with a thematic approach, the sub-fund invests in normal market conditions a minimum of 90% of its net assets in equities and equity equivalent securities of companies with exposure to circular economy themes ("Circular Economy Themes") which are domiciled in, based in, carry out business activities in, or are listed on a Regulated Market in any country including both developed markets and Emerging Markets.

To define the eligible investment universe, the Investment Adviser initially identifies companies with exposure to Circular Economy Themes, which may include, but are not limited to, production and provision of sustainable resources, circular products, circular economy technologies and services, and recovery activities. Circular Economy Themes are proprietary to HSBC, determined with reference to United Nations Sustainable Development Goals, subject to ongoing research and may change over time as new themes are identified.

Following identification of the eligible investment universe, the Investment Adviser performs an analysis of each company's ESG practices and ratings. Each company is assigned E, S and G ratings and an overall ESG rating based on E, S and G weights which are specific to the company's sector. For example, carbon emissions and avoided emissions are criteria considered for the E rating, the percentage of women on corporate boards for the S and the percentage of independent directors for the G. This ESG analysis is proprietary to HSBC using data supplied by non-financial rating agencies and internal research. More than 90% of the companies the sub-fund invests in will be subject to this ESG analysis.

Proportion of Investments

The sub-fund aims to make a minimum of sustainable investments with an environmental objective of 90%. Other assets include liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) and financial derivatives instruments may be used for efficient portfolio management.

Monitoring of the sustainable investment objective

All our sub-funds aim to demonstrate strong and/or improving ESG characteristics at the company and overall portfolio level using quantitative or qualitative criteria which are monitored on an on-going basis. Companies with ESG risk scores that require a targeted review are assessed within an internal governance forum. Funds are monitored via an ESG dashboard to ensure portfolios align to the internally established thresholds.

We monitor companies too to ensure they operate with good corporate governance. Please refer to the 'Engagement Policies' section below. For our full Stewardship Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.



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.

Companies considered for inclusion within the sub-fund's portfolio will be subject to Excluded Activities ("Excluded Activities"). Excluded Activities are proprietary to HSBC and may include those issuers with revenue exposure to banned and controversial weapons, thermal coal (if a company has more than 2.5% revenue generated from thermal coal power generation), arctic oil and gas, oil sands (if a company has more than 10% revenue generated from arctic oil and gas or oil sands) and shale oil (if a company has more than 35% revenue generated from shale oil) and tobacco production. In addition, the sub-fund will not invest in issuers that HSBC considers to be non-compliant with United Nations Global Compact (UNGC) Principles.

Data Sources and Processing

HSBC Asset Management uses data from a number of external third parties such as Sustainalytics, ISS, MSCI and Trucost to ensure it attains the sustainable investment objective promoted. All data is verified by our extensive research department and processed using our proprietary research methodology.

Limitations to Methodologies and Data

We use third party data from multiple sources however there is limited coverage of certain data. We are not aware of any limitation in meeting the sustainable investment objective of the sub-fund.

Due Diligence

We carry out quantitative and qualitative monitoring and analysis of all companies and other issuers held in active portfolios before and during the period of our investment. Using this monitoring and analysis the companies and other issuers are discussed regularly within our investment teams including their strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. We may also assess their disclosures, consideration of research – including ESG & voting research and we may attend meetings with management and directors, visit production sites, talk to competitors, customers and other stakeholders, and carry out our own financial modelling. Our Stewardship & Engagement teams play a supporting role when it comes to assessing issuers against ESG considerations.

Engagement Policies

We use a number of ESG rating agencies for norms-based screening against the UN Global Compact Principles. We incorporate good corporate governance in our proprietary fundamental company research and meet with investee companies (and potential investee companies) regularly as part of our active investment process. This helps ensure that companies are managed in line with the long-term interests of their investors and helps us to improve our understanding of their business and strategy, to signal support and/or to highlight concerns we have with management actions and promote best practice.

This engagement is a key element in our stewardship oversight of client assets. We challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. We engage to understand the approach management is taking and to test how far they are being good stewards. We also encourage investee companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. We raise ESG or other concerns with investee companies and other issuers where we believe that to be in the interest of investors, identifying company specific or systemic risks. We prioritise our engagement on the basis of scale of client holdings, salience of the issues concerned, and our overall exposure to these issues.

For our full Engagement Policy, please go to www.assetmanagement.hsbc.com/about-us/responsible-investing/policies

Attainment of the Sustainable Investment Objective

There is no specific index designated as a reference benchmark to determine whether this financial product meets its sustainable investment objective. However, please note that the MSCI All Country World is used to help assess the sub-fund's ESG credentials.