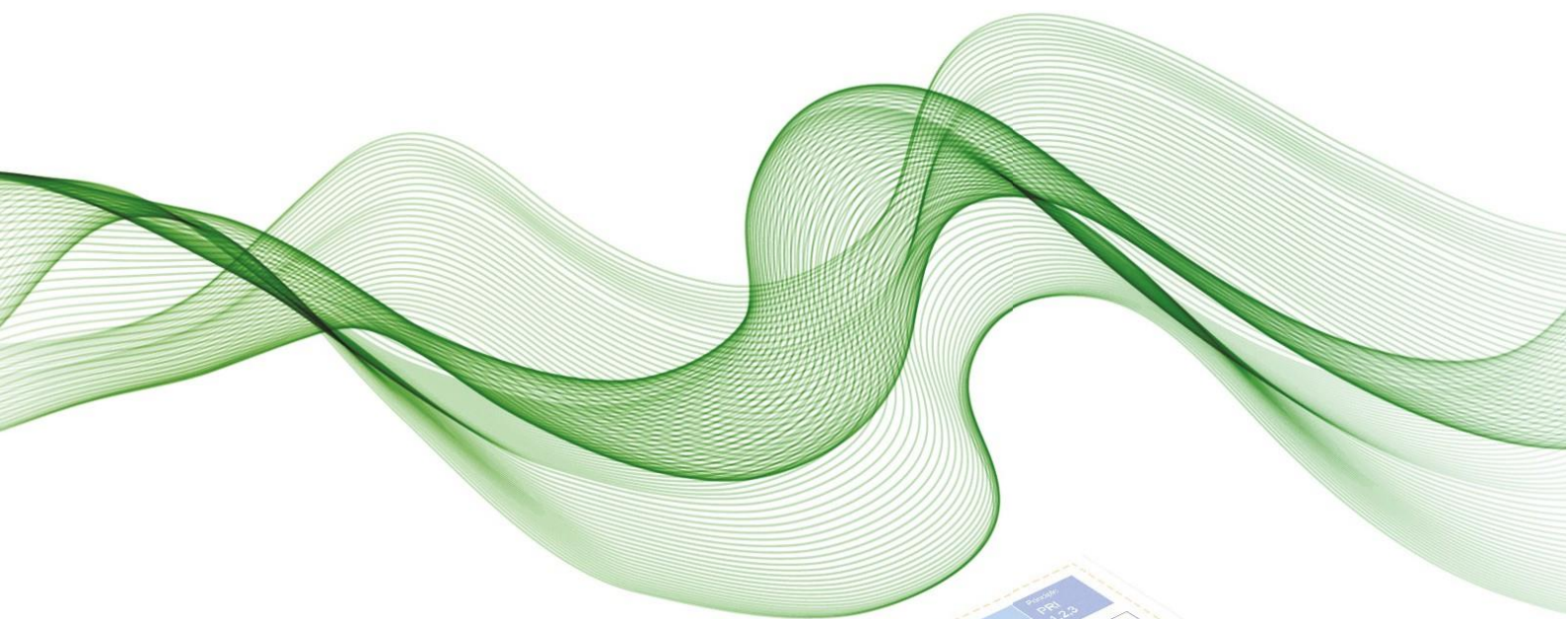




RI TRANSPARENCY REPORT

2020

HSBC Global Asset Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	✓	Public							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	✓	Public							✓
OO PR 02	Breakdown of property assets by management	✓	Public							✓
OO PR 03	Largest property types	✓	Public							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	✓	Public							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Public	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	✓	Public	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 10	Engagement methods	✓	Public		✓					
LEA 11	Examples of ESG engagements	✓	Public		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Public		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Public		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Public	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Public	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	✓	Public	✓						
FI 08	Thematic investing - themed bond processes	✓	Public	✓						
FI 09	Thematic investing - assessing impact	✓	Public	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	✓	Public	✓						
FI 14	Engagement overview and coverage	✓	Public		✓					
FI 15	Engagement method	✓	Public	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Public							✓
FI 18	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							

Direct - Hedge Funds				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
HF 01	Rationale for adopting a RI policy	✓	Public							✓
HF 02	Normative codes/initiatives in the Hedge Fund industry	✓	Public				✓	✓		
HF 03	Organisation of RI responsibilities	✓	Public							✓
HF 04	RI training programme	✓	Public							✓
HF 05	Performance/remuneration metrics linked to RI incorporation	✓	Public	✓						
HF 06	ESG data, research and other resources used	✓	Public							✓
HF 07	ESG incorporation into quantitative and fundamental analysis	✓	Public	✓	✓					
HF 08	Changes to the RI incorporation process over the past 12 months	✓	Public	✓					✓	
HF 09	Integration of Active Ownership	✓	Public	✓	✓					
HF 10	Examples of ESG risks/opportunities in investment decisions	✓	Public	✓	✓					
HF 11	Derivatives products and ESG impact	✓	Public							✓
HF 12	Long/short exposure and reporting	✓	Public	✓	✓					
HF 13	Metrics/KPI for RI progress	✓	Public	✓	✓					
HF 14	Exposure to climate risk	✓	Public							✓
HF 15	Reports to investors	✓	Public		✓				✓	
HF End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year's PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year's PRI data	✓	Public							✓
CM1 05	External assurance	⚡	n/a							✓
CM1 06	Assurance or internal audit	⚡	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

HSBC Global Asset Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	☐ 0% ☐ <10% ☐ 10-50% ☒ >50%
Fund of funds, manager of managers, sub-advised products	☐ 0% ☒ <10% ☐ 10-50% ☐ >50%
Other	☒ 0% ☐ <10% ☐ 10-50% ☐ >50%
Total 100%	

Further options (may be selected in addition to the above)

- ☐ Hedge funds
- ☐ Fund of hedge funds

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
- ☐ 2-5
- ☐ 6-10
- ☒ >10

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
----------------	---

	FTE
--	-----

1854

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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☐ Yes

☒ No

OO 03.3	Additional information. [Optional]
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HSBC Global Asset Management signed up to the PRI in June 2006 covering all its locations.

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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30/09/2019

OO 04.2	Indicate your total AUM at the end of your reporting year.
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Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		516	366	000	000
Currency	USD				
Assets in USD		516	366	000	000

☐ Not applicable as we are in the fund-raising process

OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year
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☒ Not applicable as we do not have any assets under execution and/or advisory approach

OO 04.5

Additional information. [Optional]

Our Multi Assets and balanced strategies represent some 25% of our global AUMs and have been reallocated to Equities and Fixed Income based on a 30/70 split.

OO 06

Mandatory

Public

Descriptive

General

OO 06.1

Select how you would like to disclose your asset class mix.

☐ as percentage breakdown

☒ as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income	>50%	0
Private equity	0	0

Property	<10%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	<10%	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.2 Publish asset class mix as per attached image [Optional].

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- ☐ Yes
☒ No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- ☐ Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
☒ No, we do not use fiduciary managers.

OO 06.6 Provide contextual information on your AUM asset class split. [Optional]

Our Multi Asset and balanced strategies represent some 25% of our global AUMs and have been reallocated to Equities and Fixed Income based on a 30/70 split.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO 07.1

Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	SSA
	25
	Corporate (financial)
	38
	Corporate (non-financial)
	29
	Securitised
	8
	Total
	100%

OO 08

Mandatory to Report Voluntary to Disclose

Public

Peering

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 08.1

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

Asset class breakdown	Segregated mandate(s)	Pooled fund(s) or pooled investment(s)	Total of the asset class (each row adds up to 100%)
[a] Listed equity	☒ 0% ☐ <10% ☐ 10-50% ☐ >50 %	☐ 0% ☐ <10% ☐ 10-50% ☒ >50 %	100%

OO 08.2

Additional information. [Optional]

The core of our externally managed equities are invested into third party ETFs.

OO 09

Mandatory

Public

Peering

General

OO 09.1

Indicate the breakdown of your organisation's AUM by market.

Developed Markets

79.6

Emerging Markets

17.4

Frontier Markets

3

Other Markets

0

Total 100%

100%

Asset class implementation gateway indicators**OO 10****Mandatory****Public****Gateway****General****OO 10.1**

Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We require our external managers to engage with companies on ESG factors on our behalf.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We require our external managers to vote on our behalf.
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

Fixed income SSA – engagement

- ☒ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

Fixed income Corporate (financial) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11

Mandatory

Public

Gateway

General

OO 11.1

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - SSA

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - securitised

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Property
--	----------

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Fund of hedge funds
--	---------------------

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Cash
--	------

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

OO 11.2	Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.
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Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		
Listed equity	<table border="1"> <tr> <td></td><td>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</td></tr> </table> ☐ We incorporate ESG into our external manager selection process ☒ We invest only in pooled funds and external manager appointment is not applicable ☐ We incorporate ESG into our external manager monitoring process ☐ We do not do ESG incorporation		Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
	Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes		

OO 11.4	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
----------------	---

We appoint third party managers through investing into ETFs contributing to the fulfilment of some of our multi asset strategies. But it's fair to say, this type of fulfilment is relatively limited - around 1% of our global AUMs - as we are generally privileging internal capabilities and are also fast developing proprietary ETFs for both equities and fixed income.

OO 11.5	For your externally managed pooled funds, describe any mechanisms in place to set expectations as part of the appointment or commitment process.
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We check exclusion of banned weapons and progressively move to also measure carbon footprint and ESG quality of the selected third party ETFs.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1

Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- ☒ Organisational Overview
- ☒ Strategy and Governance

RI implementation directly or via service providers**Direct - Listed Equity incorporation**

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed income - SSA
- ☒ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☒ Fixed income - Securitised

Direct - Other asset classes with dedicated modules

- ☐ Property
- ☒ Hedge Funds and/or Fund of Hedge Funds

Closing module

- ☒ Closing module

OO 12.2**Additional information. [Optional]**

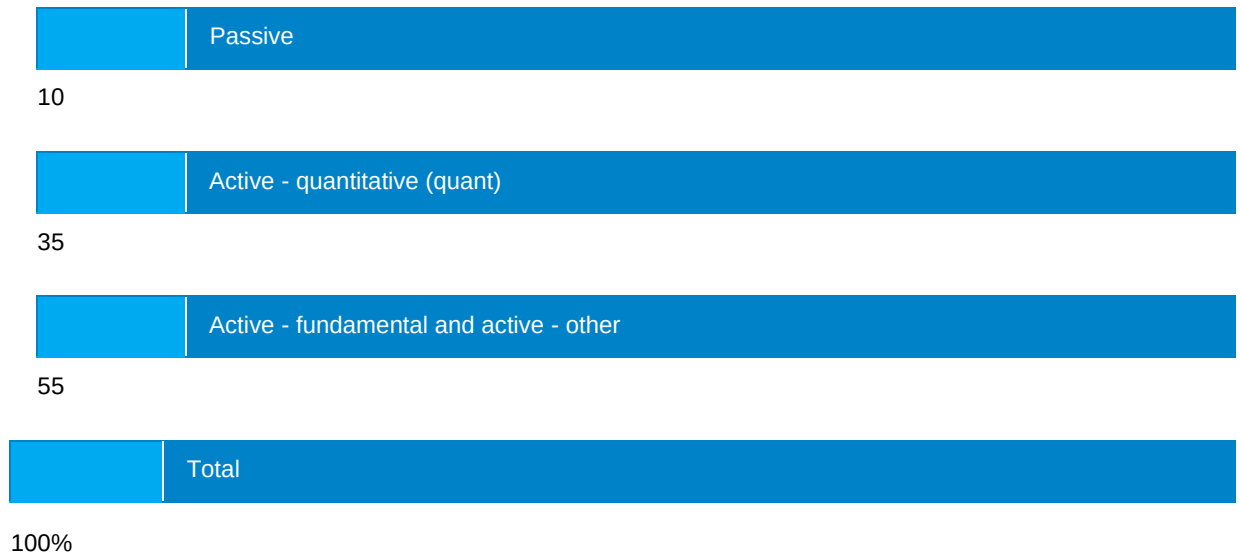
We've had some recent developments at the HSBC group level which have a bearing on our PRI submission. Alongside our Group Management Board and its audit committee, decision has been taken to explicitly consider as ESG inclusive only those strategies which are very formally embedding ESG considerations in their investment decision making and risk monitoring processes. This proves to be the case for 90% of our assets under management. This doesn't mean the remaining 10% have no ESG integration process at all ... However, as it is the case for alternative investments - hedge funds and hedge funds of funds -, the concerned process has to be viewed rather as being under development than fully mature.

Peering questions

OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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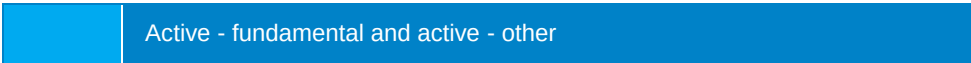
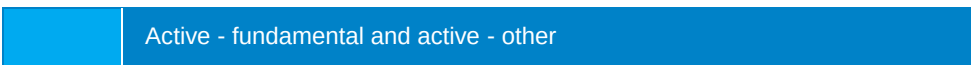
OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.			
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Percentage of internally managed listed equities



OO FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies			
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SSA	 Passive
	0
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
Corporate (financial)	100
	 Total
	100%
Corporate (non-financial)	 Passive
	10
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	90
	 Total
	100%

Securitised		Passive
	0	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	100	
		Total
	100%	

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
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SSA		Developed markets
	70	
		Emerging markets
	30	
		Total
	100%	

OO FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
------------	---

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%	100%
Corporate (non-financial)	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%	100%
Securitised	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%	☐ >50% ☐ 10-50% ☒ <10% ☐ 0%	100%

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

☐ OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

OO SAM 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO SAM 01.1	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.
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Listed equity (LE)	
	Passive
	100
	Active - quantitative (quant)
	0
	Active - fundamental and active - other
	0
	100%

OO PR 01	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO PR 01.1	Indicate the level of ownership you typically hold in your property investments.
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- ☐ a majority stake (50% and above)
- ☐ a significant minority stake (10 and above, and under 50%)
- ☒ a limited minority stake (<10%)
- ☐ a mix of ownership stakes
- ☐ N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf

OO PR 01.2	Provide a breakdown of your organisations allocation to Real Estate Investment Trusts (REITs) or similar
-------------------	--

- ☐ >50%
- ☐ 10 – 50%
- ☒ <10%
- ☐ 0%

OO PR 02	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO PR 02.1	Provide a breakdown of your organisation's property assets based on who manages the assets.
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Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	☐ >50% ☐ 10-50% ☐ <10% ☒ 0%
Managed via third-party property managers appointed by you	☐ >50% ☐ 10-50% ☐ <10% ☒ 0%
Managed by other investors or their property managers	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%
Managed by tenant(s) with operational control	☐ > 50% ☐ 10-50% ☐ < 10% ☒ 0%
Total 100%	

OO PR 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO PR 03.1	Indicate up to three of your largest property types by AUM.
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Types	Main property types (by AUM)
Largest property type	☐ Industrial ☐ Retail ☐ Office ☒ Residential ☐ Leisure/Hotel ☐ Mixed use ☐ Other, specify
Second largest property type	☐ Industrial ☐ Retail ☐ Office ☐ Residential ☒ Leisure/Hotel ☐ Mixed use ☐ Other, specify
Third largest property type	☐ Industrial ☐ Retail ☐ Office ☐ Residential ☐ Leisure/Hotel ☒ Mixed use ☐ Other, specify

OO HF 01	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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OO HF 01.1	Please describe your hedge fund strategies and classification
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	Options presented for fund of hedge funds
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Fund of hedge fund sub-strategies	Approximate % of internally managed hedge fund AUM
Conservative	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%
Diversified	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%
Market Defensive	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%
Strategic	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%
Total 100% (of internal Fund of Hedge Fund AUM)	

HSBC Global Asset Management

Reported Information

Public version

Strategy and Governance

PRI disclaimer

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
☒ Policy setting out your overall approach ☒ Formalised guidelines on environmental factors ☒ Formalised guidelines on social factors ☒ Formalised guidelines on corporate governance factors ☒ Fiduciary (or equivalent) duties ☒ Asset class-specific RI guidelines ☐ Sector specific RI guidelines ☒ Screening / exclusions policy ☒ Engagement policy ☒ (Proxy) voting policy ☐ Other, specify (1) ☐ Other, specify(2)	☒ Applicable policies cover all AUM ☐ Applicable policies cover a majority of AUM ☐ Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- ☒ Your investment objectives that take ESG factors/real economy influence into account
- ☒ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities
- ☒ ESG incorporation approaches
- ☒ Active ownership approaches
- ☒ Reporting
- ☒ Climate change
- ☐ Understanding and incorporating client / beneficiary sustainability preferences
- ☐ Other RI considerations, specify (1)
- ☐ Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

We believe that environmental, social and governance (ESG) factors can have a material effect on company long-term fundamentals, in terms of both opportunity and risk. As such, and in line with the Principles for Responsible Investment, we incorporate ESG factors into investment analysis and decision-making processes and consider it our fiduciary duty to do so.

This benefits our investment decisions, for example facilitating a better understanding of risks and opportunities that may impact valuations, and therefore ultimately benefits our clients. We also believe that over time active stewardship by ourselves and others will have a beneficial impact upon the real economy.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As long term investors we believe ESG factors can materially impact a company's performance.

Taking ESG into account allows us to identify possible risks and opportunities. For us, climate change and energy transition are undoubtedly the most significant and relevant criteria to look at.

It can also provide an early warning of potential deterioration in company fundamentals. This enables us to make more considered valuations and can enhance investment performance. As such, it is consistent with our fiduciary duty to safeguard clients' money.

☐ No

SG 01 CC**Mandatory to Report Voluntary to Disclose****Public****Descriptive****General****SG 01.6 CC**

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

☒ Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We have published alongside Vivid Economics an analysis of climate change scenarios equities valuations which is detailed below and can be found under the following link:

<https://no.assetmanagement.hsbc.com/en/institutional-and-professional-investor/news-and-insights/low-carbon-transition-scenarios>

☐ No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

☒ Yes

Describe the associated timescales linked to these risks and opportunities.

We worked with Vivid Economics to develop six new illustrative low carbon transition scenarios, initially looking at two critical axes of uncertainty - the timing of action and the technology pathway of the transition. The scenarios chosen for this report are in line with the IEA Sustainable Development Scenario (SDS), as well as its earlier WEO 450 scenario. In comparison to the IPCC 1.5° Special Report (IPCC 1.5 SR) scenarios, the scenarios used here are in between IPCC scenarios for achieving 1.5° C with a 50-66% probability, and scenarios for achieving 2° C with a 50-66% probability.

The scenarios are produced using Imperial College London's TIMES Integrated Assessment Model (TIAM-Grantham). TIAM is a global system model with a high degree of disaggregation, containing thousands of technologies, fourteen regions and five major energy end-use sectors. All analysis was based on modelling of the economic impacts from 2018 to 2050.

We have also worked on a comparable analysis applied this time to corporate credits.

☐ No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

☒ Yes

☐ No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

☒ Yes

Describe

We have a clear policy aimed at increasing the climate resilience of our clients' investments as well as contributing towards financing the transition to a low carbon economy.

Two key pillars of our strategy are firstly, to identify and integrate climate-related risks and opportunities presented by climate change and climate policy to our investment portfolios using relevant data and analysis, including scenario analysis, to inform our investment decisions and secondly to engage with investee

companies to better understand and support their disclosure and management of the risks and opportunities presented by climate change and climate policy.

We engage directly and collaboratively, using our voting decisions, where appropriate, to escalate.

☐ No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- ☒ Public PRI Climate Transparency Report
- ☐ Annual financial filings
- ☒ Regular client reporting
- ☐ Member communications
- ☐ Other
- ☐ We currently do not publish TCFD disclosures

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- ☒ Policy setting out your overall approach

	URL/Attachment
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- ☒ URL

	URL
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<http://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing>

- ☐ Attachment (will be made public)

- ☒ Formalised guidelines on environmental factors

	URL/Attachment
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- ☒ URL

	URL
--	-----

<http://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/climate-change>

- ☐ Attachment (will be made public)

- ☐ Formalised guidelines on social factors

- ☒ Formalised guidelines on corporate governance factors

	URL/Attachment
--	----------------

☒ URL

	URL
--	-----

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

☐ Attachment (will be made public)

☒ Fiduciary (or equivalent) duties

	URL/Attachment
--	----------------

☒ URL

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

☐ Attachment (will be made public)

☐ Asset class-specific RI guidelines

☒ Screening / exclusions policy

	URL/Attachment
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☒ URL

	URL
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<https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/responsible-investment-policy-may-2017.pdf>

☐ Attachment (will be made public)

☒ Engagement policy

	URL/Attachment
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☒ URL

	URL
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<https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf>

☐ Attachment (will be made public)

☒ (Proxy) voting policy

URL/Attachment

☒ URL

URL

<https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf>

☐ Attachment (will be made public)

☐ We do not publicly disclose our investment policy documents

SG 02.2	Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.
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☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

☒ URL

URL

<http://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing>

☐ Attachment

☐ Your investment objectives that take ESG factors/real economy influence into account

☐ Time horizon of your investment

☐ Governance structure of organisational ESG responsibilities

☒ ESG incorporation approaches

URL/Attachment

☒ URL

URL

<http://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/esg-integration>

☐ Attachment

☒ Active ownership approaches

URL/Attachment

☒ URL

URL

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

- ☐ Attachment
- ☒ Reporting

URL/Attachment

- ☒ URL

URL

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

- ☐ Attachment
- ☒ Climate change

URL/Attachment

- ☒ URL

URL

<https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/climate-change>

- ☐ Attachment
- ☐ We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].
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We have developed a set of policies outlining our commitment and approach to embed ESG and stewardship within our investment practices. We view these as part of our stewardship and fiduciary responsibilities.

* Responsible Investment Policy: Applying to all asset classes, this document describes the overarching principles framing our ESG Integration and broader RI and stewardship commitment.

* Climate Change Policy: Outlines our approach to addressing climate-related risks and opportunities for our clients.

* Banned Weapons Policy: Outlines our approach to excluding those companies involved in the manufacture of weapons banned by international conventions

* The Green Impact Investments Guidelines: Detailing our commitment to mobilising sustainable capital with a view to contributing to the United Nations Sustainable Development Goals (SDGs) and the global transition to a low-carbon economy.

* Voting guidelines: We believe high standards of corporate governance help companies deliver sustainable returns to shareholders. In our dealings with investee companies, and in our voting, we encourage adherence to international and local best practice standards in corporate governance. Our Voting Guidelines have been developed leveraging our experience voting across the markets in which we invest as well as reflect widely accepted principles of good governance as reflected in local corporate governance codes.

* Engagement policy: Outlines our approach to engagement and how this links with our voting activity.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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We are a global organisation which provides a wide range of financial products and services. As such, we, or a company with whom we have an association may from time-to-time have interests which conflict with our clients' interests or with the duties we owe our clients. While we are part of the HSBC Group, we are functionally and operationally independent from, and maintain an arm's length commercial relationships with, other HSBC Group companies.

Our voting guidelines are intended to identify the best interest of all clients as investors in a particular company. Basing our voting decisions upon these guidelines helps us to manage conflicts of interest. When voting, situations where there may be a potential or actual conflict of interest are considered. Our processes permit deviating from vote recommendations provided by ISS, and if the deviation is because there is a conflict of interest the matter is escalated to the Stewardship and Fiduciary Conflicts Forum for guidance before submitting our vote. If a conflict arises through holdings in both sides of a transaction, the holding in each company is voted in the interest of clients as investors in each company.

☐ No

SG 03.3	Additional information. [Optional]
---------	------------------------------------

In addition to the above:

- Clients in segregated mandates can undertake their own voting or instruct votes on their own portfolios on an ad hoc basis.
- When undertaking engagement we maintain a high standard of research, communication and documentation. If proposed or actual engagement creates a conflict of interest, the conflict is escalated to relevant parties and documented accordingly.
- If a conflict cannot be managed, the conflict is escalated to Compliance. Upon concurrence of the conflict by Compliance, the conflict is then communicated to the Conflicts of Interest Register Owner who is responsible for updating the Conflict of Interest Register as well as reporting the conflict to the HSBC Group's Conflict Management Office, our Global Chief Executive Officer, our Global Chief Risk Officer, and our relevant conflict of interest governance forum.

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.
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☒ Yes

☐ No

SG 04.2

Describe your process on managing incidents

We monitor companies through our investment process. For active portfolios, this includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers -including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites, talking to competitors and customers, and our own financial modelling. For companies held only in passive portfolios, we assess external ESG & voting research and engage with company management and / or directors to raise company specific or thematic issues of concern. We also would like to highlight that we are currently supplementing our existing framework with a new tool - Reprisk - enabling us to track companies' reputational risk and involvement in ESG-related controversies.

Whilst investors can never know all that is happening inside a company and or receive price sensitive information, we believe that our investment process for active portfolios makes us acutely sensitive to variations in company performance, drivers of value and risk, strengths and weaknesses of corporate leadership and the quality of companies' reporting.

Where we have concerns with a company that has not demonstrated that an issue has been adequately addressed, we have a variety of escalation options. In the first instance, issues which have not been addressed satisfactorily by executive management may be raised with board members. At each stage of our escalation, we are seeking confidence that our concern is either misplaced or is acknowledged and being addressed appropriately. If that confidence is lacking, we consider further escalation in our engagement. For example, this may result in our attending and making public statements at company AGMs or co-filing shareholder resolutions.

