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## **Directors' Statement on HSBC Global Asset Management Limited's Financed Emissions Disclosure for the year ended 31 December 2024**

As the Directors of HSBC Global Asset Management Limited ("HSBC"), we confirm that we are solely responsible for the preparation of the Financed Emissions Disclosure including this Directors' Statement, for reporting the financed emissions metrics in accordance with the reporting criteria set out in Appendix A and ensuring that the reported information is supported by appropriate evidence.

We confirm, to the best of our knowledge and belief, that we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement, evaluation and preparation of the financed emissions metrics that are free from material misstatement, whether due to fraud or error;
- established objective reporting criteria that are appropriate for preparing and presenting the financed emissions metrics, including clear definition of the entity's organisational boundaries, and applied them consistently;
- presented information, including the reporting criteria, in a manner that provides relevant, complete, reliable, unbiased, neutral, comparable and understandable information; and
- reported the financed emissions metrics in accordance with the reporting criteria.



Nicolas Moreau

For and on behalf of HSBC Global Asset Management Limited

20 February 2026

## Financed Emissions Disclosure

### Reducing emissions in assets under management

HSBC Asset Management continues to work towards its interim target<sup>1</sup> of reducing scope 1 and 2 financed emissions intensity by 58% between 2019 and 2030 for the in scope assets under management ('AUM'), consisting of listed equities and corporate fixed income managed within our major investment hubs. As of 31 December 2019, in scope assets amounted to \$193.9bn, equating to 38% of global AUM. This financed emissions target remains subject to developments in transition pathways and consultation with stakeholders including investors, fund boards, industry bodies and regulators.

As at 31 December 2024, the scope 1 and 2 financed emissions intensity of HSBC Asset Management's in scope assets stood at 60.7 tCO<sub>2</sub>e/M\$ invested, representing a 51% reduction compared with the 2019 baseline. The PCAF<sup>2</sup> Data Quality Score for the 31 December 2024 financed emissions intensity was 2.3.

Reported metrics <sup>3</sup>	2019	2023	2024	Unit
Scope 1 and 2 financed emissions intensity	124.0	69.8	60.7	tCO <sub>2</sub> e/M\$ invested
AUM in scope	193.9	223.0	250.2	Billions \$
PCAF Data Quality Score	2.6	2.6	2.3	

<sup>1</sup> This target remains subject to consultation with stakeholders including investors and fund boards on whose behalf we manage the assets. The 58% reduction target is based on assumptions for financial markets and other data, including the IEA's 2021 Net Zero Emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO<sub>2</sub>e/M\$ invested), where emissions are scaled by enterprise values including cash.

<sup>2</sup> PCAF defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standard for Financed Emissions provides detailed methodological guidance to measure and disclose financed emissions. PCAF Standards are available at: <https://carbonaccountingfinancials.com/standard>. HSBC Asset Management reports financed emissions based on Part A – Financed emissions 2nd edition (2022).

<sup>3</sup> The 2024 metrics were subject to independent third-party limited assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', and with respect to the greenhouse emissions, in accordance with the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. For the independent third-party's limited assurance report, see <http://www.assetmanagement.hsbc.com/about-us/net-zero>. The methodology used is available at: <http://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/creating-a-new-climate-for-change/financed-emissions-disclosures-reporting-criteria.pdf>.

<sup>4</sup> From 2024, PCAF Data Quality Score is weighted by market value. In prior years, PCAF Data Quality Score was weighted by financed emissions.



# Independent Limited Assurance Report to the Directors of HSBC Global Asset Management Limited on selected Financed Emissions Metrics as at 31 December 2024

## Our limited assurance conclusion

Based on the procedures we have performed, as described under the “Summary of work performed” and the “Areas of Assurance Focus” sections below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected metrics in HSBC Global Asset Management Limited’s (“HSBC AM”) Financed Emissions Disclosure for the year ended 31 December 2024, published on their website (the “Report”), and summarised below (together, the “Subject Matter Information”), has not been prepared, in all material respects, in accordance with HSBC Asset Management’s Financed Emissions Disclosures: Reporting Criteria (the “Reporting Criteria”) set out in the Report.

