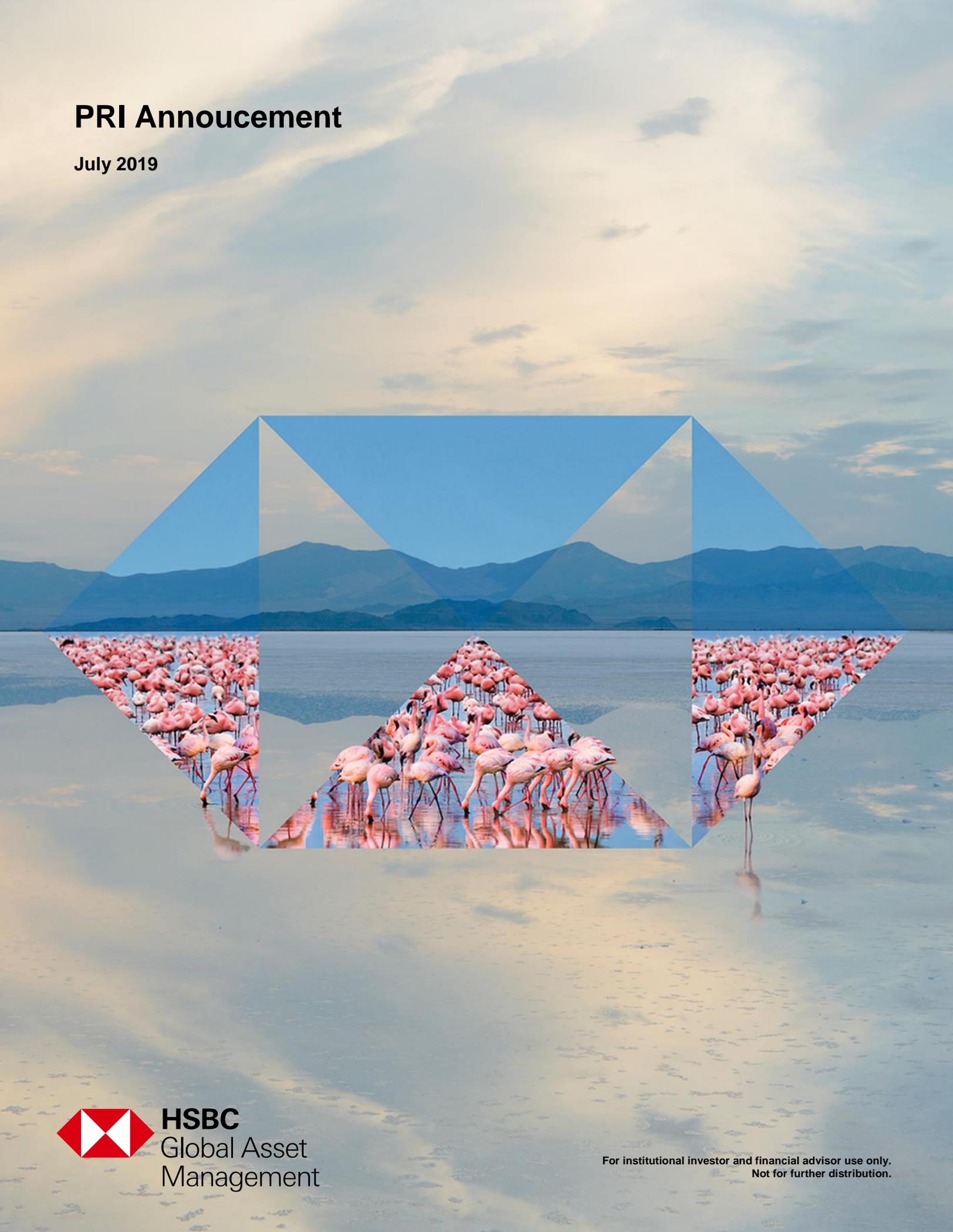


PRI Announcement

July 2019



HSBC
Global Asset
Management

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We are delighted to announce that we have received an A+ rating in almost all areas from the PRI. This corresponds to a top quartile ranking, most particularly in fixed income, where less than 10% of asset managers are awarded A+ rating.

This achievement is particularly notable given the rapid improvement we have made as an organization. While we reached an A+ rating for our equity strategies in 2018, we have aimed to improve our A rating in fixed income with the following structured approach:

- Formation of a fixed income ESG committee to manage high risk transactions and ensure our ESG approach is embedded across the platform in all capabilities
- Training and awareness to all global research and investment teams, including workshops to enhance overall ESG expertise and quantitative work substantiating the importance of ESG criteria in credit investing
- Increased engagement in active dialogue with companies across the capital structure to understand how they manage material ESG issues to future-proof their business strategies, and with regulators and policy makers on systemic sustainable investment issues
- Thorough client sustainability reporting

Xavier Baraton, Global Chief Investment Officer, Fixed Income & Alternatives, CIO HAIL, CIO North America said: "These process improvements have been integrated at all levels demonstrating our commitment as an organization to ESG which is becoming increasingly important across all asset classes."

Although we have been integrating ESG in our investment process for many years, the PRI's workstreams on FI and on CRAs highlighted the requirements for clearer explanations of the investment process, particularly in how we consider ESG data and risks and opportunities in our credit research process, as well as the importance of issuer engagement.

Our recent enhancements have increased the use of ESG research and ESG knowledge and dialogue within the investment team, leading to better evidence of our ESG integration process to clients. Within our propriety tools, we can measure the outcome of our ESG integration through improved portfolio ESG and carbon scores. We believe this will lead to more sustainable risk-adjusted returns for clients in the long term. Further to ESG integration, this can also lead to customized solutions, enhancing ESG and/or carbon characteristics.

(PRI) is an international network of investors working together to put the six principles into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

In 2006, HSBC was one of the first PRI signatories within the asset management industry.

Summary Scorecard



Source: PRI July 2019

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