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

SG 05.2

Additional information. [Optional]

* In 2015 we set up a **quarterly investment ESG Oversight Forum** chaired by the Global CIO and comprising many of the most senior members of the Investment Function: Global CIO Equities, Global CIO Fixed Income, Global Head of Credit Research, Global Head of Corporate Governance, Global Head of ESG Research, Deputy CIO Equities and UK CIO. The purpose of this Forum is for the Investment team to oversee its progress in implementing Stewardship and ESG integration. Its members are also those responsible for providing investment function approval of our annual submission to the PRI survey.

* In 2018 our Governance framework was enhanced further with a view to further embed ESG and Stewardship considerations into our various investment strategies and also strengthen top management's oversight.

As such we now have the following structure in place:

* **Stewardship and Fiduciary Conflicts Forum (SFCF)** : The purpose of this forum is (a) to manage and monitor AMG's stewardship responsibilities at Board level, including voting and engagement, and (b) to serve as a forum for discussion and guidance on complex issues which could lead to a conflict in fulfilling our fiduciary obligation to customers. This Forum runs on a quarterly basis.

Membership includes: Global Chief Executive Officer, Global Chief Investment Officer, Head of Responsible Investment, Global Chief Risk Officer and Global Head of Compliance.

*** Stewardship, Engagement & ESG Quarterly Committee:** The purpose of this group is to: (i) ensure consistency of stewardship activities with broader asset management priorities, (ii) to oversee Front Office adherence to obligations (such as UNPRI, Controversial weapons etc.); and (iii) to oversee the high level ESG process.

Membership includes: Global Head of ESG, Global Head of Corporate Governance, Global CIO, Equity CIO, Fixed Income CIO, and Responsible Investment Specialists.

*** ESG Investment Oversight Committee:** This is a sub-working group of the above committee that drives ESG integration within asset class research and portfolio management processes. It strives to promote best practice with regard to ESG integration.

Membership includes: Global Head of ESG, Global Head of Corporate Governance, UK CIO, Heads of Research for Equities and Fixed Income respectively.

*** Fixed Income ESG Investment Committee:** This is a fixed income single asset class committee, which is responsible for the application of the responsible investment process in fixed income portfolios. It is also responsible for the ratification of green bond approvals and ongoing re-certification. This committee is supplemented by a Green Bonds committee.

Membership includes: Global CIO of Fixed Income, Heads of Credit Research, Senior Credit Research Analysts, Senior Credit Portfolio Managers and the Global Head of ESG

SG 06	Voluntary	Public	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
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☒ Provide training on ESG incorporation

	Key performance indicator
--	---------------------------

Updating all teams on our ESG methodology and expected deliverables.

	Progress achieved
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With the help of one of our third party research providers, we held a number of training sessions to provide investment teams in key locations with a methodological update regarding ESG rating and broader ESG integration.

The training served as a refresher of the PRI Academy training (previously RI Academy training) which was attended by all our desk heads and CIOs some years ago.

The training was supplemented by sector specific calls, providing sector analysts with an update regarding the evolving and tightening regulatory framework, disclosure guidelines, best practices and new technologies within their respective sectors.

Additionally, our global fixed income team held regional seminars which included responsible investment topics to support ESG integration. The seminars were supported by webinars co-hosted by our Global Head of ESG Research and the investment team on subjects such as carbon risk, engagement and green bonds. All training materials and other supporting documents are centrally stored and updated on a dedicated fixed income ESG sharepoint site, including responsible investment policies and guidance notes.

More recently, in 2019, our equities teams have hosted a series of Webex sessions dealing with numerous ESG topics ranging from carbon-focused engagement (Carbon 100+), Impact Investing ...

☒ Provide training on ESG engagement

Key performance indicator

Increasing the % of ESG inclusive corporate meetings

Progress achieved

We consider meetings with issuers as an opportunity to gather valuable investment-related information as well as raise concerns/encourage adoption of best practice as appropriate.

To support our process, we have developed "ESG key topic sheets", each focused on a specific industry group, outlining sector specific material ESG issues. Each of the ESG key topics sheets included a set of potential engagement questions to guide our analysts and PMs when meeting a company. These documents are set to be revised on a yearly basis going forward.

In 2016 we developed a logging and tracking system for engagements activity conducted by our Investment and Stewardship teams. In 2018 this was migrated to an Outlook/Bloomberg application. As a result, we have observed better understanding of the role of engagement in the investment process, increased willingness to raise ESG concerns, as well as enhanced reporting on engagement activity. All these checklists were updated in 2019 alongside equities and credit research teams. They are now aligned with SASB guidelines and show concerned industry's carbon footprint.

This has enabled to further increase to 1,200+ the number of ESG-inclusive engagements which are now all tracked and reported thanks to a dedicated tool called STAR launched in 2019.

- ☒ Improved communication of ESG activities within the organisation

Key performance indicator

Achieve lower weighted average carbon and higher ESG scores

Progress achieved

In 2018, the ESG/Sustainability section of our corporate website was very substantially upgraded in order to better reflect the breadth and depth of all our RI achievements, encompassing the full spectrum of voting, engagement, stewardship, ESG integration, sustainable products, research, advocacy...

We have also launched a series of ESG e-learning and hosted multiple ESG briefing sessions. Finally we have more proactively distributed within the organisation: stewardship reports, white papers, quarterly reporting...

All of this contributes to raise our staffs' awareness and hence raise the level of the playing field.

- ☐ Improved engagement to encourage change with regards to management of ESG issues
- ☒ Improved ESG incorporation into investment decision making processes

Key performance indicator

Systematise pre investment ESG assessment

Progress achieved

All internal company-level research documents - for equities and credit - have now an ESG section and we keep our investment teams updated on any changes to our ESG material issues framework, thanks to tools such as RepRisk which we onboarded in 2019, which helps us tracking most pressing ESG issues.

Companies that we identify as high risk based on our in house ESG rating process require an Enhanced Due Diligence (EDD). This is a compulsory part of our investment process, applying to equally to Fixed Income and Equities.

During Q4 2018 we began work to consider to which extent an ESG scoring could fit in our internal credit and equities ratings and this work is still ongoing. However, in 2019, we made some very good progress concerning the inclusion of an ESG assessment in our credit scoring process.

Some Equities teams are now prototyping a quantitative ESG pre-scoring relying on Bloomberg data. This is framed around the ESG issues identified when creating the 24 sector checklists. The 3 first sectors we have started to work on are European utilities, automotive industry and banks: a diversified panel enabling us to test the relevance of the methodology .

☐ Other, specify (1)

☒ Other, specify (2)

other description (2)

Continue to develop sustainable investment solutions

Key performance indicator

Broadening products range available to meet our clients' investment needs, measured by client interest and AUMs

Progress achieved

* We have 3 French-domiciled SRI portfolios managed according to a best-in-class methodology. These 3 strategies have attracted substantial inflows and the plan is to keep on promoting them this year. They all have ISR accreditation.

* This range was supplemented in December 2018 by a TEEC strategy: Environmental and Energy Transition, aligned with French Energy Transition Law. Notwithstanding its ISR accreditation, this sub-fund also has Greenfin accreditation.

* We continue to develop our two lower carbon strategies launched in September 2017. HSBC Global Investment Funds Lower Carbon Equity Fund and HSBC Global Investment Funds Global Lower Carbon Bond Fund are both pursuing a double objective consisting in tracking mainstream benchmarks while striving to achieve a significantly lower carbon intensity.

* In 2019 we also launched various multi-assets strategies in both France and the UK and have been marketing a new Real Economy Green Investment Opportunity called REGIO. This innovative strategy is targeting institutional investors and is aiming at contributing to the development of the green bond market in low and middle income countries.

* In 2020, our product development pipeline has ESG and Low Carbon ETFs as a high priority.

☐ Other, specify (3)

☐ None of the above

Financial performance of investments

- ☐ Increase portfolio performance by consideration of ESG factors
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

ESG characteristics of investments

- ☐ Over or underweight companies based on ESG characteristics
- ☒ Improve ESG ratings of portfolio

Key performance indicator

Achieve lower weighted average carbon and ESG scores

Progress achieved

As part of the fixed income regional seminars, we undertook portfolio reviews that included various ESG metrics of certain bond funds.

As a result, we identified opportunities to reduce portfolio carbon risk or increase weighted average ESG scores

- ☒ Setting carbon reduction targets for portfolio

Key performance indicator

For our Lower Carbon range, explicit carbon intensity reduction targets - compared to benchmark - have been set

Progress achieved

After a 2+ year track record we can confirm average carbon intensity targets have been fully met and prove significantly lower than that of respective global equities and global corporate bonds universe averages.

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Other activities

- ☒ Joining and/or participation in RI initiatives

Key performance indicator

Our participation in industry initiatives

Progress achieved

We are members of a number of industry initiatives in order to learn from others, offer support and use combined influence to affect change: These include:

- Principles for Responsible Investment (Global)
- Climate Action 100+ (Global)
- International Corporate Governance Network (ICGN) (Global)
- Blended Finance Taskforce (Global) - together with HSBC Group
- Cambridge Institute for Sustainability Leadership - Investor Leaders Group (Global)
- Workforce Disclosure Initiative (Global)
- Asian Corporate Governance Association (ACGA) (Asia)
- European Fund and Asset Management Association (EFAMA) (Europe)
- Institutional Investor Group on Climate Change (IIGCC) (Europe)
- Council of Institutional Investors (CII) (North America)
- Investor Stewardship Group (North America)
- City of London Green Finance Initiative (GFI) (UK)
- The Investment Association (UK)
- The Investor Forum (UK)
- Tomorrow's Company - The Stewardship Alliance (UK)
- UK Sustainable Investment and Finance Association (UKSIF) (UK)
- FIR Forum pour l'Investissement Responsable (French SIF) (France)
- AFG Association Française de Gestion (France)

Most recent addition is our involvement in the One Planet Sovereign Wealth Funds Initiative which commenced in 2018 and was announced in 2019.

- ☐ Encouraging others to join a RI initiative
- ☐ Documentation of best practice case studies
- ☒ Using case studies to demonstrate engagement and ESG incorporation to clients

Key performance indicator

Communicate further on integration

Progress achieved

We provided a credit case study for the PRI report on "ESG, credit risk and ratings part 3" and have included further details and case studies on integration in both our 2019 and 2020 Responsible Investment Annual Reviews.

- ☒ Other, specify (1)

	other description (1)
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Increase engagement activities to improve responsible investment approach

	Key performance indicator
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Number of companies engaged

	Progress achieved
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We continue to increase the number of companies with whom we engage - as part of our investment due diligence - and also collectively, alongside other investors, through collaborative engagements.

We have now in excess of +1,200 ESG-focused engagements as reported

- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles
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- ☐ Board members or trustees
- ☒ Internal Roles (triggers other options)

Select from the below internal roles

- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☒ Portfolio managers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
 - ☒ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Investor relations
- ☐ Other role, specify (1)
- ☐ Other role, specify (2)
- ☒ External managers or service providers
 - ☐ Oversight/accountability for responsible investment
 - ☒ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Our Global Chief Investment Officer is ultimately responsible for our investment process across all asset classes, which includes our integration and stewardship process.

Our Global Head of ESG Research is responsible for ensuring we have access to adequate data, produce sector level and thematic ESG research and developing/maintaining the tools required to integrate ESG issues into our investment process.

Our Global Head of Corporate Governance oversees the implementation of our global voting guidelines and our engagement activities. Both our Global Head of ESG Research and our Global Head of Corporate Governance sit within our investment function. Our Global CIO chairs our Stewardship, Engagement & ESG Quarterly Committee, attended by senior management from the investment function to oversee and monitor our integration and stewardship practices.

Our Head of Responsible Investment has oversight of all RI-related products and ESG-related policies.

Finally the Stewardship and Fiduciary Conflicts Forum (SFCF) manages and monitors HSBC Global Asset Management's stewardship responsibilities at Board level. Its membership includes: Global Chief Executive Officer, Global Chief Investment Officer, Head of Responsible Investment, Global Chief Risk Officer; Global Head of Compliance.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
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12

SG 07.4	Additional information. [Optional]
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At HSBC Global Asset Management level, the framework we have designed is the following:

*** In the core of our investment function we have a team dedicated to the planning, execution and monitoring of ESG integration and stewardship** (including voting and engagement). This team is located within each of our largest investment offices, Hong Kong, Paris and London.

- For our integration work, the team is responsible for capacity building and ensuring we have the data and tools required. The integration of ESG issues into investment decision-making itself is the responsibility of all our equity and credit Analysts and portfolio managers. Then, the ESG Investment Oversight Committee drives ESG integration within asset class research and portfolio management processes. This committee strives to promote best practice with regard to ESG integration. The members of the ESG Investment Oversight Committee are all senior members from the investment function and have operational oversight on ESG integration implementation. There is also a Fixed Income ESG Investment Committee, which is responsible for the application of the responsible investment process in fixed income portfolios. It is responsible for the ratification of green bond approvals and ongoing re-certification.

- On stewardship, a team of dedicated specialists develops our global voting policy and oversees the process globally in close partnership with our investment professionals. This team is also responsible for the planning and delivering of our engagement activity.

*** In addition, our Head of Responsible Investment and team of responsible investment specialists** coordinate all client-related RI activities, leading ESG-focused product development across all asset classes as well our policy advocacy activities.

But, this framework which is specific to HSBC Global Asset Management forms part of much broader, HSBC Group level infrastructure

*** HSBC Global Asset Management is a member of HSBC Group's Climate Business Council (CBC)**, which was sponsored by HSBC's Global CEO. The CBC is an internal strategic committee whose role is to coordinate across the whole of HSBC, identifying and developing products and services to meet clients' sustainable finance needs. The CBC supports banking clients who are transitioning to a low-carbon economy. It also pursues opportunities for collaboration across customer groups and products to support integrated climate related initiatives, such as smart cities, and sharing best practices with clients on opportunities to increase energy efficiency and reduce carbon emissions.

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

Portfolio managers

- ☐ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

Investment analysts

- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

Dedicated responsible investment staff

- ☒ Oversight/accountability for climate-related issues
- ☒ Assessment and management of climate-related issues
- ☐ No responsibility for climate-related issues

External managers or service providers

- ☐ Oversight/accountability for climate-related issues
- ☐ Assessment and management of climate-related issues
- ☒ No responsibility for climate-related issues

SG 07.7 CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

As already mentioned, senior staff members have overall ESG oversight and this obviously includes the supervision of our climate-related practices.

- **Our Global Chief Investment Officer** is ultimately responsible for our investment process across all asset classes, which includes our integration and stewardship process.
- **Our Global Head of ESG Research** is responsible for ensuring we have access to adequate data, produce sector level and thematic ESG research and developing/maintaining the tools required to integrate ESG issues into our investment process.
- **Our Global Head of Corporate Governance** oversees the implementation of our global voting guidelines and our engagement activities. Both our Global Head of ESG Research and our Global Head of Corporate Governance sit within our investment function and report to the Chief Investment Officer responsible for investment governance. Our Global CIO chairs our investment ESG Oversight committee, attended by senior management from the investment function to oversee and monitor our integration and stewardship practices.
- **Our Head of Responsible Investment** has oversight of all RI-related products.
- Finally **the Stewardship and Fiduciary Conflicts Forum (SFCF)** manages and monitors HSBC Global Asset Management's stewardship responsibilities at Board level. Its membership includes some of our most senior staffs: **Global Chief Executive Officer, Global Chief Investment Officer, Head of Responsible Investment, Global Chief Risk Officer; Global Head of Compliance.**

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- ☐ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- ☐ Request incorporation of TCFD into regular client reporting
- ☐ Request that external managers complete PRI climate indicator reporting
- ☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- ☐ Other
- ☒ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
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SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Portfolio managers
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SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Investment analysts
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SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Dedicated responsible investment staff
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SG 08.1a	RI in objectives, appraisal and/or reward
-----------------	---

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

- ☒ Principles for Responsible Investment

	Your organisation's role in the initiative during the reporting period (see definitions)
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- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

One of our Responsible Investment staffs has recently completed a 3 year term on the PRI board.

We have frequently contributed to PRI-led collaborative engagement campaigns.

In 2017 our Engagement Lead joined the PRI ESG Engagement Advisory Committee.

We have been a long standing member of the PRI Fixed Income work stream and provided, in 2018, a case study for its PRI Fixed Income "Part 3" report.

We are part of the PRI Global policy reference group and Macroeconomic risk advisory group.

☒ Asian Corporate Governance Association

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☒ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We have attended multiple meetings, participated in field trips and contributed to both Japan and Korea Working Groups.

☐ Australian Council of Superannuation Investors

☐ AVCA: Sustainability Committee

☐ France Invest – La Commission ESG

☐ BVCA – Responsible Investment Advisory Board

☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☒ Moderate

☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are signatory to the initiative, attending workshops and roundtables and participating in the non-disclosure campaigns.

☒ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are signatory to the initiative, attending workshops and roundtables and participating in the non-disclosure campaigns.

☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are signatory to the initiative, attending workshops and roundtables and participating in the non-disclosure campaigns.

☒ CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

One of our Credit Analysts has been partnering with CFA Institute on the development of their new ESG syllabus

☒ Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

One of our Responsible Investment staffs sits on the global steering committee.

- ☐ Code for Responsible Investment in SA (CRISA)
- ☒ Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We regularly participate and contribute to the discussions and conferences.
We are represented on the CII Markets Advisory Council.

- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ Invest Europe Responsible Investment Roundtable
- ☒ Global Investors Governance Network (GIGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are members and regularly attend workshops and meetings.

- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☒ Green Bond Principles

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☐ HKVCA: ESG Committee
- ☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

One of our Responsible Investment team chairs the Corporate Programme.

We are active members in the Corporate Programme leading on a number of key companies, as well as active participants in the Policy Programme and Investor Practices Programme and are currently participating in the Paris Aligned Investment Initiative.

- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify UKSIF, FIR (French SIF), Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

One of our Responsible Investment staffs has recently stepped down as Vice Chair of UKSIF but is still supporting the Board on a co-opted basis. We also participate in the policy programme.

- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify

UK Investment Association Sustainability and Responsible Investment Committee

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☒ Other collaborative organisation/initiative, specify

Cambridge Institute for Sustainability Leadership (Investor Leaders Group)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Active role in drafting, alongside Cambridge University staff, a methodology enabling the implementation of the Sustainable Development Goals into investment methodologies.

- ☒ Other collaborative organisation/initiative, specify

The Investor Forum

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
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We participated in a sector study day, which included site visits, assisted in the preparation for a collaborative engagement in which Forum staff represented investor members, and provided feedback on other proposed engagements.

☒ Other collaborative organisation/initiative, specify

Climate Bonds Initiative (CBI)

	Your organisation's role in the initiative during the reporting year (see definitions)
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☐ Basic

☒ Moderate

☐ Advanced

	Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
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We support CBI's investor outreach program and participate in meeting potential green bond issuers.

SG 09.2	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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	Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories.
--	--

	%
--	---

80

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
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☒ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

	Description
--	-------------

Contributed to multiple clients events in an ESG advocacy role

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Provided financial support for academic or industry research on responsible investment

Description

Cambridge ILG: Active role in drafting, alongside Cambridge University staff, a methodology enabling the implementation of the Sustainable Development Goals into investment methodologies.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other

☐ Provided input and/or collaborated with academia on RI related work

☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

We are committed to playing an active and constructive role in supporting the development of a well-functioning and more sustainable financial system. This involves engaging with regulators and policymakers directly, for example by responding to consultations or attending in person bilateral meetings or roundtables, and indirectly through industry bodies.

We are active members of a variety of industry bodies, initiatives and networks that advocate for progressive public policy development and action on sustainable investment. These include the PRI Global Policy Reference Group, the IIGCC Policy Group, the UK Investment Association Sustainable and Responsible Investment Committee and UKSIF.

We work closely with our HSBC Group Public Affairs colleagues to respond directly to consultations and discussion papers that contribute to shaping a more sustainable financial system.

One of our three focus areas is <Improving market standards and transparency on sustainability – transparency enables markets to operate more efficiently with better information. We focus on corporate sustainability disclosure to strengthen the identification of investment-relevant ESG risks and opportunities and greater transparency to clients to help build the market. The development of appropriate standards is playing an increasingly important role.

Details of our activities are outlined in our 2020 RI Review.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Spoke publicly at events and conferences to promote responsible investment

Description

We regularly speak at events and conferences promoting, explaining and exploring developments in responsible investment to a range of audiences. This includes events organized by the PRI, Novethic, UK Green Finance Initiative, Chatham House, Responsible Investment Association (Canada) OECD and UKSIF as well as events we have organized ourselves.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published in-house research papers on responsible investment

Description

Internal research papers included thematic pieces relating to Climate Change, carbon measurement and green bonds as well as a report analyzing the impact of water scarcity on commodities sectors and another one dealing with extreme working conditions - forced labour, child labour - in the supply chain of high risk industries such as tech hardware and retail.

In 2019, we published an internal research paper dealing with the various dimensions of impact investment and more specifically detailing how SDGs - Sustainable Development Goals - can provide a very valid framework for impact measurement.

In early 2020 we issued an update to our low carbon transition scenarios work exploring an expanded set of scenarios and reviewing the impact on credit ratings in addition to equity valuations.

Frequency of contribution

- ☒ Quarterly or more frequently
☐ Biannually
☐ Annually
☐ Less frequently than annually
☐ Ad hoc
☐ Other
- ☐ Encouraged the adoption of the PRI
☒ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Description

We are active members of a variety of organisations, initiatives and networks that serve to progress public policy dialogue on responsible investment. The PRI Global Policy Reference Group, IIGCC Policy Group, and relevant committees of the European Fund and Asset Management Association (EFAMA) and the UK Investment Association.

We work closely with our HSBC Group Public Affairs colleagues to respond directly to consultations and discussion papers that have wide-ranging impact on establishing a more sustainable financial system. In support of the EU Sustainable Finance Action plan proposals, HSBC Group responded to the series of consultations throughout 2018.

We provided responses to a range of consultations in 2019, including:

- FCA (UK) Climate Change and Green Finance discussion paper (January)
- EU Technical Expert Group (TEG) report on climate-related disclosures (January)
- ESMA (EU) consultation on integrating sustainability risk and factors in MiFID II (February)
- EU TEG consultation on taxonomy and usability (February)
- Investment Association (UK) Consultation on Sustainability and Responsible Investment
- IOSCO's Growth and Emerging Market Committee (GEMC) consultation on 'Sustainable finance in emerging markets and the role of securities regulators' (April)
- EU Green Bond Standard: interim report consultation (April)
- UK Parliament Treasury Select Committee inquiry into Decarbonisation of the UK Economy and Role of Green Finance (July)
- HKEx Consultation on their ESG reporting guide and listing rules (July)
- EU TEG publishes EU taxonomy for consultation (September)

Frequency of contribution

- ☒ Quarterly or more frequently
☐ Biannually
☐ Annually
☐ Less frequently than annually
☐ Ad hoc
☐ Other
- ☒ Wrote and published articles on responsible investment in the media

Description

Members of our Responsible Investment team are often quoted in prominent newspapers - like the FT - as well as specialist press on topics such as the integration and increased financial relevance of climate-change related risks and opportunities.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ A member of PRI advisory committees/ working groups, specify

Description

One of our Responsible Investment team has recently completed a 3 year term on the PRI board.

We have frequently contributed to PRI-led collaborative engagement campaigns.

In 2017 our Engagement Lead joined the PRI ESG Engagement Advisory Committee.

We have been a long standing member of the PRI Fixed Income work stream and provided, in 2018, a case study for its PRI Fixed Income "Part 3" report.

We are part of the PRI Global policy reference group and Macroeconomic risk advisory group.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

One of our Responsible Investment team has recently stepped down as Vice Chair of UKSIF but is still supporting the Board on a co-opted basis. We also participate in the policy programme. .

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☐ Other, specify

☐ No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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- In July 2019, at an event hosted by President Emmanuel Macron of France at the Elysee Palace in Paris, HSBC Global Asset Management was announced as one of eight founding asset managers of the 'One Planet Asset Manager Initiative.' This initiative supports the implementation of the One Planet Sovereign Wealth Fund Framework, which sets out the three principles of alignment, ownership and integration with respect to climate change analysis and investment decision-making for sovereign wealth funds. Together, the asset managers have committed to further the objectives set out in the Framework and advance the understanding of the implications of climate-related risks and opportunities within long-term investment portfolios.

- We are also one of the industry participants in the Cambridge University Institute of Sustainability Leaders' Investor Leaders Group ("ILG") which focuses on advancing the practice of responsible investment. As part of this group we played an active role in drafting a framework to measure the impact of investments and supported the creation and implementation of a Virtual Investment Experiment (VIE), which looked at willingness of investors to give up returns where investment portfolios show stronger ESG performance. The Impact Framework and results of the VIE were published in 2019.

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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☒ Yes

	If yes
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☒ Yes, individually

☒ Yes, in collaboration with others

SG 11.2	Select the methods you have used.
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☒ Endorsed written submissions to governments, regulators or public policy-makers developed by others

☒ Drafted your own written submissions to governments, regulators or public-policy markers

☒ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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☒ Yes, publicly available

	provide URL
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<https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing>

☐ No

☐ No

SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.
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We are committed to playing an active and constructive role in supporting the development of a well-functioning and more sustainable financial system. This involves engaging with regulators and policymakers directly, for example by responding to consultations or attending in person bilateral meetings or roundtables, and indirectly through industry bodies.