## What we were engaged to assure

The Subject Matter Information needs to be read and understood together with the Reporting Criteria which HSBC Global Asset Management Limited’s Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table below:

<i>Subject Matter Information</i>	<i>Value</i>	<i>Unit</i>	<i>Location of Subject Matter Information<sup>1</sup></i>	<i>Reporting Criteria</i>
Assets under Management ('AUM') in scope as at 31 December 2024	250.2	USD (\$mn)	Financed Emissions Disclosure for the year ended 31 December 2024	HSBC Asset Management’s Financed Emissions Disclosures: Reporting Criteria, dated February 2026
Scope 1 and 2 financed emissions intensity as at 31 December 2024	60.7	tCO <sub>2</sub> e/M\$ invested		
PCAF Data Quality Score (Scope 1 and 2) as at 31 December 2024	2.3	1 decimal place (d.p.) numerical value		

<sup>1</sup> The maintenance and integrity of HSBC AM’s website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on HSBC AM’s website.

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report including any images, audio files or videos.



## Our work

### Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas (GHG) emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board.

### Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance can vary, we give more detail about the procedures performed, so that the intended users of the Subject Matter Information can understand the nature, timing and extent of procedures we performed as context for our conclusion. The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- evaluated the suitability in the circumstances of HSBC AM's use of the Reporting Criteria as the basis for preparing the Subject Matter Information including the associated reporting boundaries;
- through inquiries, obtained an understanding of HSBC AM's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design, obtaining evidence about their implementation or testing operating effectiveness of particular control activities;
- evaluated whether HSBC AM's methods for developing estimates are appropriate and had been consistently applied, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate HSBC AM's estimates;
- compared year on year movements and obtained explanations from management for significant differences we identified;
- performed limited substantive testing of the Subject Matter Information, which is received from HSBC AM. Testing involved:
  - agreeing arithmetical accuracy of calculations
  - agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported, those being
    - Reported Emissions Data
    - Enterprise Value Including Cash (EVIC)
    - Data Quality Score;
- obtained and inspected management's reconciliation between HSBC AM's Assets Under Management (AUM) data used for financial reporting and data used for calculating the selected metrics, including narrative which explained large reconciling items, where applicable;
- assessed the appropriateness of HSBC AM's method of assigning data quality scores to emissions data in line with PCAF guidance;
- reviewed management's program code for the calculation of selected financed emissions metrics and reperformed the calculations independently; and
- evaluated the disclosures in, and overall presentation of, the Subject Matter Information.

Our assurance procedures specifically did not include substantive testing procedures on financial information extracted from HSBC AM's systems which were used in the calculation of AUM.



## Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

<i>Overall materiality</i>	<p>Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information.</p> <p>The benchmark approach for each aspect of the Subject Matter Information is as follows;</p> <ul style="list-style-type: none"> <li>• AUM is an absolute number. A benchmark materiality of 5% has been applied.</li> <li>• Scope 1 and 2 financed emissions intensity as at 31 December 2024 is calculated as a ratio between financed emissions and \$1 million invested. A benchmark of 5% has been applied.</li> <li>• PCAF Data Quality Score (Scope 1 and 2) is a weighted data quality score. A benchmark of 0.4 has been applied.</li> </ul>
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We also agreed to report to the Directors misstatements (“reportable misstatements”) identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

## Areas of Assurance Focus

The Areas of Assurance Focus are those areas of our work that, in our professional judgement, require additional procedures. In the case of limited assurance, that means our procedures may be towards the upper end of those that might be expected for limited assurance. These areas were identified as part of our risk assessment and result of the assurance procedures performed, and include those areas of significant risk, areas that involved significant judgement or other areas where significant assurance effort was needed. This approach provides transparency about where we deemed it necessary to perform extra work. However, this does not imply - for limited assurance - the same level of assurance as would have been obtained under a reasonable assurance engagement.

We considered the following areas to be Areas of Assurance Focus and discussed these with HSBC AM.

