

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ Yes

☐ ☒ ☐ No

☐ It will make a minimum of sustainable investments with an environmental objective:\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective:\_%

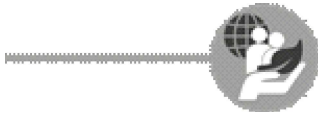
☐ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but will not make any sustainable investments



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by this Fund are:

- The Investment Manager seeks to identify issuers that are considered by the Investment Manager to be better at addressing ESG risks than other issuers in the investable universe, an approach often referred to as "best in class".
- Consideration of responsible business practices in accordance with United Nations Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises (OECD) principles. Where instances of potential violations of United Nations Global Compact (UNGC) principles are identified, companies will be subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the Fund’s portfolio and, if deemed unsuitable, excluded.
- Excluding activities covered by HSBC Asset Management’s Responsible Investment Policies (the “HSBC Excluded Activities”) and the Paris-aligned Benchmark exclusions (the “PAB Exclusions”) (together referred to as the “Excluded Activities”) as listed below.

●

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators are a key consideration in our investment decision making process, which comprise of :

|   | Environmental/social characteristics | Sustainability indicators                      |
|---|--------------------------------------|------------------------------------------------|
| 1 | “Best in class” approach             | ESG score, relative to the investable universe |

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

|   |                                                           |                                                                                                          |
|---|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 2 | "Best in class" approach                                  | E, S and G Pillar Scores, relative to the investable universe                                            |
| 3 | Responsible business practices in line with UNGC and OECD | Violation of UNGC and OECD principles, relative to the investable universe                               |
| 4 | Compliance with Exclusions                                | Exclusion of companies that are not in compliance with HSBC Excluded Activities and the "PAB Exclusions" |

The ESG score is a measure of the Fund's risk exposure to issues arising from environmental, social and governance factors. The ESG score ranges from 0 to 10, with a higher score representing stronger ESG credentials.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

This question is not applicable as the Fund does not commit to make sustainable investments as defined under SFDR. However, as a result of the investment process, the Fund may be invested in sustainable investments, which are aligned to the environmental and social characteristics promoted by the Fund.

The Investment Manager shall promote among other characteristics, environmental and social characteristics and invest in issuers following good governance practices.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

This question is not applicable for this particular Fund, however do no significant harm is completed as part of HSBC Asset Management's (HSBC) standard investment process for sustainable assets, which will include the consideration of Principal Adverse Impacts.

Where an investment which causes significant harm is identified, it cannot be considered a sustainable investment.

#### **How have the indicators for adverse impacts on sustainability factors been taken into account?**

This question is not applicable as the Fund does not commit to make sustainable investments as defined under SFDR. However HSBC does consider certain PAIs in respect of the Fund. Further information on the PAIs considered by the Fund is available below.

#### **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

This question is not applicable as the Fund does not commit to make sustainable investments as defined under SFDR. However, HSBC is committed to the application and promotion of global standards. Key areas of focus for HSBC's Responsible Investment Policy are the ten principles of the UNGC. These principles include non-financial risks such as human rights, labour, environment and anti-corruption. HSBC is also a signatory of the UN Principles of Responsible Investment. This provides the framework used in HSBC's approach to investment by identifying and managing sustainability risks. Issuers in which the Fund invests will be expected to comply with the UNGC and related standards. Issuers having clearly violated one of the ten principles of the UNGC are systematically excluded, unless they have gone through an ESG due diligence assessment to determine their suitability for inclusion in a Fund's portfolio.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- ☒ Yes, the Fund considers the Principal Adverse Impacts (PAIs) listed below:
  - Violation of UNGC principles and OECD guidelines
  - Share of investment involved in controversial weapons

Full details of how Principal Adverse Impacts have been considered in respect of the Fund will be included in the SFDR Periodic disclosures.
- ☐ No



**What investment strategy does this financial product follow?**

The investment objective of the Fund is to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal US Dollar denominated money market interest rates while considering select environmental, social and governance criteria.

To achieve this objective, the Fund intends to invest in a diversified portfolio of short-term securities, instruments and obligations which are of high quality at the time of purchase and are eligible for investment under the Money Market Fund Regulation with an additional focus on the performance of the underlying issuers on a range of ESG metrics.