We are active members of a variety of industry bodies, initiatives and networks that advocate for progressive public policy development and action on sustainable investment. These include the PRI Global Policy Reference Group, the IIGCC Policy Group, the UK Investment Association Sustainable and Responsible Investment Committee and UKSIF.

We work closely with our HSBC Group Public Affairs colleagues to respond directly to consultations and discussion papers that contribute to shaping a more sustainable financial system.

We have identified three focus areas for our activities:

- Supporting the transition to a low carbon economy: we recognise climate change as a top and emerging risk and therefore support policy and action to support the transition from high carbon to low carbon.
- Improving market standards and transparency on sustainability: transparency enables markets to operate more efficiently with better information. We focus on corporate sustainability disclosure to strengthen the identification of investment-relevant ESG risks and opportunities and greater transparency to clients to help build the market. The development of appropriate standards is playing an increasingly important role.
- Mobilising private capital to deliver on the Sustainable Development Goals and Paris Climate Agreement - the investment gap to deliver on the SDGs and Paris Climate Agreement is considerable and requires capacity building across markets and innovation in new investment models and instruments.

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
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- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- ☐ Yes, in order to assess future ESG factors
- ☒ Yes, in order to assess future climate-related risks and opportunities

	Describe
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Vivid Economics, Equities and Fixed Income

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☐ Allocation of assets between geographic markets
- ☐ Sector weightings
- ☒ Other, specify

Impact of countries' ESG ratings on Balanced Strategies' strategic asset allocation is currently being scrutinized.

- ☐ We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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- ☒ Initial assessment

	Describe
--	-----------------

In December 2017, HSBC Global Asset Management began working on its climate scenario analysis with Vivid Economics to develop a construct for understanding company-level climate-related risks and opportunities to help investors make informed decisions. The first report, published in 2018, included six potential scenarios, three focused on policy timing and three on future technology costs.

Following the IPCC 1.5°C special report, we expanded our initial work - increasing the number of scenarios to 10 to represent a broader range of low-carbon futures and taking into account the latest IPCC carbon budgets. We used three bottom-up value stream models to estimate company-level revenue and cost flows under each scenario.

- Carbon costs and competition: Considers how companies cut direct carbon costs, whether by abating emissions or passing through cost increases to customers
- Fossil fuel demand destruction: Estimates the effect of lower global output for fossil fuels for companies involved in extraction and production processes as well as coal producers and conventional automobile manufacturers
- Green upside: Looks at demand growth of clean technology companies due to the lower emissions associated with their products

This modelling approach includes a range of simplifying assumptions in order to produce consistent results across scenarios for a large number of companies. Breaking down the impacts along the three value streams in this way allows for greater transparency into how the various paths to a 2°C or below 2°C world might affect companies and what that means for shareholders and bondholders

- ☒ Incorporation into investment analysis

	Describe
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Analysts are expected to take material climate-related factors into account in their research recommendation. This includes identification of material risks and opportunities using third party and in-house analysis and assessment and integration of these risks and opportunities into the investment cases as part of our fundamental research process.

In 2020 we will be working on integrating scenario analysis further into our equity and credit tools.

☒ Inform active ownership

	Describe
--	----------

Climate change is a critical theme of our engagement which we carry out collaboratively through initiatives such as the Climate Action 100+ initiative and directly with companies.

Our climate-related engagement and focus is informed by analysis of the climate-related risks facing key holdings

☐ Other

SG 13.5 CC	Indicate who uses this analysis.
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- ☒ Board members, trustees, C-level roles, Investment Committee
- ☒ Portfolio managers
- ☒ Dedicated responsible investment staff
- ☐ External managers
- ☐ Investment consultants/actuaries
- ☒ Other

	specify
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Investment analysts

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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☒ Yes

	Describe
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The scenario analysis looks out to 2050 but we recognise that this can have implications in the short, medium and long term

☐ No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- ☒ Analysis based on a 2°C or lower scenario
- ☒ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- ☐ Analysis based on a 4°C or higher scenario
- ☐ No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	☒ Beyond 2 Degrees Scenario (B2DS)	
IEA	☒ Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	☒ Sustainable Development Scenario (SDS)	
IEA	☒ New Policy Scenario (NPS)	
IEA	☒ Current Policy Scenario (CPS)	
IRENA	☐ RE Map	
Greenpeace	☐ Advanced Energy [R]evolution	
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	☐ BNEF reference scenario	
IPCC	☐ Representative Concentration Pathway (RCP) 8.5	
IPCC	☐ RPC 6	
IPCC	☐ RPC 4.5	
IPCC	☐ RPC 2.6	
Other	☒ Other (1)	Other (1) please specify: Bespoke scenarios as outlined below
Other	☐ Other (2)	
Other	☐ Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- ☐ Changing demographics
- ☒ Climate change
- ☒ Resource scarcity
- ☐ Technological developments
- ☒ Other, specify(1)

other description (1)

Exposure to green revenues.

- ☐ Other, specify(2)
- ☐ None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- ☒ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☒ Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	295	000	000
Currency	USD				
Assets in USD		5	295	000	000

Specify the framework or taxonomy used.

Assets Under Management (AUM) above combine various strategies or processes which all benefit from an external or internal certification:

- All the sub-compartments of the recently-created Responsible Investment Fund Sicav, totalizing in excess of 1.5 USD Bn AUMs. This "umbrella vehicle" hosts the 6 French-domiciled SRI/"best in class" strategies: euro bonds, euro equities, global equities which we have been managing for up to 19 years (euro equities) or 16 years (euro bonds) and 3 recently launched SRI strategies all benefiting from the French government SRI label,.
- A French-domiciled money market strategy tailored mostly to suit the need of employees' savings schemes
- RIF Sicav now also includes a thematic Energy transition strategy benefiting from the French Government Greenfin label, with some USD 60 M
- 2 Luxembourg-domiciled thematic strategies lower carbon strategies reviewed and approved by SIEG and having, in total in excess of USD 500 M AUMs
- UK range was supplemented by the launch of risk-profiled multi-asset strategies
- All these pooled funds are supplemented by mandates or dedicated strategies we manage on behalf of institutional clients, all asking us to explicitly consider strong sustainability commitments.

- ☐ Phase out your investments in your fossil fuel holdings
- ☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☒ Other, specify

other description

HSBC was represented on the Task Force on Climate-related Financial Disclosure (TCFD) and we are strong supporters of and contributors to its on-going work.

- ☐ None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- ☒ Scenario analysis
- ☒ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☒ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☒ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☐ Total carbon emissions
- ☒ Carbon intensity
- ☒ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☒ Other, specify

other description

Green revenues analysis.

- ☐ None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

As signatories to the Montreal Pledge since 2015, we have committed to measure and publicly disclose the carbon footprint of our clients' investment portfolios on an annual basis.

In 2018, we reported on all equity portfolios and corporate fixed income portfolios managed in five major locations - USA, UK, France, Hong Kong and Germany. This represents approximately 80% of both our equity and corporate fixed income holdings - approximately 33% of our total assets under management.

SG 14.5	Additional information [Optional]
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Portfolio managers have ESG and carbon data embedded in the decision support tools they use. This allows for a high level assessment of climate-related risk exposure on an absolute and relative basis.

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess the climate risk management by the company	Governance score 0-10	Governance score relating to quality of climate risk management from 3rd party data providers
Weighted average carbon intensity	☐ All assets ☒ Majority of assets ☐ Minority of assets	Compare fund carbon performance to benchmark	mT co2e/\$m revenue	Using company annual carbon emissions from our carbon data providers (scope 1 and 2) normalised by annual revenue. Where data is missing for comparison we use the sector average
Carbon footprint (scope 1 and 2)	☐ All assets ☒ Majority of assets ☐ Minority of assets	to measure carbon emission associated with fund holdings compared to benchmark.	mT co2e	Using company annual carbon emissions from our carbon data providers (scope 1 and 2)
Portfolio carbon footprint	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Carbon intensity	☐ All assets ☒ Majority of assets ☐ Minority of assets	Compare the carbon efficiency of companies in the universe to facilitate investment allocations	mT co2e/\$m revenue	Using company annual carbon emissions from our carbon data providers (scope 1 and 2) normalised by annual revenue. Where data is missing for comparison we use the sector average.
Exposure to carbon-related assets	☐ All assets ☐ Majority of assets ☒ Minority of assets	Demonstrate minimum or zero exposure to coal assets	mt Co2e equivalent of coal reserves or \$m holdings of coal related assets	Using coal reserve company data attributed to portfolio holdings.

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☐ Absolute target ☒ Intensity target	Short, medium and long term		lower carbon funds target a portfolio weighted average carbon intensity below the benchmark	
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- ☉ Processes for climate-related risks are integrated into overall risk management

Please describe

Ex-ante: We aim at embedding climate-risk analysis into our pre-investment research. Having opted for full ESG integration, our process involves an analysis of the key Environmental (E), Social (S), Governance (G) issues, those showcasing the highest level of financial materiality.

In many industries including automotive, agriculture, utilities or extractive industries, the most impactful environmental issues relate to climate-related risk and/or opportunities: gas flaring, draughts and/or water scarcity, internal combustion engines emissions and shift towards electric or hybrid vehicles, just to name a few...

To let analysts and portfolio managers embed these climate-related dimensions into their investment thinking, these are depicted into a series of sector/industry-specific ESG sector checklists. Designed in house, these concise documents provide investment professionals with a summary of the issues, strive to anticipate how the related legal framework is set to evolve. They also point to the climate indicators to look for when scanning companies' filings or interacting with a company when having a corporate access meeting.

In order to better assess a company's actual level of climate-risk, an analyst can then benchmark it with its sector peers in terms of carbon intensity for instance: a very good first proxy to the overall level of climate risk.

Ex-post now, these same metrics mentioned in 14.6 and 14.7 CC can be used to compare the level of climate-risk of a portfolio compared to its benchmark, a valid indicator to track for portfolio managers. As we benefit from Scope 1 and Scope 2 data for a very vast majority of our strategies and have uploaded this information into the decision support tools supporting Equities, Fixed income, Liquidity and Multi-assets strategies. As a consequence, producing such assessments proves now very easy. Let's highlight that for our 2 lower carbon strategies, the level of the portfolio's carbon intensity has to be permanently and significantly inferior to that of the benchmark.

For us, due to the ever growing importance of climate change, measuring its impact on our investment strategies has fast become unavoidable. Going forward in order to make this risk measurement even more accurate and investment-relevant we will supplement existing carbon intensity data by more prospective metrics like: exposure to stranded assets, capex and/or R&D allocated to the development of green projects or technologies, balance between the green and brown share of business ...

- ☐ Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
-----------------------	--

- ☒ Yes

	Please describe
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The Chair of the Trustee board of the HSBC Bank (UK) Pension Fund is the Special Advisor to the Task Force on Climate-related Financial Disclosures (TCFD) and we are strongly supportive of their recommendations.

We are founding signatories and on the steering committee of the Climate Action 100+ initiative. One of the three overarching engagement objectives for this initiative is for target companies to provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below 2-degrees Celsius, and improve investment decision-making.

More broadly on climate-related disclosure, we have over many years engaged with companies from carbon intensive sectors that do not disclose Scope 1 and Scope 2 emissions, report to the Carbon Disclosure Project or have otherwise inadequate reporting. In 2018, we explicitly articulated in our Global Voting Policy that in our engagement, we encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, we will normally vote against the re-election of the company chairman.

We support shareholder resolutions aligned with our focus on climate strategy and disclosure. In the past year we have supported more than 70 climate-related shareholder resolutions. These resolutions included reporting on climate-related risks, 2 degree portfolio alignment and setting greenhouse gas (GHG) emissions reduction targets.

We were amongst the co-filers of the resolution at Exxon Mobil requesting that the company annually assess the portfolio impact of 2 degree policies following unsuccessful engagement with the company on climate disclosure over the course of a year. We were delighted that this resolution was supported by almost two thirds of shareholders, the first time a climate resolution had received majority support at Exxon Mobil. We shall continue our engagement to encourage the company to make progress.

- ☐ No, we do not undertake active ownership activities.
- ☐ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- ☒ Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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1

SG 15.3

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- ☐ Energy efficiency / Clean technology
- ☐ Renewable energy
- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Water
- ☒ Other area, specify
 Climate Change / Lower Carbon
 Energy Transition
 Green Bonds
 SRI: Sustainable Responsible Investment

Asset class invested

- ☒ Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

40

- ☒ Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

15

- ☒ Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

15

- ☒ Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

20

- ☐ Fixed income - Securitised
- ☐ Property
- ☐ Fund of hedge funds
- ☒ Cash

	Percentage of AUM (+/-5%) per asset class invested in the area
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10

	Brief description and measures of investment
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Our ESG/SRI/thematic range of products combines various strategies or processes which all benefit from an external or internal certification:

- All the sub-compartments of the recently-created Responsible Investment Fund Sicav, total in excess of 1.5 USD Bn AUMs. This "umbrella vehicle" hosts the 6 French-domiciled SRI/"best in class" strategies: euro bonds, euro equities, global equities which we have been managing for up to 19 years (euro equities) or 16 years (euro bonds) and 3 recently launched SRI strategies all benefiting from the French government SRI label,.
- A French-domiciled money market strategy tailored mostly to suit the need of employees savings schemes
- RIF Sicav now also includes a thematic Energy transition strategy benefiting from the French Government Greenfin label, with some USD 60 M
- 2 Luxembourg-domiciled thematic strategies lower carbon strategies reviewed and approved by SIEG and having, in total in excess of USD 500 M AUMs
- UK range was supplemented by the launch of risk-profiled multi-assets strategies
- All these pooled funds are supplemented by mandates or dedicated strategies we manage on behalf of institutional clients, all asking us to explicitly consider strong sustainability commitments.

☐ No

Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.			

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Property	We invest in equity-listed real estate companies and developers and subsequently apply the entirety of the ESG integration process described in the LEI section. This is supplemented by some asset class specific internal and third party research inputs.
Cash	Issuer selection is pivotal to our liquidity funds process. It is based on a cautious credit quality assessment performed by credit research teams who integrate ESG concerns into their analysis. To be considered as investable, a short term asset needs to have been reviewed by this team. If the asset has been issued by a company considered to be potentially high ESG risk, an enhanced due diligence is required, without which, investment in an ESG high risk name is prohibited.

SG 16.2	Additional information [Optional].
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As already explained in the Organisational Overview (OO) section an ESG integration process is being developed for Hedge Funds.

We are also busy developing an investment process for an ESG-inclusive private debt/direct lending strategy, an asset class to which we hadn't applied ESG considerations as of yet. Implementation of ESG into our direct lending investment process is focused on assessing the ESG Risk within each investment decision (as opposed to considering ESG opportunities). We assign an ESG Credit Risk Assessment Score (0-10, please see the table below), using a proprietary qualitative grid framework for the sector specific criteria for each transaction.

We will assign an ESG Risk Score as follows:

ESG Risk ESG Score ESG Score Description

High 0-3 Issuer performs weakly on a weighted basis against AMG ESG Risk assessment criteria

Medium 4-5 Issuer performs moderately on a weighted basis against AMG ESG Risk assessment criteria

Low 6-10 Issuer performs well on a weighted basis against AMG ESG Risk assessment criteria

This qualitative grid framework is based on our proprietary ESG sector checklists, built with our ESG research and credit research. For each sector, a broad range of ESG categories within Business Profile, Industry Fundamentals, Competitive Environment, Management Strategy and Ownership structure & Corporate Governance, and sub-categories have been constructed, which include the detailed qualitative ESG assessment criteria against which each issuer will be assessed and scored. Each sub-category is weighted based on the overall ESG risk materiality, such that a blended ESG Risk Score is achieved for each loan.

The ESG Risk Score will be then separately considered by the Investment Committee in the context of the wider assessment of the transaction, and form part of the overall Investment Decision.

SG 17	Mandatory	Public	Descriptive	General
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SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equities - ESG incorporation	Our externally managed Equity strategies are ETFs contributing to the fulfilment of our multi asset strategies. As such their ESG quality and level of carbon intensity are scrutinized.
Listed equities - engagement	Our holdings in third party ETFs form an integral part of our equity ownership. As such they help us prioritizing which companies we engage with - typically those in which we have the most significant holdings - and/or those which are facing some specific ESG issues.
Listed equities - (proxy) voting	No specific strategy applies.

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☉ Yes

SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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We have asked all our mainstream Equities and Fixed Income investment teams to assess the ESG quality and carbon footprint of their investee companies.

This has been first undertaken through the completion of templates called ESG checklists. Between 2010 and 2015, these checklists helped analysts to identify each company's strengths and weaknesses across our 16 offices. To date more than 1,500 checklists have been produced.

To support this in-house research effort, investment teams have benefited from a large amount of third party ESG research since 2008. Some 40,000 documents covering 15,000+ financial instruments in total are hosted on a dedicated ESG intranet capability. We regard the breadth and depth of this coverage, the way it is shared with all teams globally and the very fact it is done by our "mainstream" investment professionals as innovative. Moreover, this research includes Emerging and Frontier Markets.

Our ESG integration evolved in June 2015 with a new functionality: our ESG intranet now produces a two-page ESG Executive Summary for all covered companies. This still applies now.

Each of the 15,000+ Executive Summaries provides investment teams with a concise view of ESG strengths and weaknesses and indicates whether the covered companies should be perceived as High Risk, Medium Risk or Low Risk ESG-wise. The objective of the Executive Summary is to provide our c.600 portfolio managers and analysts with an instant view of the ESG quality, carbon footprint and also a norms-based screening of their investment targets.

The High, Medium, Low risk classifications are derived from our proprietary ESG rating model. This model stems from an in-house re-configuration of MSCI GICS sector/industry segmentation. For each sector/industry we have defined the key ESG issues with the highest level of financial materiality and summarised these in a document called the ESG Roadmap.

In our view, the fact this structured process applies to all our equity and corporate fixed income assets, across all our 26 geographies, in either developed and emerging markets, is genuinely "mainstream" and not limited to a small range of SRI and thematic funds, can be considered best practice.

For this year, we think would highlight two developments in particular:

- In order to provide our Investment teams with more content and hence let them embed ESG more efficiently, we have created an ESG "open academy". Its purpose is to house thematic research reports, providing with a deep dive of potentially financially relevant ESG topics like: water intensity in the commodities sectors or

extreme working conditions in the supply chain of sectors like tech or retail and more recently, an overview of Impact Investing .

- Then we have developed, at our investment teams' request, a set of 24 concise "ESG key topic sheets" aka ESG sector checklists, providing analysts and PMs with a summary of each respective sector's key ESG issues and also with the suggested related engagement questions which investment professionals can use when interacting with investee companies. After a first iteration was completed in 2018, we performed in 2019 a full review of our checklists in order to strengthen their alignment with the most recent ESG trends, the SASB guidelines and also the numerous evolutions of the legal framework

This is also why our Global Chief Investment Officer has taken the decision to firmly position ESG integration and stewardship as two building blocks of our overall investments policy. This is evidenced by 3 major action points.

- The 2018 upgrade of our Responsible Investment / ESG / Stewardship governance - fully described in SG 5.2 - evidences our company's ever stronger commitment to fully embedding ESG considerations in all its investment processes and stewardship activities. The personal involvement of some of our more senior staffs shows this topic is taken seriously and as such is actually one of our 10 strategic aims. This was further enhanced in 2019 as evidenced by the most recent report published early 2020 and now available on our website.

- At a very operational level then, the establishment in 2018 of a permanent ESG Investment Oversight Committee, has proved pivotal. This group drives ESG integration within asset class research and portfolio management processes. It strives to promote best practice with regard to ESG integration. Membership includes: Global Head of ESG, Global Head of Corporate Governance, UK CIO, Heads of Research for Equities and Fixed Income respectively. It has played a major role in the design and revision of both aforementioned ESG Sector Checklists and ESG Thematic pieces. As a result, these ESG tools genuinely reflect a shared and consensual ESG house view, which makes them more accurate and hopefully more relevant.

- A series of offsites took place in 2018 and 2019. These were held in our key locations: London and Hong Kong (Q1 2018), New York and Vancouver (Q2 2018), Paris and Dusseldorf (Q3 2018). They aimed at upgrading and up scaling our investments teams' skills in areas such as financial modelling, risk calibration, portfolio construction. ESG was an agenda item for all of them, being granted more or less one third of the overall time allocation.

- The fixed income asset class has initiated a "LEAP program" aiming at making progress in terms of overall financial technicality. ESG was again one of the highlights of this ambitious program comprising numerous sub-initiatives. One of LEAP's key action points has been to further enhance fixed income teams' ESG knowledge and awareness through hosting a series of WEBEX sessions dealing with topics like corporate engagement applied to bond issuers, green bonds, carbon footprint metrics and measurement.

- In 2019, equities teams have also hosted a series of educational monthly Webex sessions enabling internal and external experts to present topics such as stewardship with an emphasis on our Carbon 100+ commitment, impact investing, carbon pricing, sustainability impacts of the food industry ... New sessions have already been scheduled for 2020.

☐ No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
SG 19.1	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.			
	Listed equity - Incorporation			

Do you disclose?

- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

Disclosure to public and URL

Disclosure to public and URL

- ☐ Broad approach to ESG incorporation
- ☒ Detailed explanation of ESG incorporation strategy used

Frequency

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc/when requested

URL

<http://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/esg-integration>

Listed equity - Engagement

Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☒ Details on the overall engagement strategy ☒ Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals ☒ Number of engagements undertaken ☒ Breakdown of engagements by type/topic ☒ Breakdown of engagements by region ☐ An assessment of the current status of the progress achieved and outcomes against defined objectives ☒ Examples of engagement cases ☒ Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) ☐ Details on whether the provided information has been externally assured ☒ Outcomes that have been achieved from the engagement ☐ Other information
	Frequency ☐ Quarterly or more frequently ☐ Biannually ☒ Annually ☐ Less frequently than annually ☐ Ad-hoc/when requested
	URL https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing

Listed equity – (Proxy) Voting	
	Do you disclose? ☐ We do not disclose to either clients/beneficiaries or the public. ☐ We disclose to clients/beneficiaries only. ☒ We disclose to the public
	The information disclosed to clients/beneficiaries is the same ☒ Yes ☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☒ Disclose all voting decisions ☐ Disclose some voting decisions ☐ Only disclose abstentions and votes against management
	Frequency ☒ Quarterly or more frequently ☐ Biannually ☐ Annually ☐ Less frequently than annually ☐ Ad hoc/when requested
	URL https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship

	Fixed income
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	Do you disclose?
--	-------------------------

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
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- ☒ Yes
- ☐ No

Disclosure to public and URL		
	Disclosure to public and URL	
☐ Broad approach to RI incorporation ☒ Detailed explanation of RI incorporation strategy used		
	Frequency	
☐ Quarterly ☐ Biannually ☒ Annually ☐ Less frequently than annually ☐ Ad hoc/when requested		
	URL	
https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing		

HSBC Global Asset Management

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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ESG incorporation in actively managed listed equities

Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e., not combined with any other strategies)
- ☐ Thematic alone (i.e., not combined with any other strategies)
- ☐ Integration alone (i.e., not combined with any other strategies)
- ☒ Screening and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	% 98
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- ☒ Thematic and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	% 2
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- ☐ Screening and thematic strategies
- ☐ All three strategies combined
- ☐ We do not apply incorporation strategies

Total actively managed listed equities

100%

LEI 01.2

Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies.

Our principal strategy is integration as we believe that ESG factors can impact investment performance over time.

We regard the breadth and depth of our coverage as innovative, as well as the extent to which it is delivered to 'mainstream' investment professionals across all markets, including emerging and frontier. Investment teams access an ESG Intranet combining a comprehensive third party research library with in house ratings covering 15,000+ financial instruments. For each name under coverage the system generates an executive summary providing with a summarised vision of the company's ESG credentials and carbon footprint. All these inputs allow investment teams to produce, when required, an Enhanced Due Diligence paper. With deeper analysis than the existing ESG "Executive Summary" and previous "checklists", this document assesses ESG risk

associated with issuers flagged for a poor ESG rating. Although mainly a risk assessment tool, the process could result in an intended purchase being blocked or the divestment of an existing holding.

We have also indicated screening above because we exclude stocks with exposure to banned weapons like Land Mines, Cluster Munitions, Biological and Chemical Weapons and also non-detectable fragments. These exclusions apply to all strategies: active, passive, active quant. Such exclusions are a requirement under Luxembourg law, where our flagship SICAV range is domiciled.

To further support the implementation of this ESG integration initiative by our investments teams, we recently added two new sets of tools: ESG Sector Checklists sheets (initiated in 2018) and Thematic reports (in 2017). The ESG key topic sheets aka ESG sector checklists are meant to be very practical as they are summarising on an industry group by industry group basis which are the most relevant ESG issues - those with the highest degree of potential financial materiality - and suggest the related engagement questions, to be asked while meeting a company's management. As of now, we produced a full set of 24 checklists in 2018 and have fully revised and updated them in 2019. The purpose has been to enhance their accuracy though including most updated sector specific ESG trends, evolutions of the legal framework and SASB guidelines.