<b>Validity and accuracy of emissions data from third parties</b>	
<i>Nature of the issue</i>	<p>HSBC AM manages funds and reports the Scope 1 and 2 financed emissions intensity of listed equities and corporate fixed income instruments managed within their major investment hubs.</p> <p>In calculating the Scope 1 and 2 financed emissions intensity metric, HSBC AM uses emissions data obtained from a third party, which is used as an input into financed emissions calculations.</p> <p>The emissions data provided by the third party at an individual investment level includes:</p> <ul style="list-style-type: none"> <li>• Reported, publicly available information; and</li> <li>• Information estimated by the third party using proprietary estimation models, which are not publicly available.</li> </ul> <p>Access to the proprietary methodologies used to derive estimated emissions data is restricted by the third party, limiting HSBC AM’s ability to oversee the validity and accuracy of such data.</p>
<i>How our work addressed the areas of assurance focus</i>	<p>In order to address the issue described above, we have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the use of third party data by HSBC AM;</li> </ul>

	<ul style="list-style-type: none"> <li>Performed walkthroughs to understand HSBC AM's process for sourcing, processing and controlling third party emissions data;</li> <li>For a sample of investments held, tested the reported emissions data to independently sourced information;</li> <li>Performed analytical procedures over reported and estimated third party emissions data. This included trend analysis and evaluating a sample of emission datapoints which were outliers compared to their industry sector; and</li> <li>Reperformed the calculation of HSBC AM's financed emissions metrics.</li> </ul>
Element(s) of the Subject Matter Information most significantly impacted	Scope 1 and 2 financed emissions intensity as at 31 December 2024

Completeness of AUM data	
Nature of the issue	<p>HSBC AM has a complex asset portfolio including assets both in and out of scope for the selected metric calculation. Assets under Management (AUM) data is collated from multiple internal sources. The asset portfolio must be filtered to only include corporate investment types which are defined as listed equity, and corporate fixed income managed within major investment hubs.</p> <p>The data used for the selected metrics is manually extracted from systems or automatically fed from source systems.</p> <p>In completing this process, there are activities including data cleansing, re-formatting and manual reconciliations to ensure the completeness and accuracy of the asset data used for the selected metrics. There is a heightened risk that the extractions and processing of the AUM data is incomplete and the resultant selected metrics misstated.</p>
How our work addressed the areas of assurance focus	<p>In order to address the issue described above, we have:</p> <ul style="list-style-type: none"> <li>Considered the appropriateness of HSBC AM's definition of investments within the Reporting Criteria and tested that the calculation of AUM is consistent with this definition;</li> <li>Obtained an understanding of the business processes and systems involved in generating the relevant AUM data, including the controls designed and implemented over the data; and</li> <li>Obtained and inspected HSBC AM's reconciliation between AUM data used for financial reporting and data used for calculating the selected metrics, including narrative which explained large reconciling items, where applicable.</li> </ul>
Element(s) of the Subject Matter Information most significantly impacted	Assets under Management ('AUM') in scope as at 31 December 2024 Scope 1 and 2 financed emissions intensity as at 31 December 2024

## **Challenges of non-financial information**

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

In particular, for financed emissions intensity, it is generally acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of GHG emissions data from third parties, resulting in reliance on estimated or proxy data.

Uncertainties and other limitations with respect to this non-financial information are laid out in more detail in the Reporting Criteria.

## **Reporting on Other Information**

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

## **Responsibilities of the Directors**

As explained in the Directors' Statement on page 1 of the Report, the Directors of HSBC Global Asset Management Limited are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to HSBC AM and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- documenting and retaining underlying data and records to support the Subject Matter Information;
- producing the Report that provides a balanced reflection of HSBC AM's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report; and
- producing a Statement of Directors' responsibilities.



## **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of HSBC Global Asset Management Limited.

## **Use and distribution of our report**

Our report, including our conclusion, has been prepared solely for the Directors of HSBC Global Asset Management Limited in accordance with the agreement between us dated 13 October 2025 (the “agreement”). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors of HSBC Global Asset Management Limited for our work or our report except where terms are expressly agreed between us in writing.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants**  
**London**  
**20 February 2026**

# HSBC Asset Management Financed Emissions Disclosures

## Reporting Criteria

February 2026

For Professional Clients Only

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>.

This technical supplement provides further detail on the methodology used to measure HSBC Asset Management’s (HSBC AM) financed emissions metrics, including the baseline, current and comparative years.

HSBC AM published an interim target to reduce the Scope 1 and 2 financed emissions intensity of in scope assets under management by 58% between 2019 and 2030<sup>1</sup>. As of 31 December 2019, in scope assets amounted to \$193.9bn, equating to 38% of total global AUM across all asset classes and entities.

The reporting period is the 12-month period ending 31 December<sup>2</sup>. The issuer level company values and emissions data are the prior period closest to 31 December available at the calculation date from HSBC AM’s data providers.

