

Statement on principal adverse impacts of investment advice on sustainability factors

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires HSBC Wealth and Personal Banking (“GPB&W”), in our capacity as a financial adviser, to disclose whether and how we take into account principal adverse impacts on sustainability factors in our investment advisory process.

We use information published by Financial Market Participants (“FMPs”) and a minimum set of adverse impacts that we evaluate for the suite of ESG / sustainable investment products (as classified according to our proprietary internal framework) that we advise on. We apply this process to discretionary portfolio services, funds and exchange traded funds.

For products that we have approved as ‘sustainably invested’ according to our proprietary internal framework and that have either specific sustainability goals as an objective (SFDR Article 9) or promote environmental or social characteristics (SFDR Article 8), we take into consideration certain Principal Adverse Impact Indicators (“PAIs”). These PAIs include exposure to controversial weapons, exposure to UN Global Compact violators and, where applicable, carbon related metrics for funds that have specific carbon objectives, in the due diligence selection process to create our recommended universe of sustainable investment products.

We gather data through European ESG Template (EET) template or internal questionnaires and engage with FMPs to understand how they consider adverse impacts of investment decisions on sustainability factors in their investment decision making process.

As the data published by FMPs expands and matures over the course of 2023, we will keep under review the range of PAIs that we consider when assessing products for our recommended ESG/sustainable investment product universe. We aim to further expand and integrate into the advice we provide, those environmental and social PAIs that we consider to be reliable and relevant indicators of sustainability.

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