Then, the main purpose of the thematic reports is to further educate investment teams and help them embedding some cross sector themes in their investment thinking. To date, two such reports have been published, one with a clear environmental bias, the second one with a firm social angle. The first one, published in October 2017 explored the impact of water intensity on the business model and financial returns of companies belonging to commodities industries like mining and metals, pulp and paper or chemicals.

Following the same philosophy, the second report, published in June 2018, explored "extreme" working conditions in two very different industries: technology and "retail fast fashion". Extreme working conditions encompass sub-themes such as child labour, forced labour, de-unionisation... As the related legal framework combining overarching global principles - defined by bodies like the UN or the ILO (International Labour Organisation) - is tightening, the lack of compliance with such principles is set to trigger litigation. Subsequently, understanding which companies include this dimension in their business model and more specifically into the management of their supply chain will help identifying which names may have placed their brand image at risk, could face loss of margin and/or production disruptions.

The most recent report was published fall 2019 and explored "Impact Investing Strategies" and emphasised how mainstream assets classes like corporate fixed income or listed equities might have a positive and measurable impact thanks to their alignment with the UN SDGs (Sustainable Development Goals). We plan to publish new such reports in 2020, one of the selected topics is "Anti Money Laundering and Anti-Corruption policies in the Banking sector".

In terms of thematic products, we launched in 2007 a climate change fund and later on, in September 2017, 2 additional strategies - one investing in global equities, the other in global corporate bonds - to deliver performance aligned with their respective assets classes combined with lower carbon intensity. Even more recently, in December 2018, was launched an energy transition strategy. The latter fund invests in European equities directly contributing to the energy transition, due to the very nature of their activities: smart grid, green buildings, ecologic transportation, and renewables.

In 2020 we will launch a suite of ESG and low carbon ETF's enabling clients to easily implement ESG in their various strategies.

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

See question 1.2: All strategies, active and passive, involve controversial weapons exclusion. Active strategies emphasise ESG integration, as described above, while passive strategies supplement the initial negative screening with an engagement overlay.

The latter can be achieved through joining or sometimes initiating collaborative thematic engagement campaigns via IIGCC or the PRI Clearinghouse for instance. Among the themes we have worked on: environmental reporting in extractive industries, executive remuneration schemes' fairness and transparency, Carbon 100+ targeting the largest greenhouse gases emitters and urging them to report according to TCFD guidelines.

We are also prioritising those names highlighted as allegedly "High Risk" by our ESG screening tool called the "Minesweeper", an in house ESG rating system allocating each name to an ESG risk category. The objective is further insight into how the companies under scrutiny are to monitor and eventually mitigate their ESG weaknesses.

This information is also embedded in Visualiser, equities asset class's decision support tool. This allows portfolio managers to immediately identify which ESG outliers are held within their portfolios and, if necessary,

to take action accordingly. This draws on multiple data sources to allow a portfolio assessment of carbon intensity and other ESG factors.

LEI 02	Voluntary	Public	Additional Assessed	PRI 1
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LEI 02.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 02.2	Indicate whether you incentivise brokers to provide ESG research.
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☒ Yes

LEI 02.3	Describe how you incentivise brokers.
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As we promote ESG integration, we do not isolate the ESG output to incentivise brokers. ESG is "part and parcel" of both our equity and fixed income processes, ESG is included in our overall assessment of the research output we expect from brokers and in the feedback we give.

The recent implementation of MIFID 2 has provided an opportunity to reaffirm this commitment: ESG is part of the equation and, if sell side brokers expect to work with us, they clearly have to include this dimension in their research output.

☐ No

LEI 03	Voluntary	Public	Additional Assessed	PRI 1
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LEI 03.1	Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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- ☒ Engagement
 - ☒ We have a systematic process to ensure the information is made available.
 - ☐ We occasionally make this information available.
 - ☐ We do not make this information available.
- ☒ (Proxy) voting
 - ☒ We have a systematic process to ensure the information is made available.
 - ☐ We occasionally make this information available.
 - ☐ We do not make this information available.

LEI 03.2	Additional information. [Optional]
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*** Active Equity Portfolios:**

Our fund managers and analysts exercise close oversight of companies held in active equity portfolios, which includes meeting company management and directors on a regular basis; as well as monitoring the company's

performance, business strategy, risk management, and culture. Stewardship is a collective effort with fund managers voting the active holdings and engagement being undertaken by fund managers, analysts, and our Stewardship Team.

*** Passive Equity Portfolios:**

Many of our holdings are in passive equity portfolios that track major indices. Although our proportionate holding may be small, our Stewardship Team exercises oversight of these companies and where necessary engages with companies regarding areas of concern.

(A) Implementation: Screening

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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Type of screening

☒ Negative/exclusionary screening

Screened by

- ☐ Product
- ☒ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

Description

Production and/or marketing of cluster munitions, antipersonnel mines, biological and chemical weapons and also non-detectable fragments are the activities we systematically screen out.

A third party research provider, Ethix SRI Advisors, highlights which names are involved in the marketing and development of this banned weaponry. Based on this, we issue an exclusion list which is updated on an ongoing basis. The list is then distributed to all Investments, Products, Risk and Compliance teams and this within multiple HSBC Group's businesses.

This exclusion list is prescriptive and the related strict ban has applied to equities and fixed income active strategies since 2010. At the end of 2015, we extended this to all passive strategies.

☒ Positive/best-in-class screening

Screened by

- ☐ Product
- ☐ Activity
- ☒ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
	In addition to our core ESG integration strategy, we have two SRI equities strategies, specifically designed to suit the needs of some continental European clients. Based on a "Best in class" process, these focus on global equities and euro equities. Their investment process requires Portfolio Managers to invest only in the most ESG-friendly companies in the respective sectors/industries. Within 30 sectors, companies are ranked according to their aggregated ESG rating produced by our proprietary ESG rating system. Portfolio Managers are required to prioritise stocks ranked above median and are prohibited from investing in stocks ranked in the lower quartile. Our range also comprises climate focused strategies: - A lower carbon strategy, launched in September 2017, seeks outperformance of the MSCI world combined with a significant reduction of its portfolio's carbon intensity, compared to its benchmark. In order to meet this dual target, the strategy leverages an optimiser in which carbon intensity - Scope 1 and 2 - is factored. - In December 2018, an energy transition strategy completed our range. Its focus is on European companies with "green activities" like renewables, smart grid, green transportation... - In 2020, we will launch a full range of ESG and lower carbon ETFs.

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ The UN Guiding Principles on Business and Human Rights
- ☒ International Labour Organization Conventions
- ☒ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
	The UNGC principles have significant weight in our ESG analysis process. We have mandated a research third party to systematically review the degree of compliance of some 8,200 names with the 10 principles of the United Nations Global Compact. All names assessed to be non-compliant are flagged as high risk and have to go through enhanced due diligence. Its purpose is to double-check to which extent the principle breach, if any, is genuine and if yes, to which extent it is priced in and or influences the company's financials. ILO conventions, OECD guidelines or United Nations Convention Against Corruption all constitute reference documents, sets of guidelines, which both ourselves and our research third parties refer to when formulating an ESG assessment. As such, they are all embedded into our ESG integration strategy and can even lead us to derive engagement campaigns from them. Again, SRI strategies apply more stringent restrictions as all companies failing to comply with at the least one of the 10 UN Global Compact principles are screened out of their investment universe.

LEI 04.2

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

The negative screening criterion is mostly stable. We want to avoid investing in companies involved in banned weapons - covered by international conventions and treaties - like cluster munitions, antipersonnel mines, biological and chemical weapons. Initially limited to active strategies, this strict ban now also applies to all passive strategies.

Another change occurred in 2018 since we decided to apply the exclusion not only to companies with a proven involvement, but also to those with strong indications of involvement.

The broader ESG and carbon-related criteria we use for our SRI and climate change thematic strategy are subject to an ongoing review process under the Global Heads of Equity and Credit Research.

LEI 05**Mandatory****Public****Core Assessed****PRI 1****LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- ☐ Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- ☒ Trading platforms blocking / restricting flagged securities on the black list.
- ☒ A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- ☒ A periodic review of internal research is carried out.
- ☒ Review and evaluation of external research providers.
- ☐ Other; specify
- ☐ None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 05.4

Indicate how frequently you review internal research that builds your ESG screens.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 05.5	Additional information. [Optional]
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1- The research inputs and outputs are monitored by our investment teams who check its accuracy on an ongoing basis. ESG is embedded into our investment and research process for both bonds and equities.

In order to do this more efficiently we have tasked our newly created ESG Investment Oversight Committee with providing this assessment. This group also strives to promote best practices with regard to ESG integration. Its membership includes: Global Head of ESG Research, Global Head of Corporate Governance, UK CIO, Heads of Research for equities and fixed income respectively.

The ESG Investment Oversight Committee then reports back into the Stewardship, Engagement & ESG Quarterly Committee. The purpose of this group, chaired by the Global Chief Investment Officer, is to: (i) ensure consistency of stewardship activities with broader asset management priorities, (ii) to oversee Front Office adherence to obligations (such as UNPRI, Controversial weapons etc.); and (iii) to oversee the high level ESG process. Besides the Global CIO, membership includes: Global Head of ESG Research, Global Head of Corporate Governance, Global CIO Equity, Global CIO Fixed Income CIO, Responsible Investment Specialists.

2- Our contracts with third party ESG research providers are limited to 3 years. The renewal of these contracts is subject to a formal RFP overseen by our Global Data Management Department, which is independent from the investment function.

LEI 06	Voluntary	Public	Additional Assessed	PRI 1
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LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.
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- ☒ Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Periodic auditing/checking of the organisations RI funds by external party
- ☐ Other; specify
- ☐ None of the above

LEI 06.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
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Investment in listed issuers with a proven involvement in banned weapons is prevented via a pre-trade investment restriction implemented globally in our investment systems

(B) Implementation: Thematic

LEI 07	Mandatory	Public	Descriptive	PRI 1
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LEI 07.1	Indicate the type of sustainability thematic funds or mandates your organisation manages.
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- ☒ Environmentally themed funds
- ☒ Socially themed funds
- ☒ Combination of themes

LEI 07.2

Describe your organisation's processes relating to sustainability themed funds. [Optional]

In addition to our core ESG integration strategy, coupled with banned weapons exclusion, as already described, we have two SRI Equities strategies, specifically designed to suit the needs of some Continental European clients. Based on a "best in class" process, these focus on global equities and euro equities.

These funds go beyond the ESG integration we apply to all funds. The investment process for these funds requires Portfolio Managers to invest only in the most ESG-friendly companies in the respective sectors/industries.

Within 30 sectors, companies are ranked according to their aggregated ESG rating produced by our proprietary ESG rating system. Portfolio Managers are required to prioritise stocks ranked above median and are prohibited from investing in stocks ranked in the lower quartile.

These SRI strategies also exclude names with an involvement in tobacco or conventional weapons. Their investment universe also screens out names failing to comply with at the least one of the 10 United Nations Global Compact (UNGC) principles.

Our range also comprises climate change related strategies which have a global remit and are designed to meet the needs of clients located in all countries and continents. They are both domiciled in Luxembourg as compartments of our flagship SICAV HSBC GIF (standing for Global Investments Fund),

Our range also comprises climate change related strategies:

A global climate change strategy which was launched as early as 2007,

Then, in September 2017, our company launched two Lower Carbon strategies: one focusing on Global Corporate Bonds, the second invest in Global Equities. The latter seeks to outperform the MSCI World combined with a significant reduction of its portfolio's carbon intensity, compared to its benchmark. In order to meet this dual target, the strategy leverages an optimiser in which carbon intensity - Scope 1 and 2 - is factored.

Finally, in December 2018, we initiated an Energy Transition strategy investing in European stocks with a direct contribution to the energy and ecologic transition due to the very nature of their activities: renewables, smart grid, green buildings...

In 2020, we will launch a full suite of ESG and lower carbon ETFs combining quantitative targets in terms of ESG ratings uplift and carbon intensity reduction, compared to a comparable mainstream benchmark/universe.

(C) Implementation: Integration of ESG factors**LEI 08****Mandatory****Public****Core Assessed****PRI 1****LEI 08.1**

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	Environmental ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%
Social	Social ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%
Corporate Governance	Corporate Governance ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%

LEI 08.2 Additional information. [Optional]

We first base our ESG analysis on inputs from third party research providers leveraged to create an in-house ESG rating from which we finally derive a risk level, namely High Risk, Medium Risk, Low Risk. We do this for c.15,000 financial instruments.

Those companies' main ESG characteristics are captured in the automated Executive Summaries, providing Investments teams with a concise ESG SWOT (standing for Strengths, Weaknesses, Opportunities and Threats) analysis. For companies with the weakest ESG rating, PMs and analysts have then to prepare an Enhanced Due Diligence (EDD). This ESG inclusive investment case leverages other inputs: sell-side research, Bloomberg data, CSR (Corporate Social Responsibility) reports and also the outcomes of engagement.

This process is systematic and applies to all our active Equity and Corporate Fixed Income strategies.

LEI 09	Mandatory	Public	Core Assessed	PRI 1
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LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Third-party ESG ratings are updated regularly
- ☒ A periodic review of the internal research is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☒ Analysis of the impact of ESG factors on investment risk and return performance
- ☐ Other; specify
- ☐ None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- ☐ Other; specify
- ☐ None of the above

LEI 09.6

Additional information. [Optional]

We first base our E, S, G analysis on inputs from third party research providers leveraged to create an in-house ESG rating from which we finally derive a risk level, namely High Risk, Medium Risk, Low Risk. We do this for c.15,000 financial instruments.

Those companies' main ESG characteristics are captured in the automated Executive Summaries, providing investment teams with a concise ESG SWOT analysis. For the riskiest companies (High Risk), PMs and analysts have then to prepare an enhanced due diligence report. This ESG inclusive investment case leverages other inputs: sell-side research, Bloomberg data, CSR reports and also the outcomes of engagement.

This process is systematic and applies to all our active equity and corporate fixed income strategies.

LEI 10**Mandatory to Report Voluntary to Disclose****Public****Core Assessed****PRI 1**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 10.1

Indicate which aspects of investment analysis you integrate material ESG information into.

- ☐ Economic analysis
- ☒ Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

- ☒ Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

- ☒ Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

- ☒ Portfolio weighting

	Proportion of actively managed listed equity exposed to investment analysis
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- ☐ <10%
☐ 10-50%
☐ 51-90%
☒ >90%

- ☐ Security sensitivity and/or scenario analysis
☐ Fair value/fundamental analysis
☐ Other; specify

LEI 10.3	Describe how you integrate ESG information into portfolio weighting.
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For around 15 000 financial instruments we have in our ESG Intranet a two page "Executive Summary" indicating each name's ESG risk level: High Risk, Medium Risk and Low risk. This intranet is available to all c.600 investment professionals and allows them to deepen where necessary their understanding of investee companies' ESG credentials.

For High Risk names, we require the portfolio managers and/or analysts to go through an "Enhanced Due Diligence" (EDD). This is meant to supplement and go beyond the aforementioned "Executive Summaries". This ESG focused investment case leverages other inputs such as: sell-side research, Bloomberg data, CSR reports and also the outcomes of a potential engagement.

This process has been made systematic and applies to all our equity strategies. As such, the EDD is an intrinsic part of our investment decision making process and an investment case can be rejected at this point if ESG credentials are assessed to be a threat to the company's financial profitability or pricing going forward.

Since 2016, an EDD is also required for companies flagged for potential exposure to Financial Crime Compliance (FCC) risk. This encompasses corruption, bribery, money laundering or contribution to financial instability.

ESG incorporation in passively managed listed equities				
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LEI 11	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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LEI 11.1	Indicate if you manage passive listed equity funds that incorporate ESG factors in the index construction methodology.
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- ☐ Yes
☒ No

Outputs and outcomes				
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LEI 12	Voluntary	Public	Descriptive	PRI 1
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LEI 12.1	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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- ☒ Screening

Describe any reduction in your starting investment universe or other effects.

All companies with a proven involvement in banned weapons such as cluster munitions, antipersonnel mines, biological and chemical weapons or non-detectible fragments are systematically screened out from all our strategies.

Specify the percentage reduction (+/- 5%)

%

2

☒ Thematic

Describe any alteration to your investment universe or other effects.

Our Equities ranges comprises 3 thematic strategies focusing on certain categories of companies and hence sporting a reduced investment universe.

- A global SRI strategy emphasizes names with an above average ESG rating, excludes names involved in tobacco or weaponry and finally, names failing to comply with at the least one of the 10 UNGC Principles. All in all, this fund reduces its investment universe by as much as 40%, compared to its benchmark, the MSCI World. Thanks to an optimiser, it manages to deliver performances very much in line with that of the benchmark.
- Then, two strategies emphasize climate change and subsequently reduce their investment universe: one strives to minimize overall carbon intensity - cumulating Scope 1 and Scope 2 - and outperform the MSCI world thanks to a combination of optimization techniques and exclusion of the worst carbon offenders. The second one invests in European companies directly contributing to Energy Transition due to the very nature of their activities: renewables, green mobility, green infrastructure, smart grid... This clear focus leads the fund to be extremely selective and hence to have also a significantly reduced investment universe.

☒ Integration of ESG factors

Select which of these effects followed your ESG integration.

- ☐ Reduce or prioritise the investment universe
- ☒ Overweight/underweight at sector level
- ☒ Overweight/underweight at stock level
- ☒ Buy/sell decisions
- ☐ Engagement / Voting
- ☐ Other; specify
- ☐ None of the above

LEI 12.2

Additional information.[Optional]

Our ESG process is framed around a set of tools:

ESG Roadmap: We have developed an ESG Roadmap to help investment teams "focus on what truly matters", namely to research in depth financially material ESG criteria. Avoiding "one size fits all" we have strived to highlight what genuinely matters for each industry. For example, although carbon is an important theme overall, it's more

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crucial to Utilities than to almost any other sector. Waste management particularly relates to Materials and Packaging, while water scarcity is important to Food & Beverage, just to give a couple of examples.

To strengthen alignment further with both our equity and fixed income investment management processes we framed it around a bespoke 30 sector segmentation (derived from the GICS, Global Industry Classification Standards). Its design was a thorough and collaborative process including systematic reviews, numerous inputs and comments from all equity and fixed income teams.

Since Q3 2017, this is supplemented by a set of concise **ESG key topic sheets - aka ESG sector checklists** - summarising most material ESG issues for each industry group and suggesting related engagement questions. In 2018, we built the first full set of 24 ESG Checklists and have entirely revised and updated these documents in 2019 which has contributed to enhance their accuracy. Within each sector checklist we have also highlighted the corresponding SASB guidelines.

We have also initiated a **thematic research program** resulting in the publishing of in depth ESG reports. The first one, issued in September 2017, dealt with water intensity in the commodities sector. The second one was published in June 2018 and focused on extreme working conditions in the supply chain of two very different industries: technology hardware and retail/fast fashion. A third one dealing with Impact Investment - emphasising, among other things alignment with the SDGs, European Union Green Taxonomy, Green Bonds ... - was published in 2019 and a new one is to be issued in 2020. It will deal with Anti Money Laundering and Anti Corruption policies in the banking sector.

Third Party Research: We use third-party vendors (extra-financial rating agencies) to provide us with ESG datapoints to build our own ESG rating. We also source from them a large number of company reports providing us with a more specific and qualitative ESG vision we leverage when it comes to produce our own assessments.

The third-party vendors we use are:

- MSCI ESG Research: comprehensive ESG assessment and Financial Crime Compliance screening
- Ethix SRI Advisors: Help us identifying issuers involved in the production and/or marketing of controversial weapons like cluster munitions and landmines.
- Sustainalytics helps us assessing compliance with the UN Global Compact.
- Oekom: Government bonds' Environmental and Societal assessment
- Trucost Research: Quantitative environmental data enabling us - among other things - to measure the carbon footprint of our funds
- RepRisk: Tracking companies' reputational risk and involvement in ESG-related controversies (implementation in progress)

In House Rating System: We have built an in house rating system enabling us to score 15,000+ financial instruments and to allocate them an ESG risk status. Leveraging monthly datafeeds coming from the providers above, it helps us generate sector specific scores which we combine with an assessment of companies' compliance with the 10 Principles of the UN Global Compact. The end ratings range from 0 to 10, we differentiate between Emerging Markets and Developed Markets companies.

Our process puts particular emphasis on the companies which are assessed to be High Risk: typically those not complying with at the least one of the 10 UNGC Principles and/or with a very low aggregated ESG rating putting them in the bottom 5 percentiles of the rated universe. Companies identified as "outliers" from a Financial Crime Compliance prospective have also to go through this Enhanced Due Diligence.

Executive Summary and Low, Medium and High risk ranking: We capture these assessments in automatically generated "Executive Summaries" which provide investment teams with a snapshot of each company's ESG strengths and weaknesses. Indeed, brief ESG and UNGC related paragraphs sourced directly from the ESG third parties illustrate and justify the calculated risk assessments. Building on this upgraded infrastructure we can generate new SRI universes and back-test them; design tailor-made portfolios or capture clients' own values in portfolio construction.

These 15,000 risk assessments generated will be used to embed ESG further into our mainstream investment practices. We have made the completion of an "Enhanced Due Diligence" for all high risk companies compulsory. This major step to ESG integration is championed by our Global CIO and formally endorsed by all regional CIOs, strategy CIOs and local CIOs.

Enhanced Due Diligence: For High Risk names, we require the portfolio manager and or analyst to go through an "Enhanced Due Diligence" which leverages inputs such as: sell-side research, Bloomberg data, CSR reports and also the outcomes of a potential engagement. This process is systematic and applies to all our equity and corporate fixed income strategies. As such, the "Enhanced Due Diligence" is an integral part of our investment process for either Equities or Fixed income. Unless they pass this assessment, issuers ranked in the high risk category might be rejected.

ESG as an investment factor: We continue to investigate how ESG ratings as an investment factor can be considered in products to reduce risk as well as to generate alpha.

As a conclusion, this comprehensive framework we have developed over the years first contributed to raising ESG awareness within our organisation. It has subsequently led ESG to be genuinely taken on board as evidenced by the fact investment professionals are now starting to spontaneously screen out companies - despite their potential financial attractiveness - on the grounds of their lack of ESG quality. Poor corporate governance is the main trigger of these "vetoes".

LEI 13	Voluntary	Public	Descriptive	PRI 1
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LEI 13.1	Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.
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☒ ESG factor 1

	ESG factor and explanation
Recent developments at an Indian bank, broadening its remit of pure Micro Finance Institution (MFI) to become a fully-fledged universal bank have led us to reconsider our investment thesis. Although MFIs play a significant social role supporting financial inclusion thanks to micro loans, they can lead some customers to get overcharged and overleveraged. This creates a huge political risk of political backlash against such MFIs, which up until now had prevented us to invest in such institutions. But, its transformation from MFI to universal bank is, for us, a big structural positive. Becoming a bank means higher regulatory and lower cost of funds which is helping them to lend at a lower rate than their pure MFIs competitors.	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
Despite its transformation into an universal bank, the company has retained the entirety of its social role while negating at the least a part of the risk coming from the potential political backlash and now enjoys a more robust business model. This combination of preserved social benefits and improved financials has led to invest in this company and hence support its development and positive contribution to the Indian society.	

☒ ESG factor 2

	ESG factor and explanation
A combination of social and governance concerns has led our Hong Kong and Chinese Equities teams to reassess its investment in a major diversified conglomerate with a very significant market position in the Hong Kong property market, being one of the most prominent retail landlords. First, from a social stand point, and as a follow up to the social unrest which started in June 2019, retail sales, especially discretionary have experienced huge pressure, retail tenants profitability was adversely affected and some found themselves close to loss making. This has led the conglomerate/landlord to lower rents, at the least temporarily. This measure has been applied selectively, on a case-by-case basis for a certain period of time depending on the retail sales decline of tenants.	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
We engaged with the company after the announcement. While this hurt its profitability in the near term, the company values the long-term relationship with tenants and sees these short-term relief measures for tenants as appropriate and necessary. The company emphasized that the rental adjustment is on a case-by-case basis with varying relief periods. From our perspective, while short-term earnings would be adversely impacted, we believe the company's good gesture will strengthen their relationship with tenants and achieve a more sustainable development in the longer term, This has led us to confirm our interest in the company.	

☒ ESG factor 3

	ESG factor and explanation
We have also reassessed a low cost house builder operating in a number of large states in Brazil. We have been a long term owner in the shares of this company due to its low valuation relative to its profitability. The Brazilian low cost housing market has been in a structural deficit, and we were attracted to the downside protection that the company enjoyed from participating in the Brazilian government's low cost house building subsidization scheme (MCMV). The company's core product fulfilled an important social need, and we felt the market undervalued this contribution to a major issue in Brazil.	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
We engaged with the company's management on a number of occasions during early 2019 to understand the opportunity better. Through this process, we also recognised the company's efforts to lead on energy efficiency in its housing, as this boosted the attractiveness of the product to younger buyers. During the elapsed year, the company's shares re-rated substantially, particularly after April, whilst we began to develop concerns that the MCMV scheme (standing for "Minha Casa Minha Vida" and aiming at promoting low-rent housing) could be slowed. In July 2019, we decided to exit the position, as we felt that the market had caught up with our analysis of the company's prospects, and the impact of the subsidy cut could have materially affected the share price, despite the company's undoubtable social benefits..	