<b>Definition</b>	HSBC AM’s financed emissions intensity represents tonnes of greenhouse gas (GHG) emissions equivalent per million US dollar invested.
<b>Scope</b>	HSBC AM’s financed emissions intensity target, and the annual financed emissions reporting, applies to listed equities and corporate fixed income managed in our major investment hubs <sup>3</sup> . It excludes Multi Asset capabilities. It covers Scope 1 and 2 GHG emissions of investee companies only.
<b>Units</b>	HSBC AM reports the financed emissions intensity of the in scope portfolio, the covered assets under management (AUM), and the Partnership for Carbon Accounting Financials (PCAF) data quality score (DQS). Scope 1 and 2 financed emissions intensity: tCO <sub>2</sub> e/\$ million Assets under management (AUM) in scope: \$ billion PCAF data quality score (DQS): 1 to 5 scale from PCAF, weighted by market value <sup>4</sup>
<b>Calculation methodology</b>	Financed emissions and financed emissions intensity (using economic emissions intensity) are calculated based on guidance from PCAF <sup>5</sup> which defines how financial institutions should account for the emissions attributed to their investments.  Financed emissions of a company are calculated by multiplying the emissions of the company by an attribution factor. The attribution factor is calculated by dividing HSBC AM’s invested amount in the company shares or corporate bonds by the economic value of the financed company. The financed emissions of a portfolio is the sum of the financed emissions of the companies in which the portfolio invests in.  Financed emissions intensity is calculated by dividing the total financed emissions by HSBC AM’s total invested amount in the company shares and corporate bonds.

<sup>1</sup> Interim target published in November 2022. Our targets remain subject to consultation with stakeholders, including investors and fund boards on whose behalf we manage the assets. The 58% reduction target is based on assumptions for financial markets and other data, including the IEA’s 2021 Net Zero Emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO<sub>2</sub>e/US\$Mn invested), where emissions are scaled by enterprise values including cash. The achievement of this target is subject to market conditions, data availability, regulatory developments, and other factors outside HSBC AM’s direct control. There is no guarantee that this target will be met.

<sup>2</sup> Holdings data as of 31 December or the last business day of the year.

<sup>3</sup> As of 31 December 2024 total assets in our major investment hubs represented over 80% of total global assets under management.

<sup>4</sup> From 2024, PCAF DQS is weighted by market value to better align to the PCAF Standard A (2022) (refer to footnote 5). In prior years, PCAF Data Quality Score was weighted by financed emissions. Some movement in PCAF DQS in 2024 is attributed to this change in weighting approach. Changes to methodology between reporting periods may affect year-on-year comparability and users should exercise caution when comparing across different reporting periods.

<sup>5</sup> The Partnership for Carbon Accounting Financials (PCAF) defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standard for Financed Emissions provides detailed methodological guidance to measure and disclose financed emissions. PCAF Standards are available at: <https://carbonaccountingfinancials.com/standard>. HSBC Asset Management reports financed emissions based on Part A – Financed emissions 2<sup>nd</sup> edition (2022).

	<p>Company values are measured using enterprise value including cash (EVIC) for publicly listed companies, which is defined as the sum of the market capitalisation of ordinary shares and preferred shares, the book values of the total debt and minorities' interests and the cash, at fiscal year-end.</p> <p>The value for private companies is measured by the sum of total company equity and debt, which can be found on the company's balance sheet, as no market value for equity is available in the case of private companies<sup>6</sup>. If total debt or total equity are not available, financial institutions can use the total balance sheet value (i.e. the sum of total equity and liabilities, which is equal to the company's total assets).</p>
<p><b>Data sources</b></p>	<p>Financed emissions metrics are based on both issuer level financial data collected from internal HSBC AM financial reporting systems, company EVIC data collected from Bloomberg, an external data provider, and company emissions data collected from S&amp;P Trucost, an external data provider. Due to company EVIC and emissions data coming from external providers, data mapping logic is required to match the external data to internal HSBC AM financial reporting systems.</p> <p>EVIC data:</p> <ul style="list-style-type: none"> <li>• EVIC data is provided by Bloomberg in USD, using latest publicly available company data<sup>7</sup></li> <li>• For listed companies, EVIC is derived from the sum of market capitalisation of ordinary shares, market capitalisation of preferred shares, long-term and short-term debt, and minorities' interest</li> <li>• For private companies, EVIC is derived from total equity, and long-term and short-term debt</li> </ul> <p>Emissions data:</p> <ul style="list-style-type: none"> <li>• S&amp;P Trucost maintains a database of historic company emissions, based on company disclosures or estimated by S&amp;P Trucost in the absence of company reported data.</li> <li>• Regarding the different types of GHG emissions measured, HSBC AM incorporate all greenhouse gases included in the data of external data providers, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbon's (PFCs), Sulfur Hexafluoride (SF<sub>6</sub>), These GHG emissions are measured in tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) using the Global Warming Potential framework<sup>8</sup>.</li> <li>• The company-disclosed, non-modelled data used by the provider, "comes from a variety of publicly disclosed sources such as company financial reports (Annual Reports, Financial Statements, 10-K/20-F reports, SEC/regulatory filings) and environmental data sources (CSR, Sustainability or Environmental Reports, the CDP, EPA filings) in addition to data published on company websites or other public sources."<sup>9</sup></li> </ul>

