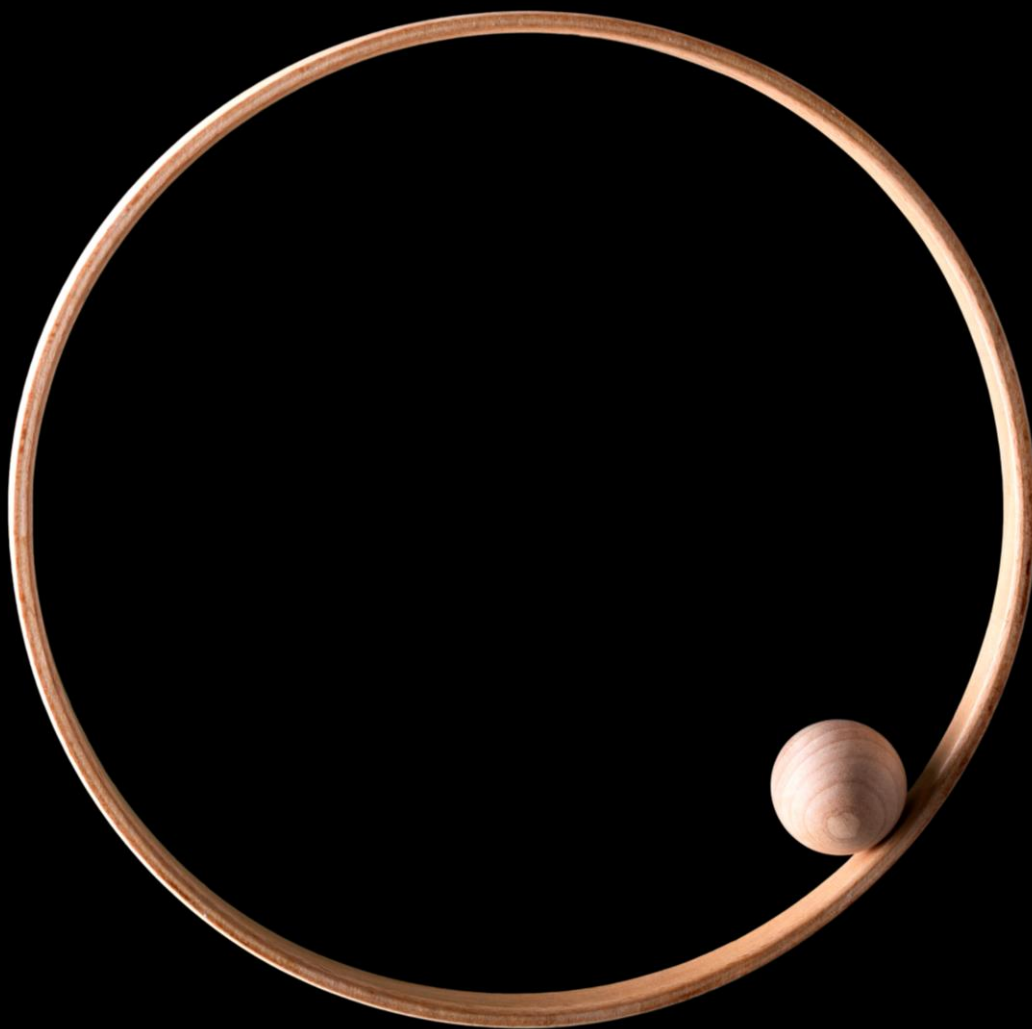




Our commitments

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Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero> The information presented concerns the activity of HSBC Asset Management globally. We draw your attention on the fact that the numbers presented and the commitments listed are not necessarily a direct reflection of those of HSBC Asset Management in the various jurisdictions.





We have made commitments to climate, DE&I and sustainability culture and have furthered these initiatives in 2023.