☒ ESG factor 4

	ESG factor and explanation
We have also reconsidered our position in a Chinese consortium which core activities - industrial waste treatment, waste heat power generation, municipal waste incineration and energy saving building materials - have a strong environmental footprint and rather hazardous. Such environmental services are key tenets of China's campaign to clean up the environment and, more specifically, the commitment to the circular economy made in the five-year economic plan to 2021. Our research, which began in 2017, concluded that the company's core businesses' alignment with these environmental policy goals had not yet been factored into either the profitability forecasts or the valuation of this company as investors were unduly focused on sluggish order growth.	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
As part of our company analysis, we also conducted enhanced due diligence on ESG red flags raised by a third party ESG rating agency. These highlighted deficient anti-corruption and bribery procedures. While susceptibility to corruption is indeed possible, there seemed and still seems to be no evidence presented in the third party's report that the company is any more susceptible than any other. Hence, this couldn't justify a sell-off on this name and we have decided to keep our holdings in the stock. Furthermore , during 2019, the company has demonstrated its technology leadership by signing on a major new partner and order growth has been buoyant since. Whilst the market has started to re-rate this stock, we continue to own the stock as there remains ample valuation and growth upside. Ultimately, companies like this one deserve to trade at a premium to peers.	

☒ ESG factor 5

	ESG factor and explanation
	As the carbon cost is becoming a major issue for the European cement sector as we approach 2021 - the starting date of the phase 4 EU Emission Trading Scheme (2021-2030) - we have questioned what would be the impact of this upcoming scheme on the financials of an Italian player. Its CEO is worried on the Phase IV of EU ETS regulation. It will change the European cement industry dynamics and productivity. The group is currently long in Italy and short in Germany with an overall long position of 4-5mt allowances in credit. They could use the existing stock of CO2 quotas for the next 2-2,5 years. When stocks won't be sufficient, they will have to buy CO2 credit. The results of the phase IV of EU ETS is unclear and could be disruptive for the industry
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
	Our engagement with the company's CEO has provided some interesting insight as he considers the European Union should think about protecting the EU industry applying specific tax as border carbon tariffs. Company's management has also mentioned the need to invest to develop innovative project to reduce CO2 emissions leading to forecasts ~20-25m€ incremental capex requirements for the development of solutions for reducing, storing and converting CO2. We have subsequently done an analysis of the potential impact of incremental CO2 costs and capex on our FV taking into account a flat CO2 cost at 30€. We have a FV=24,6€. Integrating incremental CO2 quota costs 3€/share on our FV would drop to 21,6€. This is why we cautiously keep our holdings but might reconsider our vision going forward.

LEI 13.2	Additional information.[Optional]
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We have taken the freedom to add a sixth ESG Integration example we consider to be really illustrative.

We have indeed decided to reassess a major French Utilities company also affected by the recent carbon prices trends.

Indeed, as one of the leading utilities in Europe, a French player is heavily exposed to merchant power generation and therefore to power price fluctuations. In 2015, the European Commission (EC) started a revision process of the EU ETS, when the carbon price was low (~8€/tn) and therefore not effective as initially intended. Early 2018, the European Commission adopted the final agreement on the reform of the EU ETS market which led to an important rise in the CO2 price: from €8.25/tn at the start of 2018 to 25€/tn as of today, representing roughly a 200% increase. From an ineffective tool, the EU ETS market transformed into one the main parameter of European power prices.

Given the increasingly significant impact of the carbon price on the Utilities' businesses, we have engaged with the company to better understand and capture this driver into our valuation model. As a result of our discussion with the company, we have used an average CO2 price of €25/tn for 2019, €30/tn in 2020 and slightly increasing thereafter. The sensitivity of the company to a rise/decrease of €2/tn on the CO2 price represents a move of +/- €37 million on pre-tax income.

These numbers might fluctuate in the near future as the company is growing quickly its renewables capacity (addition of 3GW per year targeted through 2018-21) while disposing some of its old coal generation plants (the company recently sold coal capacities in Thailand, Brazil, Germany, Netherlands...).

HSBC Global Asset Management

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEA 01	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

☒ Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

☐ Attachment provided:

☒ URL provided:

URL

<https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/responsible-investment-policy-may-2017.pdf>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- ☒ Conflicts of interest
- ☒ Alignment with national stewardship code requirements
- ☒ Assets/funds covered by active ownership policy
- ☒ Expectations and objectives
- ☒ Engagement approach

Engagement

- ☒ ESG issues
- ☒ Prioritisation of engagement
- ☒ Methods of engagement
- ☒ Transparency of engagement activities
- ☒ Due diligence and monitoring process
- ☒ Insider information
- ☒ Escalation strategies
- ☒ Service Provider specific criteria
- ☐ Other; (specify)
- ☒ (Proxy) voting approach

Voting

- ☒ ESG issues
- ☒ Prioritisation and scope of voting activities
- ☒ Methods of voting
- ☒ Transparency of voting activities
- ☒ Regional voting practice approaches
- ☒ Filing or co-filing resolutions
- ☒ Company dialogue pre/post-vote
- ☒ Decision-making processes
- ☒ Securities lending processes
- ☐ Other; (specify)

☐ Other

☐ None of the above

☐ No

LEA 01.4

Do you outsource any of your active ownership activities to service providers?

☐ Yes

☒ No

LEA 01.6

Additional information [optional]

Our approach to active ownership is set out on the Responsible investing page on our website:

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

This page includes several attachments, which include all the elements of our approach.

The Responsible Investment Policy, which is linked to at LEA 01.2 above has over-arching details.

Specific approaches to engagement and voting are in the relevant attachments to the same website page:

Engagement Policy:

<https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf>

Voting Guidelines:

<https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf>

Whilst our Stewardship Code statement on the same page has greater details on both engagement and voting:

<https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/uk-stewardship.pdf>

Engagement

LEA 02

Mandatory

Public

Core Assessed

PRI 1,2,3

LEA 02.1

Indicate the method of engagement, giving reasons for the interaction.

Type of engagement	Reason for interaction
Individual / Internal staff engagements	☒ To influence corporate practice (or identify the need to influence it) on ESG issues ☒ To encourage improved/increased ESG disclosure ☒ To gain an understanding of ESG strategy and/or management ☐ We do not engage via internal staff
Collaborative engagements	☒ To influence corporate practice (or identify the need to influence it) on ESG issues ☒ To encourage improved/increased ESG disclosure ☒ To gain an understanding of ESG strategy and/or management ☐ We do not engage via collaborative engagements
Service provider engagements	☐ To influence corporate practice (or identify the need to influence it) on ESG issues ☐ To encourage improved/increased ESG disclosure ☐ To gain an understanding of ESG strategy and/or management ☒ We do not engage via service providers

LEA 02.4

Additional information. [Optional]

Active ownership is part of our investment philosophy, beliefs and processes and drives our practices as responsible institutional investors. Engagement plays a fundamental part of our stewardship activities and is guided by principles 1, 2 and 3 of the PRI, as well as principles 3, 4 and 5 of the UK Stewardship Code. As shareholders we engage to improve our understanding of companies, raise any concerns we may have, encourage good practice and reduce the investment risk for our clients.

For our active portfolios, fund managers exercise close oversight of investee companies, meeting them regularly to monitor performance as well as undertaking voting and associated engagement. Our equity fund managers and analysts had more than 3,000 interactions with companies in 2019; they raised ESG issues in more than 2,300 of these.

The stewardship of all holdings is overseen by our ESG team, which sits within our investment function. This team leads engagement on holdings in passive portfolios, thematic engagement and our participation in collaborative engagements, with activity undertaken by team members based in London, Paris and Hong Kong, together with fund managers where appropriate. At the beginning of the year we determine our engagement plan in consultation with investment teams and senior management. The priorities are set based on our research and analysis of ESG issues, which identifies risks and opportunities to raise with companies, as well as an assessment of our overall portfolio exposure to different ESG risks. We identify the companies to engage with in a number of ways including where there are serious concerns, where the company is rated poorly on our internal ESG scoring system, where we have a significant holding - either by value or proportionately - and to inform our investment theses.

Our engagement activities are not restricted to this engagement plan but are also informed by emerging events and collaborative investor initiatives throughout the year. We record all engagement activities in a central database to monitor and track progress. Information relating to our engagements can be accessed by all investment colleagues globally to ensure a coordinated approach between offices, asset classes and teams. We typically engage with hundreds of companies each year with the aim of improving shareholder returns through improved corporate practice. The issues we raise with investee companies include strategy, risk - including environmental & social risks such as labour standards, climate change, deforestation, water stewardship and child labour where relevant - culture and capital structure.

We are members of a number of industry initiatives in order to learn from others, offer support and use combined influence to affect change. These industry initiatives include: CDP, Global Institutional Governance Network, Asian Corporate Governance Association, Investment Association, International Corporate Governance Network, Investor Forum, Investors Network on Climate Risk, Institutional Investors Group on Climate Change, PRI and UKSIF. We participate in various groups within these organisations such as market specific and issue specific investor working

groups, advisory committees and the boards. In 2018 we participated in a number of collective engagement initiatives initiated by some of these groups.

We do not delegate engagement to service providers as we believe the oversight of companies in which we have invested on behalf of clients is a key component of our responsibility as well as being important for our investment processes.

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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☒ Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	Individual / Internal staff engagements ☒ Geography/market of the companies ☒ Materiality of the ESG factors ☒ Exposure (size of holdings) ☒ Responses to ESG impacts that have already occurred ☐ Responses to divestment pressure ☒ Consultation with clients/beneficiaries ☒ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) ☒ Follow-up from a voting decision ☐ Client request ☒ Breaches of international norms ☐ Other; (specify) ☐ We do not outline engagement criteria for our individual engagements
Collaborative engagements	Collaborative engagements ☒ Potential to enhance knowledge of ESG issues through other investors ☒ Ability to have greater impact on ESG issues ☒ Ability to add value to the collaboration ☒ Geography/market of the companies targeted by the collaboration ☒ Materiality of the ESG factors addressed by the collaboration ☒ Exposure (size of holdings) to companies targeted by the collaboration ☒ Responses to ESG impacts addressed by the collaboration that have already occurred ☐ Responses to divestment pressure ☒ Follow-up from a voting decision ☒ Alleviate the resource burden of engagement ☒ Consultation with clients/beneficiaries ☒ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) ☐ Other; (specify) ☐ We do not outline engagement criteria for our collaborative engagement providers

☐ No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1

Indicate whether you define specific objectives for your organisation's engagement activities.

Individual / Internal staff engagements	☐ All engagement activities ☐ Majority of engagement activities ☒ Minority of engagement activities ☐ We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	☒ All engagement activities ☐ Majority of engagement activities ☐ Minority of engagement activities ☐ We do not define specific objectives for engagement activities carried out through collaboration

LEA 05**Mandatory****Public****Core Assessed****PRI 2****LEA 05.1**

Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	☒ Yes, in all cases ☐ Yes, in a majority of cases ☐ Yes, in a minority of cases ☐ We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	☒ Yes, in all cases ☐ Yes, in a majority of cases ☐ Yes, in a minority of cases ☐ We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

LEA 05.2

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	☒ Define timelines/milestones for your objectives ☒ Track and/or monitor progress against defined objectives and/or KPIs ☒ Track and/or monitor the progress of action taken when original objectives are not met ☒ Revisit and, if necessary, revise objectives on a continuous basis ☐ Other; specify
Collaborative engagements	☒ Define timelines/milestones for your objectives ☒ Track and/or monitor progress against defined objectives and/or KPIs ☒ Track and/or monitor the progress of action taken when original objectives are not met ☒ Revisit and, if necessary, revise objectives on a continuous basis ☐ Other; specify

LEA 06	Mandatory	Public	Additional Assessed	PRI 2,4
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LEA 06.1	Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.
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☒ Yes

LEA 06.2	Indicate the escalation strategies used at your organisation following unsuccessful engagements.
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- ☒ Collaborating with other investors
- ☒ Issuing a public statement
- ☒ Filing/submitting a shareholder resolution
- ☒ Voting against the re-election of the relevant directors
- ☒ Voting against the board of directors or the annual financial report
- ☐ Submitting nominations for election to the board
- ☐ Seeking legal remedy / litigation
- ☒ Reducing exposure (size of holdings)
- ☒ Divestment
- ☐ Other; specify

☐ No

LEA 07	Voluntary	Public	Additional Assessed	PRI 1,2
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LEA 07.1	Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.
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Type of engagement	Insights shared
Individual / Internal staff engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No
Collaborative engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No

LEA 07.2

Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- ☒ Involving investment decision-makers when developing an engagement programme
- ☒ Holding investment team meetings and/or presentations
- ☒ Using IT platforms/systems that enable data sharing
- ☐ Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- ☐ Other; specify
- ☐ None

LEA 07.3

Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
Individual/Internal staff engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No
Collaborative engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No

LEA 07.4

Additional information. [Optional]

Investment team members are consulted in the development of our engagement plan. They are involved in / consulted on engagements with specific companies, and receive updates on the progress of engagements.

We record all engagement activities in a bespoke central database to monitor and track progress. Information relating to our engagements can be accessed by all investment colleagues globally to ensure a coordinated approach between offices, asset classes and teams.

LEA 08

Mandatory

Public

Gateway

PRI 2

LEA 08.1

Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	☒ Yes, we track the number of our engagements in full ☐ Yes, we partially track the number of our engagements ☐ We do not track
Collaborative engagements	☒ Yes, we track the number of collaborative engagements in full ☐ Yes, we partially track the number of our collaborative engagements ☐ We do not track

LEA 08.2 Additional information. [Optional]

We track all contacts with investee companies globally irrespective of who undertook the engagement and whether the interactions relate to ESG issues. Analysis, learning points and outcomes from engagements are shared with all colleagues in our investment function globally to ensure a coordinated approach between offices, asset classes and teams. This system allows our Fund Managers to be aware of / raise issues previously raised by one of our ESG Analysts.

Outputs and outcomes

LEA 09	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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LEA 09.1 Indicate the proportion of companies in your listed equities portfolio with which your organisation engaged during the reporting year.

	We did not complete any engagements in the reporting year.	Number of companies engaged (avoid double counting, see explanatory notes)	Proportion of companies engaged with, out of total listed equities portfolio
Individual / Internal staff engagements	☐	1410	28
Collaborative engagements	☐	15	4

LEA 09.2 Indicate the breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf).

No. of interactions with a company	% of engagements
One interaction	☐ >76% ☒ 51-75% ☐ 11-50% ☐ 1-10% ☐ None
2 to 3 interactions	☐ >76% ☐ 51-75% ☒ 11-50% ☐ 1-10% ☐ None
More than 3 interactions	☐ >76% ☐ 51-75% ☐ 11-50% ☒ 1-10% ☐ None
Total	100%

LEA 09.3

Indicate the percentage of your collaborative engagements in which you were the leading organisation during the reporting year.

Type of engagement	% leading role
Collaborative engagements	☒ >50% ☐ 10-50% ☐ <10% ☐ None

LEA 09.5

Additional information. [Optional]

We have recently published our 2020 Responsible Investment Review providing with an overview of our stewardship activity during 2019, available online under the following URL:

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

During 2019, we voted on more than 78,000 resolutions at over 7,400 company meetings globally. Our engagement with 1,410 equity issuers on environmental, social or governance (ESG) covered 39 markets. And we supported 1,726 shareholder resolutions, including more than 170 on environmental and social issues, declaring our support publicly in advance where we felt this was appropriate.

Engagement activity is reported as a percentage of the value of assets under management - total equity issuers engaged 1410 companies, representing 54 per cent of value of assets under management.

LEA 10	Voluntary	Public	Additional Assessed	PRI 2
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LEA 10.1	Indicate which of the following your engagement involved.
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- ☒ Letters and emails to companies
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Meetings and/or calls with board/senior management
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Meetings and/or calls with the CSR, IR or other management
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Visits to operations
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☒ Visits to supplier(s) in supplier(s) from the company's supply chain
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☒ Participation in roadshows
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☒ Other

(specify)

Attendance at AGMs

- ☒ In a minority of cases
- ☐ In a majority of cases
- ☐ In all cases

LEA 10.2	Additional information. [Optional]
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We regard active stewardship as integral to our long-term approach to responsible investment and ultimately in delivering value to our clients. Our voting and engagement activity is focused on protecting and enhancing our investments and as such we seek to use all the tools at our disposition.

Our engagements with investee companies may take the form of correspondence or meetings; these could be with senior management from relevant divisions or indeed board members. We often meet with the same company on more than one occasion and may also visit production sites, talk to their suppliers, service providers and competitors to inform our views.

Occasionally we may decide to make our engagements more public. So for example in 2019 we publicly declared our intention to support some shareholder resolutions in an effort to encourage the companies concerned and other investors to act, we were signatory to a statement along with other investors that was read out at a company's AGM, we read out our own statement at another company's AGM and we co-filed a shareholder resolution to be tabled at a third company's AGM (for 2019).

LEA 11	Voluntary	Public	Descriptive	PRI 2
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LEA 11.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
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☒ Add Example 1

ESG Topic	Human rights, Health and Safety, Labour practices and supply chain management ☐ Executive Remuneration ☐ Climate Change ☒ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☒ Health and Safety ☐ Sustainability reporting ☐ Water risks ☒ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☐ Individual / Internal ☒ Collaborative
Objectives	In 2016 we began engaging with eight US companies as part of a collective engagement initiative coordinated by the PRI. This was a 3 year engagement initiative ending in 2019 during which time we have had numerous meetings with the companies to encourage the following: 1. Supplier code of conduct 2. Governance 3. Traceability and risk assessment 4. Monitoring and corrective action 5. Target setting and disclosure
Scope and Process	Over the period of this initiative we have engaged with the companies numerous times for in person meetings and in correspondence. We have seen improvements to practice and disclosure at all eight companies, highlights include: Walmart • Enhanced commitment to human rights • Improved communication of expectations with direct and sub-suppliers • Collaboration with peers on systemic issues • Annual reporting on progress Tyson • Appointment of a Chief Sustainability Officer who reports into the board

	- Enhanced supplier code of conduct - Application of supplier code beyond first tier to include labour brokers and agents - Introduce process for mapping supply chain beyond first tier - Established process for monitoring suppliers and disclosing audit findings Costco - Enhanced commitment to human rights in supply chain - Training and capacity building for suppliers - Mechanism for reporting grievances in supply chain established and details provided - Joined multi-stakeholder initiative to address systemic issues - Annual reporting against goals
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 2

ESG Topic	Company leadership issues, Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	The company Chairman had eight other directorships raising the concern that he was 'overboarded' and had insufficient time to dedicate to his SSP plc Chairmanship. We sought to encourage the Chairman to address these concerns by reducing his external commitments.
Scope and Process	We met with the company to share our concerns. We later voted against the Chairman's reelection when we did not receive the assurances we required. At the AGM in February 2019 36% of shareholders voted against his re-election. We met with the Chairman and Senior Independent Director (SID) to repeat our concern and communicate our view that a delay in addressing it created unnecessary risk for the business. During our meeting the Chair and SID acknowledged the issue and committed to address it by the next AGM. In November 2019 the Company announced the appointment of a new Chair with immediate effect.
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company

	☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 3

ESG Topic	Climate Change ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☐ Individual / Internal ☒ Collaborative
Objectives	We act as co-lead investor for European and international companies targeted within the Climate Action 100+ initiative. This is a 5-year long engagement programme whose objective is to have boards and senior management of companies to: • Implement a strong governance framework, based on board accountability and oversight for climate change-related risks and opportunities; • Take action to reduce GHG emission across the whole value chain (scope 1,2&3) in line with the Paris Agreement • Provide enhanced corporate disclosure through the implementation of the TCFD recommendation.
Scope and Process	In 2019 we co-lead the engagement with Equinor (formerly Statoil). We met with the company regularly in 2019 to discuss our expectations. This resulted in a joint statement between HSBC Global Asset Management, UBS Asset Management and Equinor in May 2019 setting out the following commitments: 6. Business strategy alignment with Paris Climate Agreement 7. Upgrade of emission reduction targets 8. Upgrade of remuneration with climate targets 9. Scope 3 emissions disclosure 10. Global review of lobbying on climate change

	We were pleased that in February 2020 they announced the following commitments: • 50% reduction carbon intensity including Scope 3 emissions by 2050 • Carbon neutral global operations by 2030 • 40% reduction of absolute emissions in Norway by 2030 and 100% in 2050
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 4

ESG Topic	Climate Change, Deforestation, Other ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☒ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☒ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Following up on earlier work on sustainable fisheries, in 2019 we focused on meat production. As long-term investors we question the sustainability of the growth trajectory of global meat production and consumption. The emissions associated with pre- and postproduction activities in the global food system are estimated to represent 21-37% of total net GHG emissions. We approached key restaurant stocks in our portfolio to raise questions with them
Scope and Process	We met with four restaurant brands to get a better understanding of the link between revenue and animal protein consumption, strategy, consumer changes, governance and climate change. All of the companies recognised the issue and have begun to increase their offering of plant-based foods. While for some, these new products are starting to generate positive returns, to date this has not impacted their meat offering.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☒ Increased understanding / information ☐ Invested in company

	☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 5

ESG Topic	Executive Remuneration, Other governance ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	As endorsers of the Investor Stewardship Group, we identified share pledging (the practice of using companies' shares and / or options as collateral for loans or margin accounts) and hedging as a concern for a number of our US holdings. We requested companies introduce policies to prohibit these practices and to regularly monitor and gradually reduce the volumes of shares pledged and or hedged by executives and directors.
Scope and Process	We identified share pledging and hedging as a material issue for our US-based holdings since it can undermine the alignment between management and shareholders Following on from a similar exercise in 2018, in 2019 we reviewed our US holdings and identified 33 companies with shares hedged or pledged and without policies to prohibit these practices. We wrote to all 33 companies to raise our concerns and request they introduce a policy to prohibit hedging and pledging, to remove any waivers and gradually phase out outstanding positions. We had follow up meetings with a number of companies. Two companies committed to review their policies with a view to limiting the capacity of executives to hedge or pledge their shares.
Outcomes	☐ Company changed practice ☒ Company committed to change ☐ Disclosure / report published

	☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 6

ESG Topic	Executive Remuneration, Other governance ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	We had concerns regarding the company's structure and disclosure of their executive remuneration and its impact on shareholder value. There is no upper limit to share awards made as part of the long term incentive plan and the criteria for granting and vesting of awards is poor. The objective of this engagement was to seek company assurance they would address our concerns.
Scope and Process	During the meeting the chairman acknowledged our concerns and committed to improve the transparency of their practices. Following our meeting the company did improve their disclosure and we voted for the remuneration report at the AGM. We are considering how to encourage further improved practice at the company.
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome

	☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☐ Add Example 7

☒ Add Example 8

ESG Topic	Human rights, Sustainability reporting, Other governance ☐ Executive Remuneration ☐ Climate Change ☒ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Since 2017 French companies have been required by law to identify and prevent risks to human rights and the environment that could occur as a result of their business activities. This requirement goes beyond that of UK Modern Slavery Act and the California Transparency in Supply Chains Act, by requiring companies to implement a 'vigilance plan'. In July 2019 a global union federation and French NGO sent legal notification to the company challenging the company's compliance with the law. The objective of the engagement was to understand how the company planned to address this legal challenge.
Scope and Process	We met with the Deputy CEO of the company to discuss these concerns as well as labour standards. In September 2019 the company published an updated Vigilance Plan addressing some of the concerns raised. The company has a large global workforce (approx. 300,000) with the majority in countries without human rights legislation. We will continue to monitor reports and engage with the company on labour standards.
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome

	☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 9

ESG Topic	Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☐ Individual / Internal ☒ Collaborative
Objectives	We have been engaging with social media companies on the issue of live-streaming and distribution of content that promotes or supports, or tends to promote or support, acts of torture, terrorism or the infliction of extreme violence or extreme cruelty.
Scope and Process	Following the transmission of the violent attacks in New Zealand we joined a collective engagement initiative with Facebook, Alphabet and Twitter to encourage the companies to establish robust policies and procedures to manage these risks. We were signatory to letters raising our concerns to the companies. Subsequent meetings with Facebook and Twitter have provided greater clarity on the different company approaches although it is not clear whether changes implemented are proportional to the scale of the issue and risk. Alphabet have not replied to investor engagement and declined questions at a recent meeting.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☒ Increased understanding / information ☐ Invested in company

	☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 10

ESG Topic	Climate Change ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	
Scope and Process	
Outcomes	☐ Company changed practice ☒ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

(Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
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	Approach
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- ☐ We use our own research or voting team and make voting decisions without the use of service providers.
- ☒ We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

	Based on
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- ☐ The service-provider voting policy we sign off on
- ☒ Our own voting policy
- ☐ Our clients' requests or policies
- ☐ Other (explain)
- ☐ We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- ☐ We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
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As set out below, we review voting policy recommendations for all active holdings.

This enables us both to ensure that ISS has applied our policy correctly and to determine whether there are company-specific reasons to depart from the policy.

We often provide feedback to ISS on their application of the policy - either to amend the recommendation for a particular meeting or for future meetings.

A decision to depart from a policy recommendation is made by the fund manager and / or a member of the governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group.

Policy recommendations on passive holdings are reviewed on an *ad hoc* basis and can also result in feedback to ISS to amend the recommendation concern and / or future recommendations.

