Website disclosure summary

Global Emerging Markets Corporate Sustainable Bond Fund

No significant harm to the sustainable investment objective

Do no significant harm (DNSH) analysis is an integral part 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 PAI 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 make a positive environmental, social and governance (ESG) impact, by investing in fixed income (bonds) and other similar securities issued by companies that contribute to United Nations Sustainable Development Goals ("Contributing Companies" and "SDGs"), while also aiming to provide long term total return. The SDGs the Contributing Companies contribute to will include Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, Good Health and Well Being and Reduced Inequalities.

Investment strategy

The sub-fund normally invests in Investment Grade, Non-Investment Grade and unrated fixed income securities of Contributing Companies. Contributing Companies will be domiciled in, based in, carry out business activities in, or listed on a Regulated Market in Emerging Markets. Securities will be primarily denominated in US Dollar.

Proportion of Investments

The sub-fund will 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 which may be used for efficient portfolio management.

At least 90% will be invested in Investment Grade, Non-Investment Grade rated and unrated fixed income and other similar securities issued by Contributing Companies as set out above. Up to 10% may be invested in convertible bonds (excluding contingent convertible securities) and up to 10% may be invested in contingent convertible securities (though this is not expected to exceed 5%).

Monitoring of the sustainable investment objective

All our sub-funds will demonstrate strong and/or improving ESG characteristics at the issuer 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

The Investment Adviser analyses the sub-fund's ESG impact as the fundamental consideration when determining the sub-fund's investments. Its investment principles ("Investment Principles") are used together with ESG impact analysis and fundamental qualitative company analysis to determine the sub-fund's investments which will include continuous engagement with the companies that it invests in.

In addition to the investments set out above, the sub-fund will also invest in ESG labelled fixed income securities ("Labelled Securities") that are aligned with the International Capital Market Association principles ("ICMA Principles"). These will include Green, Social, Sustainable, and Sustainability-Linked bonds.

The sub-fund will not invest in bonds issued by issuers with specified involvement in specific 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. Labelled Securities will not subject to the Excluded Activities.

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 data available. 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 UNGC 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

The JP Morgan ESG EMBI Broad Diversified Index is not designated for the purpose of attaining the sub-fund's sustainable investment objective.