Net zero & climate

Operationalising our own targets

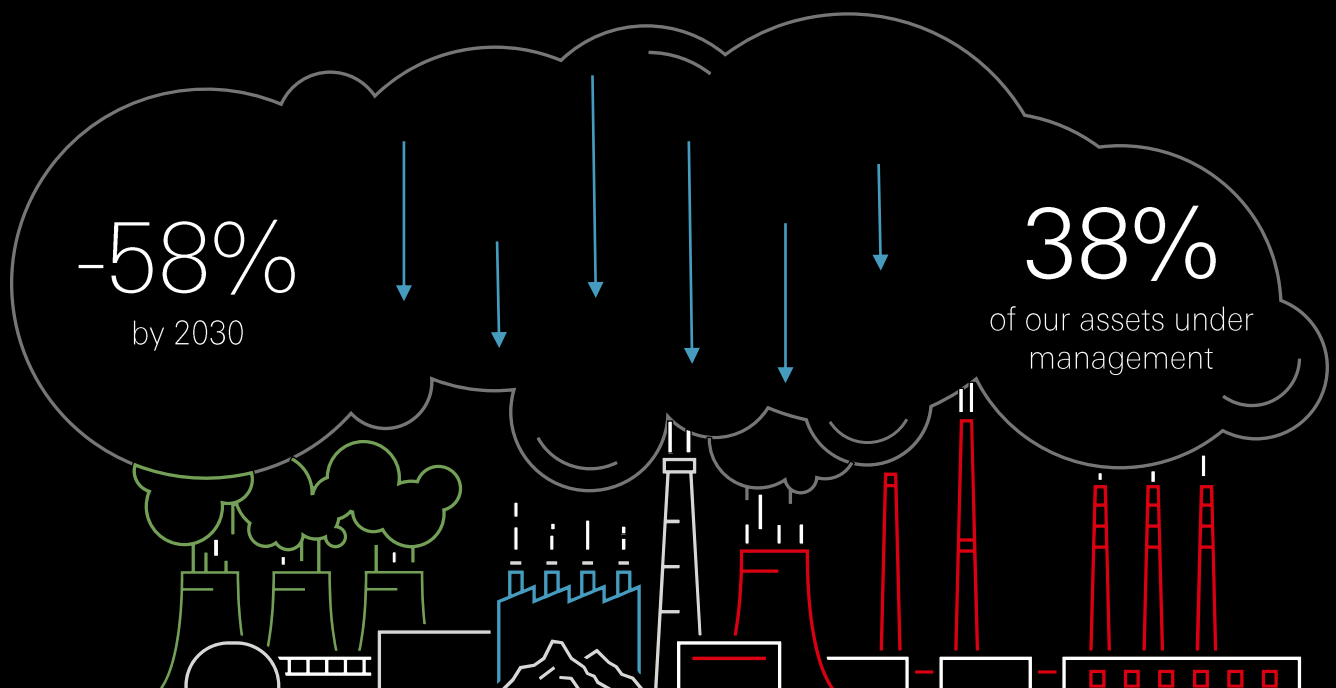
We commenced work to develop a roadmap to support achievement of our target, focused on engagement, investee company net zero alignment and embedding net zero alignment into investment considerations for our listed equity and corporate fixed income assets. Our Climate Investment Committee remains the central point of tracking progress made against the roadmap, with workstreams across climate research and data, product and solutions, and engagement in place to mobilise the plan. For each of the workstreams, KPIs were defined to track progress against our decarbonisation target, and monitoring will commence subject to data availability. KPIs will also be used to monitor how closely our actual emission intensity is tracking the target decarbonisation pathway, as well as our progress in increasing the scope of assets covered by our target in time.

1. We committed to reducing the emission intensity of 38% of our assets under management by 58% by 2030 (covering our listed equity and corporate fixed income assets) from 2019 base year. Further details of our commitment can be found at: <https://www.netzeroassetmanagers.org/signatories/hsbc-asset-management/>.