LEA 12.3	Additional information.[Optional]
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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 2019, we voted on more than 78,000 resolutions at more than 7,400 company meetings across 74 markets. Whether shares are voted in 18 markets affected by burdensome barriers to voting, such as share blocking or unusual power of attorney requirements, will depend upon how custodians operate voting for the meeting concerned.

Our policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

We use Institutional Shareholder Services (ISS) to assist with the application of our voting guidelines. ISS provides 'custom' HSBC recommendations highlighting resolutions which contravene our guidelines.

For active holdings, these are endorsed or amended by fund managers prior to voting. Fund managers' instructions are also applied where active holdings overlap stocks held through passive strategies.

Other passive holdings may be reviewed by our ESG Analysts and / or are voted in line with HSBC recommendations.

LEA 14	Voluntary	Public	Additional Assessed	PRI 2
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LEA 14.1	Does your organisation have a securities lending programme?
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- ☐ Yes
- ☒ No

LEA 14.2	Describe why your organisation does not lend securities.
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We ended our involvement in securities lending as we believed that there were conflicts of interest between running our own securities lending programme and acting as a fiduciary for clients.

LEA 14.4	Additional information. [Optional]
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We do not conduct securities lending on our fund ranges.

LEA 15	Mandatory	Public	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
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- ☒ Vote(s) concerned selected markets
- ☐ Vote(s) concerned selected sectors
- ☒ Vote(s) concerned certain ESG issues
- ☒ Vote(s) concerned companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concerned significant shareholdings
- ☐ Client request
- ☐ Other

LEA 15.3	Additional information. [Optional]
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In the UK, we write in advance to any company - 138 in total - where we intend to vote against or abstain, explaining our reasons and giving them the opportunity to respond before we cast our vote. Issues discussed included compensation (46%), director elections (40%), capitalisation (7%), routine matters (4%) and transactions (3%). For 7 companies in 2019, new information or a change of approach from the company allowed us to change our vote.

In Japan in 2019, we contacted a number of companies in the TOPIX100 which did not have at least one third independent directors that we expected large companies such as these with many international investors to meet this international standard for board independence and to warn them that we would vote against non-independent directors, including executives other than the CEO, President and/or founder.

Across all markets:

We also communicate in advance of voting on companies in energy-intensive sectors with poor disclosure on emissions and / or climate change risk management; where we have engaged over several years and the company has not improved its disclosure, we contact the company concerned in advance to warn that we will normally vote against the re-election of their chairman.

We might also communicate our voting intention in advance on other matters as part of our regular engagement, or if we were already engaging with the company on a related matter.

We may also pre-declare our votes on some climate-related shareholder resolutions.

LEA 16	Mandatory	Public	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
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- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.2	Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.
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- ☒ Vote(s) concern selected markets
- ☐ Vote(s) concern selected sectors
- ☒ Vote(s) concern certain ESG issues
- ☒ Vote(s) concern companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concern significant shareholdings
- ☐ Client request
- ☐ Other

LEA 16.3	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.
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- ☐ Yes
☒ No

LEA 16.4	Additional information. [Optional]
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In addition to the systematic communication of votes in advance for the UK and elsewhere explained above, we explained the rationale for our votes against management at around 150 of our largest holdings by value. The share of our global equity assets under management for which we communicated our voting rationale was just over 20 per cent. Issues raised outside the UK were: compensation (40%) director elections (21%) governance-related shareholder resolutions (20%), environmental or social shareholder resolutions (18%), capitalisation and routine matters (1%). Fund managers and analysts also communicate our voting to companies in their portfolios on an ad hoc basis.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

96

	Specify the basis on which this percentage is calculated
--	--

- ☒ Of the total number of ballot items on which you could have issued instructions
☐ Of the total number of company meetings at which you could have voted
☐ Of the total value of your listed equity holdings on which you could have voted
☐ We do not track or collect this information

LEA 17.2**Explain your reason(s) for not voting on certain holdings**

- ☒ Shares were blocked
- ☒ Notice, ballots or materials not received on time
- ☐ Missed deadline
- ☐ Geographical restrictions (non-home market)
- ☐ Cost
- ☐ Conflicts of interest
- ☐ Holdings deemed too small
- ☒ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- ☐ Client request
- ☐ Other (explain)

LEA 17.3**Additional information. [Optional]**

As we manage retail funds which receive daily in- and out-flows which are typically applied across all holdings, we are not able to vote ballots where holdings would be blocked.

Ballots not voted due to late receipt of voting materials typically account for less than one ballot in every thousand.

We do not typically vote in markets with burdensome power of attorney requirements, though in some markets we have powers of attorney in place and / or we use them for important meetings.

LEA 18**Voluntary****Public****Additional Assessed****PRI 2****LEA 18.1**

Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

- ☒ Yes, we track this information

LEA 18.2

Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	% 90
Against (opposing) management recommendations	% 10
Abstentions	% 0

100%

☐ No, we do not track this information

LEA 18.3	In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.
-----------------	---

20

LEA 18.4	Additional information. [Optional]
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As above, the proportion of companies we which we engaged is based on equity assets under management

LEA 19	Mandatory	Public	Core Assessed	PRI 2
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LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.
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☒ Yes

☐ No

LEA 19.2	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.
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- ☒ Contacting the company's board
- ☒ Contacting the company's senior management
- ☐ Issuing a public statement explaining the rationale
- ☒ Initiating individual/collaborative engagement
- ☐ Directing service providers to engage
- ☒ Reducing exposure (holdings) / divestment
- ☐ Other

LEA 20	Voluntary	Public	Descriptive	PRI 2
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LEA 20.1	Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.
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☒ Yes

LEA 20.2	Indicate the number of ESG shareholder resolutions you filed or co-filed.
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	Total number
--	--------------

2

☐ No

LEA 20.3	Indicate what percentage of these ESG shareholder resolutions resulted in the following:
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Went to vote	% 50
Were withdrawn due to changes at the company and/or negotiations with the company	% 0
Were withdrawn for other reasons	% 0
Were rejected/not acknowledged by the company	% 50

	Total
--	-------

100%

LEA 20.4	Of the ESG shareholder resolutions that you filed or co-filed and that were put to a vote (i.e., not withdrawn), indicate the percentage that received approval:
----------	--

	>50%
--	------

100

LEA 20.5	Describe the ESG shareholder resolutions that you filed or co-filed, and the outcomes achieved.
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In 2019, we co-filed two resolutions in our role as support investors for the Climate Action 100+ engagements with the companies below. At BP, we were amongst the early co-filers of a resolution that was embraced by management as an expression of their commitment to a marked improvement in management of climate risk. The resolution was supported by a very large proportion of shareholders. In that same role for the Climate Action 100+ at ExxonMobil, we were amongst the co-filers of a resolution which called for improved climate reporting and targets for emission reductions, including Scope 3 emissions. No action was taken on this resolution, however we are continuing our engagement with them.

LEA 20.6	Describe whether your organisation reviews ESG shareholder resolutions filed by other investors.
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We track shareholder resolutions on a number of themes in advance.

We typically support shareholder resolutions on ESG issues where these are in line with the principles of good governance outlined in our voting guidelines or where we consider the issue to be material and the proposal to be in the best long-term interest of clients.

This means we support greater disclosure and the introduction of appropriate policies (provided the proposal is not overly prescriptive).

In 2019, we voted for 1,702 shareholder resolutions. This represented around 67 per cent on those on which we voted.

Among these, we voted for more than 170 shareholder resolutions on environment and social issues.

On climate change, we typically support resolutions asking for the adoption of climate change policies, two-degree transition plans and/or quantitative greenhouse gas emission reduction targets, and resolutions asking for annual assessments of portfolio resilience.

LEA 21	Voluntary	Public	Descriptive	PRI 2
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LEA 21.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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☒ Add Example 1

ESG Topic	Climate Change, Sustainability reporting ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To ensure that our engagement on climate-related disclosure is reflected in our voting activity.
Scope and Process	We have participated for a number of years in the Carbon Disclosure Project's (CDP) investor campaign to encourage companies to disclose their greenhouse gas emissions and climate risk management. Whilst more companies respond to the CDP every year and in greater depth, a number of companies have never responded despite many of these being in energy intensive industries. In our engagement, we encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Ahead of 2109, we amended our voting policy to generally vote against the Chair's re-election for companies we have previously engaged in energy intensive sectors that persistently failed to disclose their carbon emissions and climate risk governance. We voted against the Chairs of 10 such companies in 2019; the Chairs of some other companies did not face re-election in 2019 or had appointed new Chairs. We engaged with a further 20 companies which had made progress but which did not meet expected disclosure standards. Of those we identified in our initial assessment of companies not responding to CDP despite our earlier engagement, a number have subsequently improved disclosure or intend to report under TCFD.

Outcomes	☐ Company changed practice ☒ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 2

ESG Topic	Executive Remuneration, Other governance ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To ensure that UK companies have the opportunity to explain any issues of non-compliance with corporate governance / remuneration best practice before we cast a vote against management. To communicate our reasons for all votes against management with the aim of influencing corporate behaviour, encouraging good practice.
Scope and Process	We have a long record of voting and engagement with UK companies. We contact in advance of our vote every company where we intend to vote against or abstain on a resolution. We engaged with 138 companies for this reason in 2019. As reported above, we were able to change our intended vote at 7 companies following our engagement, either because the company committed to address the issue we had raised or provided new information.
Outcomes	☐ Company changed practice ☒ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome

	☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 3

ESG Topic	General ESG, Sustainability reporting ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☒ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To improve US corporate behaviour and transparency around ESG issues by supporting shareholder resolutions calling for transparency & improvement.
Scope and Process	ESG issues come onto the agenda of company meetings in the United States and a small number of other markets through resolutions proposed by shareholders. Although bound by rules of what topics can be raised and often only advisory, these can be an effective mechanism for focusing management attention on sustainability and the rights of shareholders. We have a long record of support for resolutions which call for more information on companies' handling of ESG issues - transparency ensures that an issue is more likely to be prioritised and enables shareholder to hold management to account. In some cases, our support for particular shareholder resolutions follows engagement with the company concerned. In 2019, we supported some 170 shareholder resolutions related to environmental and social issues. In total, we supported some 1,702 shareholder resolutions in 2019. We also co-filed two shareholder resolutions on ESG issues, one of which was supported by management and received significant shareholder support.
Outcomes	☐ Company changed practice

	☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 4

ESG Topic	Executive Remuneration ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To limit the extent to which executive remuneration is not linked to company performance, is excessively dilutive of shareholders, or leaves scope for rewards for failure.
Scope and Process	We voted on some 6,600 management resolutions on remuneration issues in 2019. We voted against management on more than 2,150 of these, some 33 per cent. We are concerned that executive remuneration at many companies is not aligned with the interest of shareholders. Our votes against are intended to limit new remuneration schemes that do not meet this test and to send a strong signal on advisory votes.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company

	☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 5

ESG Topic	Shareholder rights, Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☒ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To protect the rights of existing shareholders by ensuring that companies respect pre-emptive rights and seek shareholder approval for events requiring large issuance of new shares.
Scope and Process	We vote against resolutions that would authorise new share issuance without pre-emption rights that exceed 15 per cent of share capital. We also vote against resolutions that would authorise new share issuance with pre-emption rights that exceed 35 per cent of share capital (except in very few markets where a weaker market standard is the norm, which we respect). In 2019, we voted against some 1,050 capitalisation-related resolutions, representing some 12 per cent of all capitalisation-related resolutions.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company

	☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 6

ESG Topic	Company leadership issues, Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To ensure that there is an appropriate level of independent representation on the boards of investee companies.
Scope and Process	The right to elect directors is one of the key rights held by shareholders. In our voting, we vote against non-independent non-executive directors and candidates where less than one third of the board is independent or where the balance of independent directors on audit or remuneration committees is below a half - we apply higher standards in certain markets. 2019 was the first year in which we had applied this standard to emerging & frontier markets - previously we had required at least one independent director. We voted against almost 150 directors in emerging and developed markets as a result. Overall, we voted against some 2,400 director re-election resolutions in 2019 - some 6 per cent of the total.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment

	☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 7

ESG Topic	☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	To encourage greater gender diversity on the boards of developed market companies.
Scope and Process	Boards need diversity of outlook and experience to exercise good judgement. It can be hard for shareholders to form a view on board diversity but one clear criterion on which we can assess boards is gender diversity. Whilst we recognise that gender diversity at board level is partly influenced by societal and sectoral norms, companies with no female directors may not have an open and meritocratic approach to board recruitment. in 2019, we amended our voting guidelines to vote against the chairs of nomination committees for boards of developed market companies with no female representation. This resulted in votes against committee chairs at 78 companies.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing

	☐ Voting ☐ Other
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☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

HSBC Global Asset Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

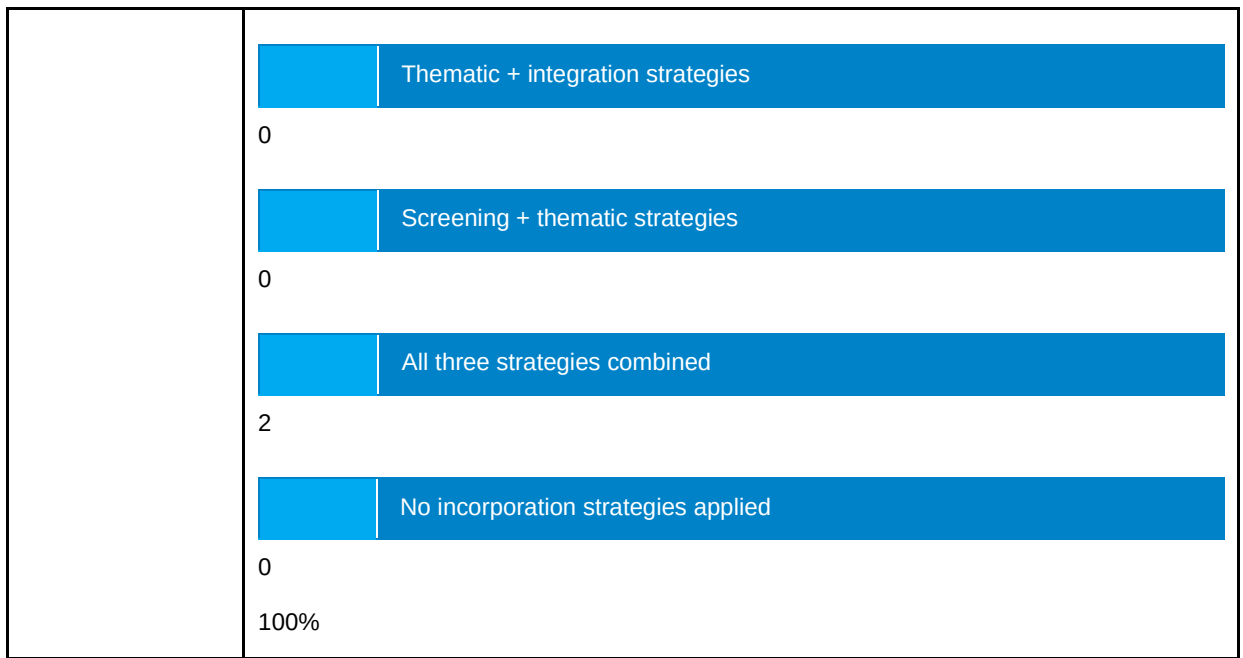
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ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	 Screening alone	0
	 Thematic alone	0
	 Integration alone	100
	 Screening + integration strategies	0
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	0
	 No incorporation strategies applied	0
		100%
Corporate (financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	98
	 Screening + integration strategies	0



Corporate (non-financial)	 Screening alone	0
	 Thematic alone	0
	 Integration alone	98
	 Screening + integration strategies	0
	 Thematic + integration strategies	0
	 Screening + thematic strategies	0
	 All three strategies combined	2
	 No incorporation strategies applied	0
100%		
Securitised	 Screening alone	0
	 Thematic alone	0
	 Integration alone	100
	 Screening + integration strategies	0

	Thematic + integration strategies 0
	Screening + thematic strategies 0
	All three strategies combined 0
	No incorporation strategies applied 0
	100%

FI 01.2

Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Our principal strategy for fixed income is ESG integration which is applied systematically to all our actively managed funds.

Additionally we run thematic strategies such as low-carbon corporate bond strategy designed to capture investment opportunities globally from quantifiable trades-offs between carbon reduction and impact to credit quality of issuers.

FI 01.3

Additional information [Optional].

ESG analysis in this asset class is a question of risk before being a question of opportunity. We believe that companies and governments that do not strive today to converge toward ESG best practices face a number of looming dangers. They can be affected at multiple levels, from their reputation to their profitability, risk profile, credit rating, refinancing costs and, ultimately for bond investors, the value of the bond. This is why we believe that integrating ESG in the research process can enhance the ability of credit analysts to capture industry trends and challenges, as well as changing market conditions, thus uncovering new opportunities.

The negative impacts of ESG issues on a company's credit quality and rating can derive from an increase in operating costs, changes in the company's environment and loss of competitive advantages, and/or reputational damages, all of which can ultimately weigh on the company's expected profitability and funding costs. As a result, they are likely to affect investors' risk adjusted returns as well. It is worth highlighting that the materiality of individual ESG issues will vary dramatically from one industry to the next.

For example, environmental risk management, policies and processes are of paramount importance for extractive industries and utilities, as well as for other sectors such as autos and airlines.

Other industries are more sensitive to resources use. For instance, the food and beverage sectors accounts for more than 50% of global water consumption, and is thus highly sensitive to water stress, or pressure on the quantity and quality of water resources.

In contrast, social considerations are the most significant for sectors such as health, tech or retail. Healthcare companies have a major role to play in improving human health. Tech and retail industries typically outsource part of their supply chains to emerging countries, which can expose them to the risk of participating in child or forced labour. Governance issues from accounting standards to transparency, risk management or director independence tend to be more universal and to affect all industries, but with a disproportionate impact on the financial sector due to these firms' reliance on intangible assets.

The effect of governance practices good or bad on bond investors can be grasped intuitively: well governed companies tend to be aligned with bondholder interests, and are generally better at managing their long term risks.

More on the thematic side, we have customized dedicated strategy combining our ESG and green bond approach with emerging markets with the aim to allow investors to achieve ESG and climate change objectives by investing in green and sustainable bonds focused on the real economy. Indeed, the UN sponsored Sustainable Development Goals (SDGs) and Paris Climate Agreement set a long term transformational framework for the global economy with meaningful investor consequences if they fail to deliver. Emerging markets have an urgent need to attract investment to tackle climate change mitigation and adaptation to meet these goals. However, these markets are more likely to suffer the cost of climate change whilst being less able to self-finance solutions. This means that investors are exposed directly and indirectly to climate and sustainability risks across the financial system and in emerging markets in particular.

HSBC Global Asset Management, together with leading Development Finance Institutions, have created an innovative investment solution to these challenges. The proposed fund solution will seek to invest in emerging market corporate, sovereign and sub sovereign green bond issuers, to deliver real economy impact in primarily lower Gross National Income countries and enable investors to achieve long term, sustainable returns, whilst delivering on broader climate and environmental objectives in line with the SDGs and Paris Climate Agreement. By supporting and building the market for green and sustainable bonds, we can also promote and develop sustainable finance and investment in global emerging markets.

We are also in the process of finalizing our own internal credit rating integrating ESG factors. Sustainability risks, especially corporate governance, have long been incorporated in our traditional credit rating methodology. As such, integrating more ESG factors in our internal credit rating doesn't change the fundamentals of our credit methodology. But it adds transparency around ESG factors that makes the difference to our internal rating as well as capturing ESG considerations with material credit impact. This internal credit rating methodology have been produced by the HSGAM Credit Research teams worldwide and with the help of our Fixed Income Quantitative team. It applies to all asset classes from non-financials corporates to financials ones. At the industry level, we defined industry-specific key ESG risks factors by reviewing 22 sectors and identifying 225 ESG factors; each of them being affected a weight that contributed to the overall internal rating.

We are also expanding our ESG integration in several other asset classes such as private debt and in asset-backed securities (ABS) or securitized products. Compared to other asset classes (Fixed Income or Equities) where ESG is well progressed and for which there are ESG ratings provided by third-party providers, private debt and securitized products are far lagging. Even, credit rating agencies do not really provide with a strong ESG analysis or ESG effectiveness in securitized products for instance. As such, at HSBC Global Asset Management, we worked at developing ESG in securitized products and private debt assets for the same reason that ESG is being integrated into our other mainstream asset classes. Thus for both of them, we defined dedicated ESG issues per sector. The ESG data set for each sector is also been affected a weight that contributes to the overall internal scoring. (Perhaps Tina to develop more on Loans).

FI 02	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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FI 02.1	Indicate which ESG factors you systematically research as part of your analysis on issuers.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Environmental data	☒	☒	☒	☒
Social data	☒	☒	☒	☒
Governance data	☒	☒	☒	☒

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☐ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ ESG factor specific analysis

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ Issuer-level ESG analysis

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ Sector-level ESG analysis

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify
- ☒ Country-level ESG analysis

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – FI analyst, PM or risk team
- ☐ Other, specify

FI 02.3	Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.
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ESG helps assessing the relevance of each investment case.

This explains why all corporate issuers receive an in-house ESG rating relying on third party data - sourced essentially from MSCI and Sustainalytics - which are then combined to form aggregated ratings under a proprietary methodology. These aggregated ratings enable us to allocate a level of ESG risk (low, medium and high) to each issuer. All high risk issuers held or buy-listed have to go through an enhanced due diligence.

Regarding countries, although we primarily use external inputs coming from third parties like Oekom, our Emerging Markets debt team is experiencing a proprietary Sovereign issuers ESG rating.

In addition, for some specialised strategies, the ESG integration overlay is supplemented by a more thematic component. For instance, for a French-domiciled SRI strategy, ESG integration is combined with a best in class methodology focused on sector ESG rankings.

For some environmental strategies, emphasis is put on carbon intensity, with the most carbon intensive names being screened. Then, Green Bonds are also used as a means to diversify mainstream portfolios and are even the sole focus of an Emerging Markets "Real Economy Green Investment Opportunity" about to be launched.

FI 02.4	Additional information. [Optional]
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FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1	Indicate how you ensure that your ESG research process is robust:
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- ☒ Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- ☒ A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- ☐ Other, specify
- ☐ None of the above

FI 03.2	Describe how your ESG information or analysis is shared among your investment team.
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- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is displayed on front office research platforms
- ☒ ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- ☒ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify

A sector expert credit analyst undertakes detailed analysis of each issuer including ESG /carbon data and will share the research outcomes with all investment professionals.

☐ None of the above

(A) Implementation: Screening

FI 04	Mandatory	Public	Gateway	PRI 1
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FI 04.1	Indicate the type of screening you conduct.
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Select all that apply

	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	☒	☒	
Positive/best-in-class screening	☒	☒	
Norms-based screening	☒	☒	

FI 04.2	Describe your approach to screening for internally managed active fixed income
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Our thematic strategies utilise various approaches to screening including positive best in class (ESG score ranked on a sector basis) and exclusion (worse performing carbon intensity) in addition to our usual ESG data integration.

Our SRI strategy now also excludes companies failing to comply with at the least one of the 10 principles of the United Nations Global compact (UNGC) which explains why we have also ticked Norms-based screening. We have an internal Green Bond Investment Policy and all investments need to be formerly approved and ratified. This Policy refers to HSBC Global Asset Management's investment in labelled green bonds. It is owned by the Fixed Income ESG Committee, which review and amend the Policy in light of any significant market developments.

Also, our thematic strategy looking at Emerging Markets Green bonds emphasises "the use of proceeds": each potential investment is subject to a "deep dive" analysis which ensures that, the projects to be financed have an undoubtedly "green" purpose as well as ensures that the company strategy is in line with the green purpose. The sustainability assessment, performed as part of the investment analysis, is designed to ensure that we invest in companies that provide with ESG sustainability policies.

FI 04.3	Additional information. [Optional]
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Our assessment of green bonds relies on a bottom-up approach to make sure that the bond finances projects that provide clear environmental benefits. This includes making sure that the green bond framework follows the Green Bond Principles but also that the projects to be financed are eligible under the Climate Bonds Initiative (CBI) taxonomy. In addition, to screen and control that green bonds are environmentally sound and support the transition to a post-carbon economy, we appreciate that the stated aims of the green funding projects should be transparent, well disclosed and reported. It is not the case, then we will send an engagement letter to issuer that is issuing a green bond with a lack of details regarding the use of proceeds, the existence of a second party opinion to assess the sustainability purposes of the bond, and the commitment for sustainability reporting. We definitely believe that Green bonds transparency through disclosure of the proceeds and second party opinion would support greater commitment by investors. Additionally, disclosed information that is easily accessible would help us make the most adequate decisions and enhance investors' trust.

FI 05	Voluntary	Public	Additional Assessed	PRI 1
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FI 05.1	Provide examples of how ESG factors are included in your screening criteria.
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☒ Example 1

	Type of fixed income
☒ Corporate (financial) ☒ Corporate (non-financial)	
	ESG factors
☒ Environmental ☐ Social ☐ Governance	
	Screening
☐ Negative/ exclusionary ☒ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
Lower Carbon bond fund: invested in corporate bonds - corporate and on corporate - + screening is based on carbon intensity; worst offenders and most carbon intensive sectors get excluded whilst Green Bonds get positively selected.	