<sup>6</sup> For private companies, PCAF specifies that, “In cases where the total company equity value according to the client’s balance sheet is negative... the financial institution shall set total equity to 0; this means that all emissions are attributed to debt only, while no emissions are attributed to equity investments”.

<sup>7</sup> For some companies (contributing to around 1% of total financed emissions), the only EVIC data available from the external data provider is from 2022 or earlier.

<sup>8</sup> Global Warming Potential (GWP): An index, based on radiative properties of greenhouse gases (GHGs), measuring the radiative forcing following a pulse emission of a unit mass of a given GHG in the present-day atmosphere integrated over a chosen time horizon, relative to that of carbon dioxide (CO<sub>2</sub>). The GWP represents the combined effect of the differing times these gases remain in the atmosphere and their relative effectiveness in causing radiative forcing. Estimates of GWP are periodically compiled, revised, and published in IPCC reports. The last revision dates from 2021, in the IPCC AR6 report.

<sup>9</sup> S&P Trucost (2019).

	<ul style="list-style-type: none"> <li>• When data is not disclosed, or does not cover all operations or gases, S&amp;P Trucost produces estimates<sup>10</sup>. The model uses data on direct emissions from various distinct industry sectors, like emission intensity factors in units of emissions per dollar of industry output (or company revenue), sourced from national, international, industry and company databases. S&amp;P Trucost uses country specific data when possible.</li> <li>• The emissions data used by HSBC AM is based on the latest available data provided by S&amp;P Trucost.</li> <li>• When emissions data is not available from S&amp;P Trucost, company emission intensities are estimated by HSBC AM. When company values and GICS sub-industry classifications are available, HSBC AM estimate the emissions of a company by multiplying its company value by the median sub-industry emission intensity, based on available data. For cases where company values were not available, HSBC AM use the average company sector emission intensity as a proxy of the company emission intensity.</li> </ul>
<b>Data quality</b>	<p>PCAF proposes a methodology for scoring the quality of a company’s GHG emissions data used by financial institutions in their carbon footprint disclosures. Scores of this methodology range from 1 to 5, the lowest number indicating the best quality.</p> <p>Exhibit 1 shows the mapping of the third party data provider’s labelling of company emissions data sources, to the PCAF data quality score.</p>

<sup>10</sup> S&P Trucost methodology for environmental data based on their Environmentally Extended Input Output (EEIO) model.

Source of Emissions Data	PCAF Option	PCAF Score
Exact Value from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR/personal communication	1.b	2
Value summed up/split from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR	1.b	2
Value derived from Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR/personal communication	1.b	2
Value derived from chart/graph/previous year figures	1.b	2
Value derived from fuel use provided in Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR	2.a	2
Estimate based on partial data disclosure in Annual Report/10K/Financial Accounts Disclosure/CDP/Environmental/CSR		2
Estimate	3.a	4
HSBC AM estimate based on Sub-industries	3.a	4
HSBC AM estimate based on Sectors (Proxy use)	3.b	5

**Exhibit 1 – Mapping of PCAF Data Quality Score per source of emission data**

Emissions data coming from S&P Trucost accounts for the majority of the HSBC AM portfolio holdings in scope. S&P Trucost assigns labels for data sources covering Scope 1 emissions derived from CO<sub>2</sub> only, which HSBC AM extrapolate across Scope 2 emissions and all other greenhouse gases in the absence of more granular data sourcing labels from S&P Trucost. This does not impact the overall financed emissions intensity calculation.

## Important Information

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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>.**

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