2023 highlights

Since publishing our interim NZAM¹ target in November 2022 to reduce the emission intensity of 38% of our assets under management covering listed equity and corporate fixed income by 58% by 2030, we have focused our efforts on operationalising our implementation approach and educating colleagues. Covering our listed equity and corporate fixed income assets from 2019 base year.

Emission Intensity



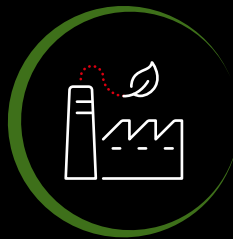


Climate engagement

In 2023, climate change topics were covered in almost 23% of our engagements for the year.

For climate-related voting:

As part of our engagement approach, we encourage companies to disclose their climate strategy and publish comprehensive disclosures. We may vote against the re-election of the chair or relevant board director where the strategy or actions of a company in a carbon intensive sector fall short of that required for a low carbon transition.



voted against almost
100 individual directors
for taking insufficient action to manage
climate risks faced by their companies



supported over 80%
of shareholder resolutions
asking companies to take more action
to address climate risks and impacts



supported nearly all 'Say on
Climate' proposals from companies
asking us to support their climate reports
and/or policies

Note:

1. Our net zero target setting methodology is explained in a four part educational videos series which can be found on our website: <https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/road-to-net-zero/creating-a-new-climate-for-change?pid=COP27GLJ21>



Building employees' expertise in sustainable finance issues

To encourage employees to develop their expertise around sustainable finance and investment challenges, we organised a series of initiatives. In 2023, we collaborated with Fitch Learning and rolled out ESG Investing Fundamentals and Advanced certifications to several colleagues across the business. We also support our employees in obtaining external certifications, such as the CFA Certificate in ESG Investing. The HSBC / Imperial College Sustainability Leadership Programme continues to be assigned to select colleagues. The course aims to provide a bespoke pathway to accelerate understanding of core transition to net zero topics for leaders who are integral to supporting our climate strategy and the transition to net zero. We supplement these external collaborations with internal webinars and events. Responsible Investment Talks held with internal experts and external speakers, aimed at educating our employees on sustainability issues continued in 2023, covering Sustainability Governance and ESG Regulation Developments and Global Greenwashing Risk. We also hosted several Sustainability Town Halls to communicate achievements and strategy to all Asset Management employees, as well as teach in sessions on natural capital. Sustainable objectives have also been incorporated into the scorecards of our CEO and leadership team, as well as across all functions to ensure focus and provide clear direction for efforts and resources. Choosing the decarbonisation benchmark for our reduction target. International Energy Agency's Net Zero by 2050 scenario. This benchmark helps set specific carbon intensity reduction targets across various sectors and regions, providing a framework to assess companies' alignment with a 1.5-degree warming limit.

Walking the Talk on Diversity, Equity and Inclusion (DE&I)

At HSBC Asset Management, we not only ask investee companies to improve their DE&I metrics but have a long running internal programme ourselves to make us a more diverse, equitable and inclusive organisation.

Being inclusive is an expression of our values. We were founded on the strength of different experiences, attributes, and voices, they are integral to who we are and how we work. We strongly believe that diverse voices, together with genuine challenge, lead to more robust decision making. The greater our empathy and diversity, the better we reflect the worlds of our clients and communities – and the better we can serve them. So, we champion inclusivity. We listen. We remove barriers. And we seek out views different from our own.

Consequently, we are fully committed to building a corporate culture that supports effective teamwork, gives wider viewpoints, better investment decisions, better results for our clients and ultimately a more sustainable business. We also believe that community engagement and volunteering are important for our business, and we offer paid volunteering days, and encourage our people to offer their time, skills and knowledge to causes within their communities.