☒ Example 2

	Type of fixed income
☒ Corporate (financial) ☒ Corporate (non-financial)	
	ESG factors
☒ Environmental ☒ Social ☒ Governance	
	Screening
☒ Negative/ exclusionary ☒ Positive/ best-in-class ☒ Norms-based	
	Description of how ESG factors are used as the screening criteria
Thematic strategy looking at Emerging Markets Green bonds: We will avoid investing in bonds of companies involved in business activity with the potential to cause or result in risk of adverse impacts on Indigenous or impacts on the environment, community health and safety, biodiversity. Also, we will not invest in the bonds of issuers where there are credible allegations of serious breaches of UN Global Compact principles -with respect to the ten principles relating to human rights, labour standards, environment and anti-corruption. And finally, we will not invest in bonds where we are aware that the issuer derives significant revenue (over 30%) from the following activities: defense/weapons, alcohol, gambling, adult entertainment, tobacco.	

- ☐ Example 3
☐ Example 4
☐ Example 5

FI 06	Mandatory	Public	Core Assessed	PRI 1
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FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
Negative/exclusionary screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☐ Other, specify ☐ None of the above
Positive/best-in-class screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☐ Other, specify ☐ None of the above
Norms-based screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☐ Other, specify ☐ None of the above

(B) Implementation: Thematic

FI 07	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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FI 07.1 Indicate what proportion of your thematic investments are (totalling up to 100%):

☒ Green/SDG bonds linked to environmental goals

	%
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14

☐ Social/SDG bonds linked to social goals

☐ Sustainability/SDG bonds (combination of green and social linked to multiple SDG categories)

☐ Other

- Lower Carbon Bond approach: we recognise that the world needs to move to a lower-carbon economy to tackle climate-related risks. This is the driving force behind our Lower Carbon Bond strategy, designed to provide potential long-term gains without giving up near-term performance. The reality of climate change poses a threat to both the global economy and companies, making it a key risk for investors. By investing in the transition to an economy with lower CO2 emissions (a "lower carbon" economy), investors can help reduce risk. This transition will also create investment opportunities. As new technologies emerge to tackle climate change, and as the cost of existing clean technology falls, the companies that adopt them stand to gain.

Our lower-carbon approach takes advantage of our fixed income franchise, built 15 years ago to capitalise on investment opportunities wherever they are. Same performance targets as traditional portfolios while reducing the average carbon intensity by 40% or more versus the reference benchmark. Our international team of fixed income specialists are supported by our global research platform (+45 analysts globally), our analysis of issuer carbon impact and green bonds to understand footprints, and finally our engagement with issuers to encourage carbon reduction when necessary.

- Green bond investment approach: Green bonds play an important role in transitioning to a lower carbon economy and increase the robustness of the overall portfolio. Our approach is to invest in labelled green bonds that satisfy both our bottom up and top down requirements below:

1) A bottom-up approach to make sure that the bond finances projects that provide clear environmental benefits. This includes making sure that the green bond framework follows the Green Bond Principles but also that the projects to be financed are eligible under the Climate Bonds Initiative (CBI) taxonomy.

2) A more granular top-down green-assessment at the issuer level to make sure that green bond issue is the result of a broader Group's environment strategy. So green bonds and their issuers are to be assessed by corporate credit analysts within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.

3) A top-down approach: At HSBC we have 46 credit analysts globally who have significant experience of accessing the long term credit quality of issuers suitable for a buy and maintain fund. These credit analysts together with the Portfolio Managers will assess the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. Such an assessment should enable us to identify 3 categories of issuers:

- Green companies of which most activities provide clear environmental benefits. Credit analysis ensures company strategy includes climate change management which is also demonstrated in company reporting and an acknowledgement of climate change at board level. This category of company will be moving towards TCFD aligned reporting and will have a carbon emissions reduction plan and often a lower carbon intensity compared to peers.

- Companies exposed to substantial environmental risks (eg Utilities with coal plants) but that have a clear strategy to reduce this exposure. For Utilities with coal generation assets it could be by replacing the existing coal plants with renewables financed by a green issue. For other companies it may be financing energy efficiency investments. Green bonds issued by this category of issuers will need to be carefully analysed to ensure compliance to the GBP and green proceeds which fit within the CBI taxonomy as well as funding projects that can demonstrate a net GHG emissions reduction.

- Companies exposed to substantial environmental risks and without any clear strategy to reduce this exposure or manage the associated climate risk. Green bonds issued by this category of companies will not be successful in the credit analysis review process for a long term buy and maintain investment portfolio.

We would therefore exclude green bonds from this last category of issuers.

- Emerging Markets Green bonds approach:

we customized dedicated strategy combining our ESG and green bond approach with emerging markets with the aim to allow investors to achieve ESG and climate change objectives by investing in green and sustainable bonds focused on the real economy. Indeed, the UN sponsored Sustainable Development Goals (SDGs) and Paris Climate Agreement set a long term transformational framework for the global economy with meaningful investor consequences if they fail to deliver. Emerging markets have an urgent need to attract investment to tackle climate change mitigation and adaptation to meet these goals. However, these markets are more likely to suffer the cost of climate change whilst being less able to self-finance solutions. This means that investors are exposed directly and indirectly to climate and sustainability risks across the financial system and in emerging markets in particular.

HSBC Global Asset Management, together with leading Development Finance Institutions, have created an innovative investment solution to these challenges. The proposed fund solution will seek to invest in emerging market corporate, sovereign and sub sovereign green bond issuers, to deliver real economy impact in primarily lower Gross National Income countries and enable investors to achieve long term, sustainable returns, whilst delivering on broader climate and environmental objectives in line with the SDGs and Paris Climate Agreement.

By supporting and building the market for green and sustainable bonds, we can also promote and develop sustainable finance and investment in global emerging markets.

FI 08	Mandatory	Public	Core Assessed	PRI 1
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FI 08.1	Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles, Social Bond Principles, or Sustainability Bond Guidelines..
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- ☒ We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects
- ☒ We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- ☒ We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- ☒ We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- ☐ Other, specify
- ☐ None of the above

FI 08.2	Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.
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As mentioned in FI 07.2, we have set up an investment committee which oversees and assesses green bond eligibility. We pay great attention to whether proceeds are indeed allocated to green projects and monitor post issuance reporting on an annual basis. Our preference is for this reporting to be independently audited.

Any green bond that does not comply with our green bond eligibility requirements will not be held as a green bond, but can be held as a mainstream corporate / sovereign bond subject to normal credit and relative value assessment.

FI 08.3	Additional information. [Optional]
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We utilise a group of green bond experts to keep us informed on the developments in the green bond market and these include HSBC Group Fixed Income Research and other experts. It's worth noting that our colleagues in HSBC Group sit on the ICMA Green Bond Principles Executive Committee.

FI 09	Mandatory	Public	Additional Assessed	PRI 1
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FI 09.1	Indicate how you assess the environmental or social impact of your thematic investments.
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- ☒ We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments
- ☒ We ensure independent audits are conducted on the environmental or social impact of our investments
- ☒ We have a proprietary system to measure environmental and social impact
- ☒ We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights
- ☐ Other, specify
- ☐ None of the above

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1 Describe your approach to integrating ESG into traditional financial analysis.

As for Equities, our principal strategy is integration as we believe that ESG factors can impact investment performance over time. We regard the breadth and depth of our coverage as innovative, as well as the extent to which it has been delivered to 'mainstream' investment professionals across all markets, including emerging and frontier.

Investment teams access an ESG Intranet combining a comprehensive third party research library with in-house ratings covering 11,000+ financial instruments. For each issuer the system generates an Executive Summary. All these inputs allow Investment Teams to undertake enhanced due diligence (EDD). With deeper analysis than the existing ESG "Executive Summary" and previous "checklists", this document assesses ESG risk associated with issuers flagged for a poor ESG rating. Although mainly a risk assessment tool, the process could result in engagement with the issuer, an intended purchase being blocked or the divestment of an existing holding.

ESG is considered in all fundamental credit research specifically within the issuer's business profile detailing components of management, governance and strategy and liabilities (legal, social and environmental). This analysis highlights potential negative impacts on the operating profile of the company as well as financial metrics. This analysis is supplemented with issuer meetings undertaken by the credit research team where ESG questions are raised where material.

We have also indicated screening as we exclude bonds with exposure to Land Mines, Cluster Munitions, Biological and Chemical weapons across all strategies. Such an exclusion is a requirement under Luxembourg law, where our flagship SICAV is domiciled, and which we have also extended to all our active and passive strategies wherever they are domiciled.

To further support the implementation of this ESG integration initiative by our investment teams, we added in 2017 two new sets of tools: ESG key topic sheets and thematic reports. The ESG key topic sheets summarise the most relevant ESG issues - those with the highest degree of potential financial materiality - and suggest the related engagement questions, to be asked while meeting a company's management.

The main purpose of the thematic reports is to further educate investment teams and help them embedding some cross sector themes in their investment thinking. To date, two such reports have been published, one with a clear environmental bias, the second one with a firm social angle. The first explores the impact of water intensity on the business model and financial returns of companies belonging to commodities industries like mining and metals, pulp and paper or chemicals. More than a static assessment, these reports analyse related international framework evolutions and furthermore which companies are likely to optimally adapt their strategy and business model accordingly.

Following the same philosophy, the second report explores "extreme" working conditions in two very different industries: technology and "fast fashion". Extreme working conditions encompass sub-themes such as child labour, forced labour, de-unionisation and absence of rights to collective bargaining. As the related legal framework combining overarching global principles - defined by bodies like the UN or the ILO (International Labour Organisation) - is ever tightening, the lack of compliance with such principles is set to trigger litigations. Subsequently, understanding which companies include this dimension in their business model and more specifically into the management of their supply chain will help identifying which names may have placed their brand image at risk, could face loss of margin and/or production disruptions.

Then, on the thematic products side, we launched in September 2017 we launched a Lower Carbon Bonds strategy and are currently working on various strategies specialising in Green Bonds, issued in both developed and emerging markets.

FI 10.2 Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA

For SSAs we initiated last year the development of an upgraded scoring process in which ESG criteria, sourced from specialised third parties like MSCI and Oekom, are to contribute to the overall risk assessments.

The initial analysis using historic data has been performed by our Quantitative Research team and this suggests that ESG criteria is financially material in some sovereign bond markets, especially in emerging markets and in sectors where there is a largest credit dispersion. In addition to the exclusions of certain sovereign due to government sanctions we are considering excluding issuers with a very low ESG score as part of our portfolio risk mitigation.

The Global EMD team has worked with the quantitative team to validate the integration of social and governance data into the broader Sovereign risk model (EMCR). This work has now been back tested to ensure the relevance of the data set and we will now include this data on a going-forward basis in our country analysis.

Additionally, we are at early stages of considering the impact from climate change on sovereign risk whether this is a factor of climate vulnerable countries or as a "fossil fuel rent factor" that impacts government budgets.

Corporate (financial)

The approach we apply to Corporate - Financials and non-Financials - is similar. For each sub-group we start by identifying for each industry which are the most relevant/financially material ESG issues. These are then analysed by credit research teams alongside the regular assessment of issuers' credit quality.

It's worth mentioning this task is completely embedded into the credit scoring process, performed by the credit analysis who include ESG observations into their overall financial assessment which is captured in internal recommendation documents.

Regarding the ESG criteria considered and factored in our credit research process, emphasis is put on Governance - including risk monitoring, audits and controls, corruption and bribery, contribution to financial instability - which we view as the most material factor in the overall ESG assessment.

This means ESG plays a central role in the assessment of corporate bonds' investment case. If following the credit analysis due diligence a bond issue is deemed ineligible, it is screened out from the investment universe of all funds.

Corporate (non-financial)

The approach we apply to Corporates - Financials and non-Financials - is similar. For each sub-group we start by identifying for each industry which are the most relevant/financially material ESG issues. These are then analysed by credit research teams alongside the regular assessment of issuers' credit quality.

In terms of the ESG process, the only difference between the methodology applied to Corporate Financials and Non Financials revolves around the nature of the issues we factor in and the way we weight them, according to the nature of the company's business model. For instance, if Governance dominates Financials' assessments, for companies in extractive industries, emphasis will be more on direct environmental impacts - greenhouse gases emissions for instance - and for healthcare and pharmaceutical, the focus will be more on social dimensions such as access to medicines, prevention and control of medicines' potential misuse. This illustrates that rather than a "one size fits all" our ESG inclusive credit analysis focuses on the relevant issues to a specific industry.

This task is completely embedded into the credit scoring process, performed by the credit analysis who include their ESG observations into their overall financial assessment which is captured in internal recommendation documents.

This means ESG plays a central role in the assessment of corporate bonds' investment case. If following the credit analysis due diligence a bond issue is deemed ineligible, it is screened out from the investment universe of all funds.

Securitised

Securitised credit is lagging other asset classes benefiting from various ESG ratings or scores provided by third-party providers. While there is no standardisation around the ESG analysis yet, ESG subject is gathering the momentum and the Structured Finance Association (SFA) hosted its inaugural ESG Symposium bringing market participants for a discussion on promoting ESG principles within the structured finance market.

In terms of our process for securitised credit, ESG factors are part of the investment process and considered when identifying potential investment risks.

The approach is broadly similar to corporates - for each securitised credit sector we identify ESG issues most relevant to credit and assign the weightings according to the nature of issues and the nature of securitised credit sector. Similar to Corporate (financial), our ESG risk assessment is heavily focused on Governance, including originator's/sponsor's corporate governance, internal controls, disclosure, management experience and strategy, compliance with the applicable Code of Conduct, counterparty risk and other. In addition to the ESG data provided by the originator/sponsor, where there is an in-house ESG score available for an originator/sponsor, provided by the internal ESG research team as described earlier in the document, it will be considered in the ESG risk assessment for a securitised credit transaction.

ESG factors are considered qualitatively focusing on conducting thorough due diligence of transaction parties such as the originator/ servicer/issuer of the securities, and of the underlying assets. Quantifying ESG issues in securitised credit is currently very limited with no industry wide methodology to assess those issues or third-party ESG scores. Rating Agencies do not comment on ESG compliance or effectiveness of ESG disclosure in securitised credit transactions but Fitch Ratings do make a note in their rating agency reports of the relevance of ESG factor(s) in credit ratings and apply a 5 tier ESG relevance score.

ESG risk assessment enhances our credit process. Credit impact of ESG factors is captured by the credit analysts who conduct an ESG Risk assessment and include their commentary on the ESG impact on credit in the overall assessment. If following credit analysis and the ESG risk assessment a transaction is deemed ineligible, an investment proposal will not be submitted to Investment Forum for consideration.

FI 10.3

Additional information [OPTIONAL]

In line with the focus on carbon intensity data that we are using for the Lower Carbon global bond fund, we have integrated this metric into the ESG intranet and we are exploring how we consider carbon intensity in heavily carbon exposed sectors. This integration work has involved some scenario analysis around future carbon pricing and the impact on the balance sheet, debt coverage ratios and hence credit quality.

However, carbon data has significant gaps in the market, specifically in credits without a listed equity, government owned entities and beyond Europe/North America.

FI 11

Mandatory

Public

Core Assessed

PRI 1

FI 11.1

Indicate how ESG information is typically used as part of your investment process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non- financial)	Securitised
ESG analysis is integrated into fundamental analysis	☒	☒	☒	☒
ESG analysis is used to adjust the internal credit assessments of issuers.	☒	☒	☒	☒
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	☐	☒	☒	☐
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	☒	☒	☒	☒
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	☒	☒	☒	☒
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	☒	☒	☒	☐
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	☒	☒	☒	☐
ESG analysis is integrated into portfolio weighting decisions.	☒	☒	☒	☒
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	☒	☒	☒	☒
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	☒	☒	☒	☐
Other, specify in Additional Information	☐	☐	☐	☐

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	☒ Environmental ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Social ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Governance ☐ Systematically ☐ Occasionally ☐ Not at all
Corporate (financial)	☒ Environmental ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Social ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Governance ☐ Systematically ☐ Occasionally ☐ Not at all
Corporate (non-financial)	☒ Environmental ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Social ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Governance ☐ Systematically ☐ Occasionally ☐ Not at all
Securitised	☒ Environmental ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Social ☐ Systematically ☐ Occasionally ☐ Not at all	☒ Governance ☐ Systematically ☐ Occasionally ☐ Not at all

FI 12.2

Please provide more detail on how you review E, S and/or G factors in your integration process.

SSA

Developed countries' ESG assessment, which we source from third party research provider Oekom, forms part of our overall qualitative appraisal of sovereign and bonds' credit quality.

For emerging countries, we have recently developed a quantitative model leveraging data from other ESG third parties. Looking back up to 8 years in the past, we have tested the net positive contribution of the various E, S and G factors to a model portfolio's financial performance. Results have proved convincing as they evidenced a significant net positive financial contribution for countries outperforming peers in terms of overall Governance ("G") quality.

For SOEs (state owned enterprises), agencies, pfandbriefe and development banks our approach is systematic ESG integration and the implementation a scoring methodology similar to that which we use for Equities. This means all issuers have "E", "S" and "G" ratings sourced from third party research providers, which are given equal weight. All issuers are ranked based on this rating and are allocated with an ESG risk signal: High Risk, Medium Risk or Low Risk.

High Risk names, these belonging to the bottom 5th percentile of the rated population are then systematically reviewed by the credit analyst and have to go through an enhanced due diligence process. This is to assess whether the alleged level of ESG risk is genuine and to what extent it may influence or hinder the investment case. Then, the covering analyst produces a recommendation document stating if the names should continue to be held, approved for the buy list, or excluded from investment (where ESG issues are assessed as sufficiently detrimental to the financial strength and/or credit quality of the issuer). This recommendation has to be checked and approved by the Global Head of Credit Research.

Corporate (financial)

For Corporate Financial issuers we have chosen to apply systematic ESG integration, as for SOEs and agencies as described above. This means that for all issuers under coverage we generate an overall ESG rating from which we derive a risk status. Then, names identified as high risk under this relative approach have to go through enhanced due diligence, concluded by an ESG inclusive investment recommendation requiring the final review and signoff of the Global Head of Credit research.

If the due diligence concludes in stating that, for instance, alleged ESG risks are real, material and could lead to a deterioration of the company's financials, this can translate into a sell recommendation.

Compared to SOEs the only amendments to our process are:

1/ the weights we allocate to the individual "E", "S" and "G" ratings which we source from research third parties. Here, they are not equally weighted for SOEs and agencies but reflect the predominant importance of the governance agenda compared to environment and social aspects.

2/ the ratings per se, framing our "relative approach", are supplemented by an "absolute approach" based on the measurement of the degree of compliance with the 10 principles of the United Nations Global Compact. The latter is assessed by another third party research provider attributing, on a principle by principle basis Red (proven breach); Amber (alleged breach) and Green (no breach) flags. A single Red flag, meaning alleged noncompliance with at the least one of the 10 principles equates to an overall High Risk status, as does an Amber rating on at least 2 principles.

Corporate (non-financial)

Corporate Non-Financial issuers also go through the systematic process described above based on a comprehensive ESG risk assessment combining an "absolute" and a "relative" approach.

The absolute approach is the same as that for Corporate Financial issuers, while the relative approach differentiates due to the varied nature and materiality of the ESG issues affecting the various sectors/industries. This is reflected in the weights we allocate to the "E", "S" and "G" pillar weights when generating our aggregated "in house" ESG rating.

For example, Food & Beverage and Oil & Gas have a significant environmental footprint. Food & Beverage is confronted with water management, land use, issues related to fertilizers and pesticides while Oil & Gas is confronted with greenhouse gas emissions, pollution prevention and control.

Although the nature of these environmental issues affecting the two industry groups differs substantially, to us, their potential financial impact is of a comparable magnitude which explains why they have been weighted at 50%. In some other industries, like Software or Pharmaceuticals, the emphasis will be more on social issues. As an industry concerned with non-physical assets, Software has hardly any direct environmental impact but has certainly to address Social issues like "retaining best people" and use of data; staff retention would also be a key issue in the Pharmaceutical sector, and to an even greater extent for biotech, who have to build their success on developing innovative products pipelines.

We apply this approach to all sectors in order to really focus on "what genuinely" matters through highlighting the most financially material ESG issues which we have all logged in our ESG Roadmap. Then, as described above, their relative importance - intra sector - helps us calibrating the individual pillar weights X, Y and Z we use in our aggregated ESG rating which happens to be a result of the following formula:

$$ESG = (X\% \times E) + (Y\% \times S) + (Z\% \times G)$$

In doing so, we believe that we can focus our attention on the issues mat pertinent to a particular sector or issuer and hence to add value to our Credit Analysis process. The aim is to make better informed and more successful investment decisions.

Securitised

For Securitised Credit, ESG factors are assessed with respect to their relevance to credit risk (as opposed to considering ESG opportunities). Each transaction under review will be scored with a resultant 'Low', 'Medium' or 'High' impact on credit.

Each of the E, S and G factors are evaluated by a credit analyst based on the information provided by the Originator/Sponsor of the transaction or the sell side. In absence of any third party ESG research for Securitised Credit, proprietary weights are used to assess the relevance of each factor.

Similar to Corporate (financial), Governance is typically allocated a substantial weighting in all securitised credit transactions, however, each asset class within securitised credit may have a different skew towards Environmental or Social factor due to the importance of these aspects to the respective asset class.

Securities backed by auto loans will have a skew towards environmental factors due to environmental risks of certain engine types, their impact on residual values as well as impact of fines and remediation costs following the emissions testing failings. Consumer loan backed transactions will have a higher weighting allocated to the Social factor to reflect the risks of discriminatory or aggressive lending and servicing practices. In residential mortgage backed securities as well as single family rental transactions, Social factor will also be assessed with respect to accessibility to affordable housing. For commercial mortgage backed securities, focus on Environmental factors will capture any "green" credentials of the buildings as well as consider any flags related to the tenants.

For collateralised loan obligations, the CLO manager's ESG policy resulting in portfolio selection and industry allocation will be central to transaction's ESG risk assessment.

Any transaction with 'High' impact on credit will require mitigating factors to be thoroughly documented, however, if no such mitigating factors can be identified and transaction will be deemed ineligible, it will not be submitted to the Investment Forum for review.

ESG incorporation in passively managed fixed income

FI 13	Voluntary	Public	Descriptive	PRI 1
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FI 13.1 Describe your RI approach for passively managed fixed income assets.

We have very recently launched passive fixed income strategies where we use an optimisation model to replicate the index. In line with our policy across the business we exclude issuers with exposure to banned weapons.

We are currently reviewing the engagement strategy for those Issuers where we do not hold active positions elsewhere in fixed income.

Early discussions on the ability to exclude issuers below a pre-defined threshold of ESG/Carbon scores and then, targeting aggregate portfolio scores using optimisation techniques are taking place. This stems from the fact we think that having a holistic ESG approach will allow us to design/manage/monitor a broad range of ESG solutions across sovereign, corporate and aggregate fixed income indices, while satisfying business initiative for all fund wrappers, including ETFs.

Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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FI 14.1 Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
SSA	☐ >50% ☐ 26-50% ☒ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (SSA fixed income assets). ☒ To gain an understanding of ESG strategy and/or management ☐ To encourage improved/increased ESG disclosure ☐ To influence issuer practice (or identify the need to influence) on ESG issue
Corporate (financial)	☐ >50% ☒ 26-50% ☐ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (Corporate, Financial fixed income assets) ☒ To gain an understanding of ESG strategy and/or management ☒ To encourage improved/increased ESG disclosure ☒ To influence issuer practice (or identify the need to influence) on ESG issue
Corporate (non-financial)	☐ >50% ☒ 26-50% ☐ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) ☒ To gain an understanding of ESG strategy and/or management ☒ To encourage improved/increased ESG disclosure ☒ To influence issuer practice (or identify the need to influence) on ESG issue
Securitised	☐ >50% ☒ 26-50% ☐ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (Securitised fixed income assets). ☒ To gain an understanding of ESG strategy and/or management ☐ To encourage improved/increased ESG disclosure

	☐ To influence issuer practice (or identify the need to influence) on ESG issue
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FI 14.3	Additional information.[OPTIONAL]
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Our credit analysts routinely meet with companies, where they raise relevant ESG issues. Last year, ESG issues featured in 35% of fixed income meetings: out of just over 1,000 interactions with fixed income issuers, our investment teams raised ESG issues in over 300 meetings, including over 15 instances of discussions on green bond issuance. Our data suggests that Governance remains the most common ESG pillar discussed, with Environmental (such as low carbon transition, renewable energy and green bond issuance) also very common. Social issues are also, for example in approximately 20% of meetings in Q4.

In 2019 we increased the level of engagement on ESG topics leveraging the sector level ESG checklists with issuers and increase the impact from these issuer discussions have on investment decisions. Additionally, we leveraged our new engagement reporting tool - STAR - launched in January 2019 which will allow us more granularity in our analysis on which topics within ESG pillars have been raised in company engagement meetings.

In the last 12 months, our credit analysts engaged with issuers globally, with European Issuers most frequent, followed by Americas. Over the last 12 months we attended 2,099 issuer engagements, of which 81% (1699 engagements) had an ESG element. Also, our engagement capture tool enables us to drill further into engagement data. As already noticed over the year, within the Environmental pillar, renewables and clean technologies, closely followed by climate change, were the most frequent, demonstrating the materiality of those issues and more broadly the importance of climate transition. In one specific Indian company engagement, we stressed the importance of timely availability of the sustainability report for green bonds, further to our previous engagement with the same issuer on transparent reporting standards.

