

# HSBC Global Asset Management

## 2020 Responsible Investment Annual Review



### Sustainable investing for our changing world

Our Responsible Investment (RI) Annual Review provides an overview of how we, at HSBC Global Asset Management integrate environmental, social and governance (ESG) factors into our investment decisions, our stewardship activities, and how we engage on systemic issues.

#### HSBC Global Asset Management

- ◆ With a strong heritage of successfully connecting our clients to global investment opportunities, and proven expertise in connecting the developed and developing world, we have a unique perspective on how ESG factors affect company performance
- ◆ As of the end of 2019, 90% of our global AUM incorporates ESG integration, and we have USD6bn AUM in dedicated sustainably invested strategies

#### Our commitment to responsible investment

- ◆ We have a long track record supporting industry initiatives, globally and locally. We aim to share and develop best practices in the responsible investment industry. These include;



2004

2006

2017

2019

Launched first Socially Responsible Investing (SRI) equity fund & Joined the UK Sustainable Finance Association

Launched first SRI bond fund & Signatory to the Principles for Responsible Investment

Launched Climate Action 100+ initiative in collaboration with other investors

Founding member of One Planet Asset Manager Initiative supporting the One Planet Sovereign Wealth Fund Working Group

#### Our approach to RI and climate change

Our climate change policy is aimed at increasing the climate resilience of our clients' investments, as well as contributing towards financing the transition to a low-carbon economy. We aim to:

- ◆ Deliver lower-carbon investment solutions
- ◆ Identify and integrate climate-related risks in our investment portfolios
- ◆ Engage with companies to support their disclosure and management of climate change risks
- ◆ Disclose the actions and progress we have made in addressing these risk
- ◆ Advocate for more supportive policy framework and encourage capital deployment

We achieve this through:

1. **Innovation:** creating and developing solutions based on client need, designed to mitigate risk and capture opportunities arising from ESG integration into the investment process
2. **Active ownership:** engaging with companies through both engagement and voting, improving market transparency and sustainability disclosure
3. **Leadership:** engaging with policy makers and industry leaders to support the transition to a low-carbon economy

Source: HSBC Global Asset Management, as at 31 December 2019. For illustrative purposes only.

## Supporting the transition to the low-carbon economy

Our investment activities, including stewardship, and engagement with policy makers support the transition to the low-carbon economy.

### ESG integration into the investment process

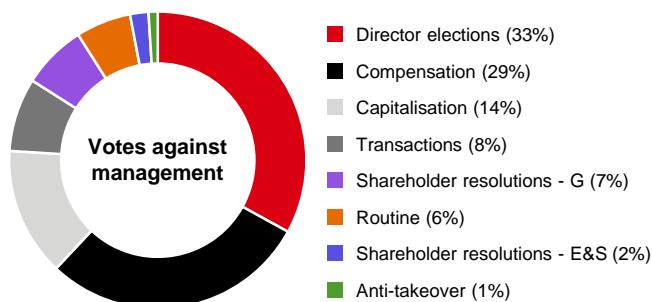
- ◆ We believe ESG can have an impact on company performance, generating risks and opportunities for companies
- ◆ Therefore, material ESG considerations are an integral part of our security analysis alongside fundamental financial considerations, across all asset classes
- ◆ Our analysts and portfolio managers use ESG data, including carbon emissions metrics to identify and manage ESG risks and opportunities and make well-informed investment decisions

### Active ownership: voting and engagement

We use our influence as investors to encourage corporate behaviour that enhances value, through proxy voting, company engagement, and as signatories of a number of investor stewardship codes.

- ◆ In 2019, we voted on 78,000 resolutions at 7,400 company meetings across 74 markets
- ◆ ESG issues were raised in engagements with 2,300 companies, in 71 markets

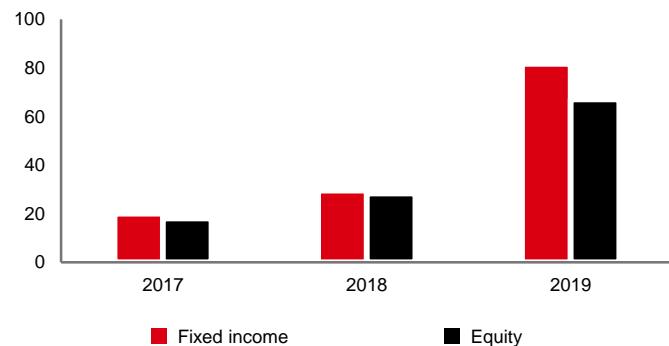
### Votes against management (%)



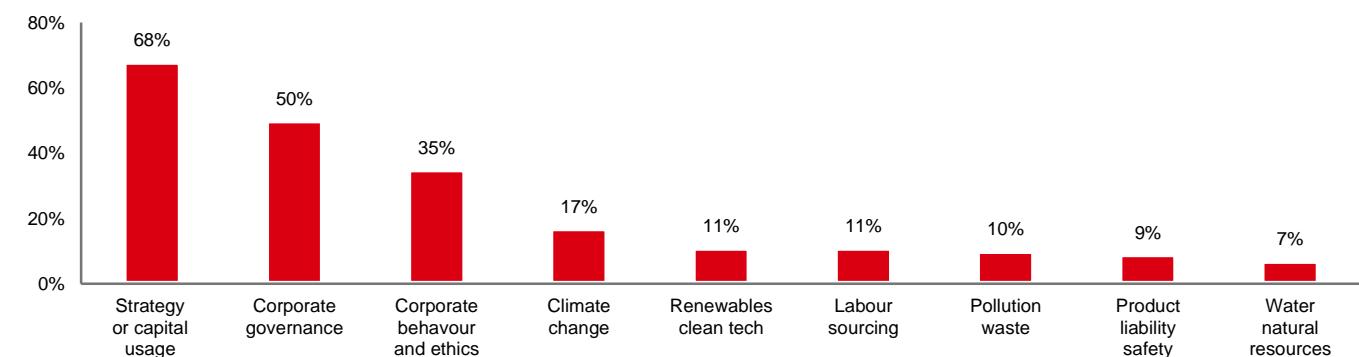
Source: HSBC Global Asset Management as at 31 December 2019.

Due to rounding figures might not total 100%.

### ESG issues raised in meetings (%)



### ESG themes discussed during company engagements



Source: HSBC Global Asset Management as at 31 December 2019. Totals may not add up to 100% as multiple topics are covered during the same engagement.

### Public policy and advocacy

We meet with regulators and policymakers, both indirectly and through industry networks, to advocate for progressive public policy action on sustainable investment in three key areas;

1. Supporting the transition to a low-carbon economy
2. Improving market standards and transparency on sustainability
3. Mobilising private capital to deliver on the Sustainable Development Goals (SDGs) and Paris Climate Agreement

Source: HSBC Global Asset Management, as at 31 December 2019. For illustrative purposes only.

**For more details on RI activities and progress in 2019, please download a copy of our full report from our website.**

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Any views expressed were held at the time of preparation and are subject to change without notice.

**The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested.**

Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets.

Stock market investments should be viewed as a medium to long term investment and should be held for at least five years.

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