To achieve our DE&I ambition, recognising that equity and inclusion is global, and diversity is more nuanced locally, we have identified four overarching objectives for HSBC Asset Management:

- ◆ To embed Inclusion and Allyship by improving inclusive leadership behaviours,
- ◆ To increase the representation of women in senior roles¹, as well as creating a larger pool of talent at lower levels,
- ◆ To increase the representation of key identified Minority Groups (Ethnicity, Disability, LGBTQi+) in senior roles, with an emphasis on black heritage colleagues, as well as creating a larger pool of talent at lower levels, and
- ◆ To enhance DE&I in our investment & engagement processes as a competitive advantage

Note:

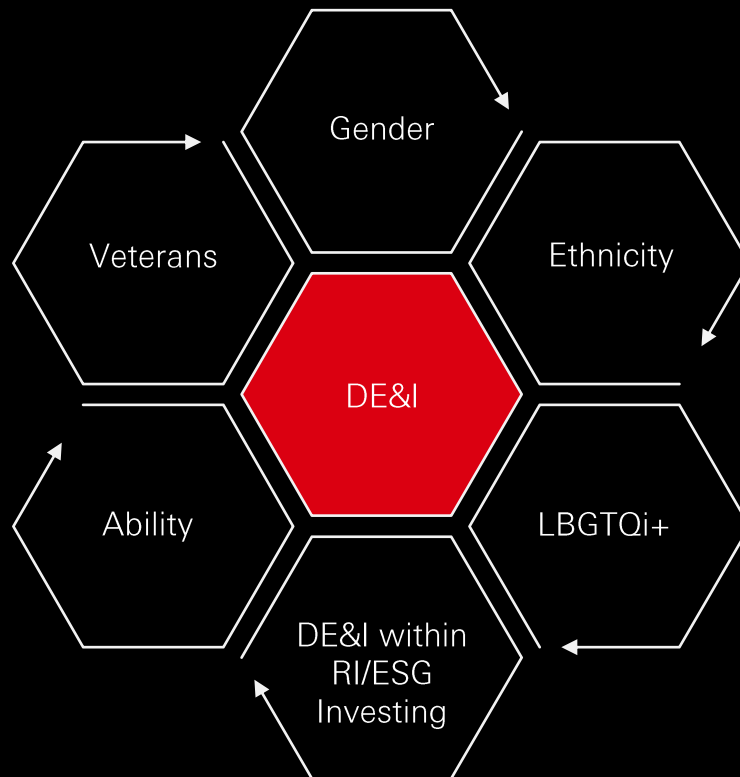
1. Senior roles are roles classified as band 3 and above in our global career band structure.





Progress in DE&I

We are proud to share our progress in DE&I in 2023. Some notable advancements are:



◆ **Gender:** We have improved representation of women in our firm over time

our colleagues with disabilities and are taking steps to improve our engagement score with them.

◆ **Ethnicity:** We partnered with Black Women in Asset Management (BWAM) in the UK and sponsored the 'BWAM 40Under40 Awards', including an award category in ESG. We also participated in the annual benchmarking survey of Change the Race Ratio in the UK.

◆ **Veterans:** We launched our UK Veterans Hiring Programme in 2023 and have hired our first veteran through this scheme.

◆ **LBGTQI+:** We achieved LGBT Great iiBT Gold Standard in 2023 for best-in-class LBGTQ+ DE&I culture and practices and sponsored the Hong Kong Gay Games.

Our DE&I journey has come a long way with the drive and determination of our DE&I leadership team and volunteers. There is more to do and more to change, in our company, the industry and in our societies - we are committed to progressing DE&I in 2024.

◆ **DE&I within RI/ESG Investing:** We supported 63 shareholder proposals related to DE&I, and carried out around 100 engagements, of which 92 were on gender.

Note:
1. Our net zero target setting methodology is explained in a four part educational videos series which can be found on [our website](#)

◆ **Ability (Disability & Neurodiversity):** We conducted listening sessions to better understand

Important information

The information presented may refer to HSBC Asset Management's global AUMs/figures and global policies. Even though local entities of HSBC Asset Management may be involved in the implementation and application of global policies, the numbers presented and the commitments listed are not necessarily a direct reflection of those of the local HSBC Asset Management entity.

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AMFR_2024_ESG_PU_0025. Expires: 31/03/2025