Also, we found interesting to highlight that we attended a first workshop in France that has seen investors and credit rating agencies engaging with representatives of the treasury/corporate finance and IR departments of debt issuers at the same time. It is the first attempt to broaden the dialogue that investors and credit rating agencies have been having over the past three years, thanks to the PRI ESG in Credit Risk and Ratings Initiative. The collaboration with the Société Française des Analystes Financiers (SFAF) was instrumental to bring sector expert credit analysts at the table. The discussion was more focused on where are the communication gaps, with attempts to obtain some more technic

Finally, our colleagues in HSBC Group engage with issuers to encourage them to issue Green Bonds. The benefit for this issuance is two-fold - to facilitate and highlight green projects that are being developed by the issuer and to enhance the reputation to issuers, as well as to gain potential discounts in the cost of financing over other types of bond issues.

FI 15	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

FI 15.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Individual/Internal staff engagements	☒	☒	☒	☒
Collaborative engagements	☐	☒	☒	☐
Service provider engagements	☐	☐	☐	☐

FI 15.2

Indicate how your organisation prioritises engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Size of holdings	☐	☒	☒	☒
Credit quality of the issuer	☒	☒	☒	☒
Duration of holdings	☐	☐	☐	☐
Quality of transparency on ESG	☒	☒	☒	☒
Specific markets and/or sectors	☐	☐	☐	☒
Specific ESG themes	☐	☒	☒	☒
Issuers in the lowest ranks of ESG benchmarks	☒	☒	☒	☐
Issuers in the highest ranks of ESG benchmarks	☐	☐	☐	☐
Specific issues considered priorities for the investor based on input from clients and beneficiaries	☒	☒	☒	☒
Other	☐	☐	☐	☐

FI 15.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage pre-investment.	☒	☒	☒	☒
We engage post-investment.	☒	☒	☒	☒
We engage proactively in anticipation of specific ESG risks and/or opportunities.	☒	☒	☒	☒
We engage in reaction to ESG issues that have already affected the issuer.	☒	☒	☒	☒
We engage prior to ESG-related divestments.	☐	☐	☐	☒
Other, describe	☐	☐	☐	☐

FI 15.4

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	☒	☒	☒	☒
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	☒	☐	☐	☐
We engage on specific ESG themes across issuers and industries (e.g., human rights).	☒	☒	☒	☒
Other, describe	☐	☐	☐	☐

FI 15.5

Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
Ensuring regular cross-team meetings and presentations.	☒	☒	☒	☒
Sharing engagement data across platforms that is accessible to ESG and investment teams.	☒	☒	☒	☒
Encouraging ESG and investment teams to join engagement meetings and roadshows.	☒	☒	☒	☒
Delegating some engagement dialogue to portfolio managers/credit analysts.	☒	☒	☒	☒
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	☒	☒	☒	☒
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	☐	☐	☐	☐
Considering active ownership as a mechanism to assess potential future investments.	☒	☒	☒	☒
Other, describe	☐	☐	☐	☐
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	☐	☐	☐	☐

FI 15.6

Additional information.[OPTIONAL]

2 things we would like to highlight:

1/ In 2018, we started to publish a quarterly fixed income ESG integration report summarizing engagement activities and case studies. Its aim is to raise awareness, share best practices and even more broadly increase communication within the Fixed Income team.

2/ Please note that in question FI 15-2 above, for Securitized Credit we have intentionally left blank the below points although 'N/A' would have been a more appropriate response due to absence of benchmark for Securitized Credit.

- Issuers in the lowest ranks of ESG benchmarks - N/A
- Issuers in the highest ranks of ESG benchmarks - N/A

FI 16

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1,2

FI 16.1

Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

☒ Yes

FI 16.2

Please attach or provide a URL to your fixed income engagement policy document. [Optional]

URL

<http://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/responsible-investment-policy-may-2017.pdf>

Attach document

☐ No

FI 16.3

Additional information [OPTIONAL]

Our RI policy states that "where possible we extend our engagement activities to bonds".

Outputs and outcomes

FI 17

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

General

FI 17.1

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	Securitised
We measure whether incorporating ESG impacts portfolio risk.	☒	☒	☒	☒
We measure whether incorporating ESG impacts portfolio returns.	☒	☒	☒	☐
We measure the ESG performance/profile of portfolios (relative to the benchmark).	☒	☒	☒	☐
None of the above	☐	☐	☐	☐

FI 17.3	Additional information.[OPTIONAL]
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Securitised Credit does not have a benchmark hence we are unable to measure ESG performance relative to a benchmark.

FI 18	Voluntary	Public	Descriptive	PRI 1,2
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FI 18.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
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☒ Example 1

	Type of fixed income
☐ SSA ☒ Corporate (financial) ☐ Corporate (non-financial) ☐ Securitised	
	ESG issue and explanation
A major Australian financial institution was accused of systemically breaching money-laundering and counter-terrorism laws, and failing to report several billion Australian Dollar in international transfers, Australia's financial crimes agency (AUSTRAC) said in a court filing on 20th November 2019. Since the release of the AUSTRAC allegation, the company has announced changes in management and board together (CEO would step down and current CFO would become acting CEO until a global search process for a new CEO completed), with a response plan (closing products responsible for the relevant ingoing and outgoing funds transfers, improvement of internal standards). These announcements helped to stabilize market sentiment to some extent. During FY19 results call in November, the company announced it was raising capital and saying it wanted to create flexibility for "potential litigation or regulatory action". In this context, the new AUSTRAC allegations were not entirely unexpected.	
	RI strategy applied
☐ Screening ☐ Thematic ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We have noted that Australia's financial regulators have previously outlined significant cultural and operational failures at Australia's largest banks. Some of these banks were asked to maintain higher capital requirements and improved their internal controls. This does raise our concern over governance practices of the Australian banks. This raised our concern over governance practices of Australian banks and as early as June 2018, we lowered our sector's internal liquidity rating on the company from A* to A in June 2018. Then, the day of the news, we changed our fundamental view on the company to "negative" from "neutral" until we get more details on provisioned amount and the size of potential fines. We have been following the development closely. And in response to the news and after our internal assessment, we have 1) reduced our global liquidity limit to zero on the day of the news; 2) updated our research in our internal Research platform tool, changing our fundamental view on the company, on December 2019, to "Do Not Add" recommendation until we have a further clarity on those allegations.	

☒ Example 2

	Type of fixed income
☐ SSA ☐ Corporate (financial) ☒ Corporate (non-financial) ☐ Securitised	
	ESG issue and explanation
A global US conglomerate company is under pressure since several quarters due to serious corporate governance concerns which in our view is part of the reason in company's challenging operating performance. The company is facing investigation from the SEC important financial concerns mainly related to several accounting issues, including revenue losses and a massively underfunded pension plan. The company bonds have heavily underperformed. But after the weak position reached by year end 2018, company's bonds have kept tightening gradually but consistently during the past few months, which is in part due to a more transparent stance, and by some advances towards its goal to turn the company around; however, it can also be mostly a reflection of the improvement of the market in general. The reasons for the company's dramatic drop are complex but, in our view, partly explained by ESG concerns and mainly governance concerns. Indeed, the company We closely monitored and investigated to evaluate the credit impact of this and how the company tried to manage those severe material credit impact. Board's very limited reaction to the long and steep decline of group's operating performance raised our concerns as early as 2017...	
	RI strategy applied
☐ Screening ☐ Thematic ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We definitely believed that the structure and process of company board were poorly adapted to effectively supervise, mainly for two reasons in our view. First, the board was too big with 18 board members compared with an average size of 11 members for US companies. Smaller are correlated with better company performance. Second, the lack of vigilance of the audit committee. A better should have been done in in overseeing the funding of its retirement plan as well as recognizing company's quarterly revenues that finally lead to the SEC investigation. Also, it should have been alerted by the more than a century of relationship between the company and its auditor. Over the last quarters several governance changes occurred within the company. However, and despite several senior management and board changes, downsizing of the board, revamping executive's compensation, replacing its century-long relationship with the same auditor, and strengthening internal accounting controls, the long-term outlook remains uncertain and challenging. As such and in the absence of material, sustainable improvement in company's financial profile, we removed the company from our liquidity funds, downgraded our internal corporate rating, and we maintained our Underweight recommendation reducing our investment exposure on the name since end 2017.	

☒ Example 3

	Type of fixed income
☐ SSA ☐ Corporate (financial) ☒ Corporate (non-financial) ☐ Securitised	
	ESG issue and explanation
We have initiated coverage of a British high-yield rated retail company principally acting in food retail but also funeral care. This was supported by an internal positive ESG view as per coverage initiation despite a difficult Brexit context. The company enjoys positive fundamental outlook thanks to a store format exposure corresponding to consumer trends was supported by numerous positive ESG considerations we identified as this company is engaged in various environmental and social commitments. From a social perspective, company members help the red cross to run campaigns on loneliness and isolation of elderly people and they also donate parts of revenues to support local UK communities socially, among others. Throughout our investment horizon, our positive "S" view was affirmed and internally reiterated. We particularly seen as a proactive Social initiative the fact that the company, increased wages a year ahead of the new minimum UK wage law paying more than the minimum to their staff in a highly competitive UK food retail environment.	
	RI strategy applied
☐ Screening ☐ Thematic ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We also have a positive environmental appreciation as the company is UK's number one in fair trade, sources locally, and sources organic packaging to an extent of 80%. In 2019 our positive ESG score was definitely confirmed as the company was UK's first British retailer to issue a Sustainable Bond and the framework embedded further social goals and commitments such as treating people fairly, improve community wellbeing or responsible sourcing. We think the company does a good job turning around its business following problems that arose from their banking activity. It revised its corporate governance and is now on track to concentrate on their remaining core businesses food retail and funeral services. We like its social commitments through its historical company structure and we think the group operating activity will benefit from its good ESG practices put in place.	

☒ Example 4

	Type of fixed income
☐ SSA ☐ Corporate (financial) ☒ Corporate (non-financial) ☐ Securitised	
	ESG issue and explanation
A medium-sized Chinese property developer tried to access the USD bond market for the first time. Its business profile, scale, leverage and liquidity positions were consistent with other similarly-rated issuers in the same sector. However, we were not comfortable with its ESG practices, in particular its corporate governance. Its social and environmental disclosures were also quite limited. When we analysed the details, we noted material related party transactions, including asset injection by the Chairman and largest shareholder who also owns a competing business. The Chairman owns about 70% of the company.	
	RI strategy applied
☐ Screening ☐ Thematic ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We decided to avoid investing in the company even if its bond yield was quite attractive at the time and its fundamental credit profile is fair. We placed a strong emphasis on corporate governance and such weak practices could make the company vulnerable to its shareholders' behavior and his self-interests. Such a risk is hard to quantify or monitor as an investor. Then four months after the bond issuance, the market found out that the Chairman has pledged his stake in the company for his own borrowings. A margin call on the personal loan resulted in a sharp decline in the company's share price. This raised concerns over the non-payment of his loan which could trigger the change of control clause of the bond. As a result, there were significant anxiety over the financial health of the company. The bond was downgraded by two notches and fell 20 points around that time. The Chairman ultimately repaid his loan and things seemed to have recovered from the trough. However, we continued to avoid this name as the Chairman remained the single largest shareholder and we do not see any material improvement in its overall governance practices.	

☐ Example 5

HSBC Global Asset Management

Reported Information

Public version

Direct - Hedge Funds

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Policy

HF 01	Mandatory	Public	Descriptive	General
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HF 01.1

What is your rationale for adopting a policy to incorporate RI into the investment decision-making process? Please select all options that apply to your organisation.

- ☒ To provide a framework and ESG applicability to security selection (the strategy) and decision-making in Hedge Funds (e.g. breaking the strategy into different components and focus on risk/return).
- ☒ To provide a framework of the fund governance structure.
- ☒ Because ESG incorporation is perceived as a competitive advantage in the industry.
- ☒ Growing momentum of sustainable investing in Hedge Funds in the financial community.
- ☐ Other
- ☐ None of the above (we don't have a policy addressing RI incorporation into Hedge Funds).

HF 02	Voluntary	Public	Descriptive	4,5
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HF 02.1

To which normative codes and initiatives are you a signatory to, or a voluntary adherent?

- ☐ AOI Hedge Funds Principles 2014
- ☒ Standards Board for Alternative Investments (SBAI)
- ☒ Alternative Investment Management Association (AIMA)
- ☐ International Organisation of Securities Commissions (IOSCO)
- ☐ CFA's Asset Manager Code of Professional Conduct
- ☐ Other
- ☐ None of the above

Governance

HF 03	Mandatory	Public	Descriptive	General
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HF 03.1

Indicate whether and how your organisation has organised RI implementation and/or oversight responsibilities.

- ☒ We have dedicated internal staff with RI oversight responsibility for Hedge Funds (CEO, CIO, PM, etc.)

Specify

The Global CIO, Fixed Income, Private Debt & Alternatives has ultimate oversight on Hedge Funds capabilities and is deeply involved in defining ESG integration methodologies.

- ☒ We have dedicated internal staff with RI implementation responsibility for Hedge Funds (CEO, CIO, PM, etc.).

Specify

ESG champions dedicated to the asset class

- ☐ We use external consultants that have oversight and/or RI implementation responsibilities.
- ☐ Other
- ☐ We do not have staff dedicated to RI oversight and implementation.

HF 04	Mandatory	Public	Descriptive	General
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HF 04.1	Please indicate whether you implemented any RI training program regarding hedge funds investments for your staff during the reporting year.
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- ☒ Yes, we have a formal RI training/educational program covering hedge funds.
- ☒ Yes, we have a RI training program to educate staff regarding our hedge funds policies.
- ☒ Yes, we regularly train our staff on code of ethics/compliance manuals covering hedge funds investments.
- ☐ Other
- ☐ No, we don't have a RI training program.

HF 04.2	Explain how the RI training program is conducted?
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The RI training program is delivered through online training modules and in person training sessions throughout the year.

HF 05	Voluntary	Public	Descriptive	1
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HF 05.1	In incorporating RI into Hedge Funds, what is(are) the main consideration(s) your organisation follows? Please select all applicable to your organisation.
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- ☒ To achieve a robust governance structure for our Hedge Funds investments.
- ☒ To attain relevant/existing ESG data.
- ☒ To clearly identify/manage the ESG opportunities associated with each strategies.
- ☒ To clearly identify each strategy and associated financial risks.
- ☐ Other
- ☐ None of the above

HF 05.2	Does the annual employee(s) performance review or remuneration metrics reflect any component for the inclusion of RI into Hedge Funds?
----------------	--

☒ Yes

	If yes, please select and describe all that applies to your organisation (at least one KPI should be linked to the variable pay).
--	---

KPI	Variable pay linked	Explanation
☒ Risk management	☒ Yes ☐ No	the consistent and effective implementation of the investment process which includes the assessment of responsible investment factors as part of the due diligence reviews is a KPI that is tracked via the ongoing performance assessments for hedge fund staff.
☒ Financial performance	☒ Yes ☐ No	
☐ Other	☐ Yes ☐ No	

☐ No

Investment process

HF 06	Mandatory	Public	Descriptive	General
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HF 06.1 Please describe the ESG resources and tools used in your investment decision-making process.

Category of ESG	Reason for use
☒ ESG data (proprietary, 3rd party, etc.)	Investment screening for hedge funds
☒ ESG research (broker, etc.)	Leverage industry expertise for industry developments and trends.
☐ Consultants	
☒ Other resources/tools/practices Specify	External databases, industry specialists and research providers are used to supplement the overall investment process. .
Assist with overall ESG assessment and screening	

HF 06.2 Select and explain how these resources are incorporated into the investment and risk management process?

Category of ESG	Investment/risk management process	Additional text (optional)
ESG data (proprietary, 3rd party, etc.)	☒ Investment origination ☒ Investment analysis ☒ Portfolio construction ☒ Trade management ☒ Risk management	
ESG research (broker, etc.)	☒ Investment origination ☒ Investment analysis ☐ Portfolio construction ☐ Trade management ☐ Risk management	
Other resources/tools/practices	☒ Investment origination ☐ Investment analysis ☐ Portfolio construction ☐ Trade management ☐ Risk management	

HF 07	Mandatory	Public	Descriptive	1,2
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HF 07.1	Does your organisation uses quantitative analysis?
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- ☐ Yes
☒ We don't use quantitative analysis.

HF 07.2	Does your organisation uses fundamental analysis?
---------	---

- ☒ Yes

	Please indicate at which level ESG is incorporated into the analysis.
--	---

Fundamental approach	ESG incorporation	Outcomes and assessment/review
☐ Top-down ☒ Bottom-up	☐ At a micro level - ESG factors are integrated into financial models (DCF, multiples, etc.) ☐ Financial ratios with embedded ESG factors. ☐ At a macro level - ESG factors are embedded with economic indicators (GDP, inflation, etc.) ☒ Other Please specify Embedded in due diligence process	Overweight / Underweight

☐ We don't use fundamental analysis.

HF 07.3	Additional information [OPTIONAL]
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ESG factors are an integral part of the due diligence process when assessing an underlying hedge fund. The ESG factors are part of the overall qualitative assessment of the fund and weigh upon the overall outcome of the due diligence process. The outcome of the process at this level is binary, therefore any proposed investment that is deemed to be insufficient with regards to these factors is removed from the process at this point.

HF 08	Mandatory	Public	Descriptive	1,6
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HF 08.1	Could you please indicate whether there have been any changes to your RI incorporation process over the past 12 months (e.g. additional resources, information sources)?
---------	--

☐ Yes

☒ No

HF 08.3	If not, please explain.
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We initiated our HF ESG integration in January 2019. It hasn't changed significantly since then.

HF 09	Mandatory	Public	Descriptive	1,2
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HF 09.1	Please select and explain how active ownership practices are integrated into investment decisions.
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☒ (Proxy) Voting

We expect our external funds' managers to have a structured approach in terms of proxy voting and engagement. We consider this item to form an intrinsic part of our pre-investment due diligence. In addition, HSBC Alternative Investments Ltd (HAIL) has a structured approach in terms of proxy voting and engagement with regards to its fund investments.

☒ Engagement

We systematically engage with our approved assets managers in order to make sure their social and governance policies are in alignment with our practices and policies.

- ☐ Shareholder resolution
- ☐ None of the above
- ☐ Not applicable (N/A)

HF 10	Mandatory	Public	Descriptive	1,2
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HF 10.1	Please provide examples of where ESG risks and opportunities were incorporated into the investment decisions over the past 12 months.
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- ☐ Add Example 1
- ☐ Add Example 2
- ☐ Add Example 3
- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10
- ☒ We are not able to provide examples

HF 10.2	Based on your example(s) provided above, please specify whether the incorporation of ESG factors affected the risk-adjusted returns of your hedge funds.
---------	--

- ☐ The incorporation of ESG risks positively affected the risk adjusted returns of the hedge funds
- ☐ The incorporation of ESG risks negatively affected the risk adjusted returns of the hedge funds
- ☐ The incorporation of ESG risks had an overall neutral effect on the risk adjusted returns of the hedge funds
- ☒ No impact, or we do not track this information.

HF 11	Mandatory	Public	Descriptive	General
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HF 11.1	Do you use derivatives instruments as part of your hedge funds strategies and/or Funds of Hedge Funds?
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- ☐ Yes
- ☒ No

Monitoring and reporting

HF 12	Mandatory	Public	Descriptive	1,2
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HF 12.1	Could you indicate whether you report separately on your funds' long/short/net exposures?
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- ☐ Yes
- ☒ No

	Please explain
--	----------------

We invest in third party funds and as such do not directly manage any long short exposure that we may or may not be exposed to at any point in time. We do however monitor the long short exposure of our underlying investments. This reporting is currently not part of the reporting package to the fund of funds investors.

☐ Not Applicable

HF 13	Mandatory	Public	Descriptive	1,2
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HF 13.1	Please describe what metrics/initiatives (internal and/or external) your organisation uses to measure its progress in incorporating RI into the investment process.
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☒ Add Example 1

Hedge Funds Strategy	Fund of Hedge Funds ☐ Global macro ☐ Equity Hedge ☐ Event driven ☐ Relative value ☒ Fund of Hedge Funds ☐ Risk parity ☐ Blockchain	
Metrics/Initiatives	Metrics ☒ RI policy implementation ☐ RI Recommendation changes ☐ ESG Alpha ☐ ESG Beta ☐ GHG Emissions	Initiatives ☐ Transparency ☒ Integration of ESG data ☐ Education ☐ Other
Internal/external	☒ Internal ☐ External	
Metrics/Initiatives definition	As part of our investment team we have setup a working group to screen the ESG hedge fund opportunities and to track the ESG peer group performance metrics	
Assessment/outcomes	The successful screening and on boarding of top quartile performing ESG focused managers	

- ☐ Add Example 2
- ☐ Add Example 3
- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10
- ☐ We are not able to provide examples

HF 13.2	Additional information [OPTIONAL]
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We have set up a dedicated working group on ESG made of PMs and Analysts. Their target is to map the universe, understand the ESG HF strategies and come up with investment solutions.

HF 14	Voluntary	Public	Descriptive	General
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HF 14.1	Does your organisation assess the funds' exposure to climate-related risks, measure and monitor the carbon footprint of its investment portfolio?
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☐ Yes

☒ No

HF 14.3	If no in HF 14.1, please explain why.
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The hedge funds that we invest with currently do not provide transparency on these metrics.

HF 15	Mandatory	Public	Descriptive	2,6
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HF 15.1	How often and in what format (e.g. meetings, written reports) does your organisation report to its investors on ESG activities risks assessments? Please provide reporting examples.
----------------	--

☐ Add Example 1

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

☐ Add Example 6

☐ Add Example 7

☐ Add Example 8

☐ Add Example 9

☐ Add Example 10

☒ We are not able to provide examples

HSBC Global Asset Management

Reported Information

Public version

Confidence building measures

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Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
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- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☐ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☐ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - ☒ Whole PRI Transparency Report has been internally verified
 - ☐ Selected data has been internally verified
- ☐ Other, specify
- ☐ None of the above

CM1 01.2	Additional information [OPTIONAL]
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While applying for the French Government SRI label, 3 of our funds' investment processes got reviewed by EY.

Our TEEC strategy - Transition Energetique Ecologique et Climatique - has been reviewed by official reviewer Novethic.

Finally, our overall ESG approach - combining Integration, SRI and Stewardship dimensions - as it is disclosed in HSBC France annual report has been reviewed by PWC with whom we are also working on a much broader assurance of our PRI survey. First output of this collaboration so far has been a "gap analysis" aiming at helping us aligning our various ESG processes with industry's best practices..

All our ESG thematic and SRI strategies have been approved by HSBC Group's Sustainable Investment Experts Group (SIEG) which is independent from the asset management business line.

Most of the inputs included in our LEA section have also been officially reviewed as they are used within HSBC Group's annual Sustainable Finance report, a publicly available official document.

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report
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- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1

We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- ☒ We adhere to an RI certification or labelling scheme

CM1 03.2

Which scheme?

- ☒ National SRI label based on the EUROSIF Transparency guidelines

% of total AUM the scheme applies

- ☒ < 25%
☐ 25-50 %
☐ 50-70 %
☐ >75 %

- ☐ B-corporation

- ☒ UK Stewardship code

% of total AUM the scheme applies

- ☒ < 25%
☐ 25-50 %
☐ 50-70 %
☐ >75 %

- ☐ GRESB

- ☐ Commodity type label (e.g. BCI)

- ☐ Social label

- ☐ Climate label

- ☐ RIAA

- ☒ Other

Specify

French Government's Greenfin and SRI labels.
Belgian label Febelfin for some of our strategies.

All our RI strategies have to go through an internal certification process owned by HSBC Group's Sustainable Investment Expert Group.

	% of total AUM the scheme applies
--	-----------------------------------

- ☒ < 25%
☐ 25-50 %
☐ 50-70 %
☐ >75 %

☒ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report

CM1 03.3	Provide a link to the public report (such as a sustainability report that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the external assurance provider's report.
-----------------	---

	Link to sustainability, RI, or integrated report [URL]
--	--

<https://www.hsbc.com/our-approach/measuring-our-impact>

	Link to external assurance provider's report [URL]
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<https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2018/annual/hsbc-holdings-plc/190219-annual-report-and-accounts-2018.pdf?download=1>

- ☐ ESG audit of holdings
☐ Other, specify
☐ None of the above

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- ☐ Whole PRI Transparency Report will be assured
☐ Selected data will be assured
☒ We do not plan to assure this year's PRI Transparency report

CM1 04.3	Additional information [OPTIONAL]
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Nevertheless we are working with PWC on a broad assurance of our PRI survey. First output of this collaboration so far has been a "gap analysis" aiming at helping us aligning our various ESG processes with industry's best practices.

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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Who has conducted the verification

- ☒ CEO or other Chief-Level staff

Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses
- ☐ The Board
- ☒ Investment Committee

Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses
- ☐ Compliance Function
- ☒ RI/ESG Team
- ☒ Investment Teams
- ☐ Legal Department
- ☐ Other (specify)