The Fund will use ESG integration, corporate engagement & shareholder action, norms-based screening, negative/exclusionary screening and best-in-class/positive screening.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are:

  - The Investment Manager seeks to identify issuers that are considered by the Investment Manager to be better at addressing ESG risks than other issuers in the investable universe, an approach often referred to as "best in class". Using data from a range of external vendors the Investment Manager determines an ESG score for each issuer in the investable universe of the Fund, consisting of E, S and G scores and weighted based on a proprietary model. The Investment Manager will then invest in the top 75% of that investable universe.
  - minimum 80% of net assets aligned with the environmental and social characteristics promoted by the Fund.
  - Issuers considered for inclusion within the Fund’s portfolio will be subject to Excluded Activities including:

| Excluded Activities | Details |
|---------------------|---------|
|---------------------|---------|

|                                    |                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Banned Weapons                     | The sub-fund will not invest in issuers HSBC considers to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of Banned Weapons                                                                                                                                  |
| Controversial Weapons              | The sub-fund will not invest in issuers HSBC considers to be involved in The production of controversial weapons or their key components. Controversial weapons include but are not limited to anti-personnel mines, depleted uranium weapons and white phosphorous when used for military purposes.                                                    |
| Thermal Coal 1 (Expanders)         | The sub-fund will not participation in initial public offerings (“IPOs”) or primary fixed income financing by issuers HSBC considers to be engaged in the expansion of thermal coal production.                                                                                                                                                         |
| Thermal Coal 2 (Revenue threshold) | The sub-fund will not invest in issuers HSBC considers having more than 10% revenue generated from thermal coal power generation or extraction and which, in the opinion of HSBC, do not have a credible transition plan.                                                                                                                               |
| Arctic Oil & Gas                   | The sub-fund will not invest in issuers HSBC considers to have more than 10% of their revenues generated from oil & gas extraction in the Arctic region and which, in the opinion of HSBC, do not have a credible transition plan.                                                                                                                      |
| Oil Sands                          | The sub-fund will not invest in issuers HSBC considers to have more than 10% of their revenues generated from oil sands extraction and which, in the opinion of HSBC, do not have a credible transition plan.                                                                                                                                           |
| Shale Oil                          | The sub-fund will not invest in issuers HSBC considers to have more than 35% of their revenues generated from the extraction of Shale Oil and which, in the opinion of HSBC, do not have a credible transition plan.                                                                                                                                    |
| Tobacco                            | The sub-fund will not invest in issuers HSBC considers to be directly involved in the production of tobacco.                                                                                                                                                                                                                                            |
| UNGC                               | The sub-fund will not invest in issuers that HSBC considers to be non-compliant with United Nations Global Compact (UNGC) Principles. Where instances of potential violations of UNGC principles are identified, issuers may be subject to proprietary ESG due diligence checks to determine their suitability for inclusion in a sub-fund’s portfolio. |

In addition, HSBC apply the Paris Aligned Benchmark exclusions regarding investments in companies for this Fund:

| Excluded Activities    | Details                                                                                                                                                                                                                               |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Controversial Weapons  | Companies involved in any activities related to controversial weapons, meaning controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation. |
| Tobacco                | Companies involved in the cultivation and production of tobacco.                                                                                                                                                                      |
| UNGC and OECD          | Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.                                           |
| Hard coal and lignite  | Companies that derive 1% or more of revenue from exploration, mining extraction, distribution or refining of hard coal and lignite.                                                                                                   |
| Oil fuels              | Companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels.                                                                                                         |
| Gaseous fuels          | Companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.                                                                                                |
| Electricity generation | Companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO <sub>2</sub> e/kWh.                                                                                       |

- Consideration will be given to the Fund's sustainability indicators on a continuous basis.

Further details of HSBC's Responsible Investment Policies can be found at:  
[www.assetmanagement.hsbc.com/about-us/responsible-investing](http://www.assetmanagement.hsbc.com/about-us/responsible-investing)

#### Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance

#### ● What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The Investment Manager will use a combination of its own proprietary scoring system, which is based partly on third party data and ESG scores assigned by third parties, to assign an ESG score of the Investment Manager to each approved issuer in the Fund's investable universe.

The lowest 25% of issuers relative to the investible universe based their ESG score will then be removed and the lowest 10% of issuers based on each individual E, S and G pillar will also be removed to ensure those factors are also represented. The best-in-class approach used constrains the investible universe of the Fund, to generate an ESG constrained investible universe.

#### ● What is the policy to assess good governance practices of the investee companies?

Investments in the Fund are assessed for minimum good governance practices through consideration of UNGC principles. Additionally good governance practice of companies is viewed through ESG and G pillar scores.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. UNGC violations are assessed through ESG due diligence as well as screening which are used to identify companies that are considered to have poor governance. Issuers/Companies which meet the criteria of sustainable investment are assessed through minimum governance scores to ensure higher standards of governance and no association with severe controversy. Those issuers/companies will then be subjected to further review, action and/or engagement. HSBC's Stewardship team meets with issuers/companies regularly to improve our understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice. HSBC believes that good corporate governance ensures that issuers/companies are managed in line with the long-term interests of their investors.



#### Asset allocation

describes the share of investments in specific assets.

#### What is the asset allocation planned for this financial product?

A minimum of 80% of the Fund's investments consist of short-term securities, instruments and obligations which are of high quality at the time of purchase and are eligible for investment under the Money Market Fund Regulation which are used to meet the promoted environmental and social characteristics of the investment strategy (#1 Aligned with E/S characteristics). (#2 Other) includes cash for liquidity management purposes.

Taxonomy-aligned activities are expressed as a share of:

- **turnover**

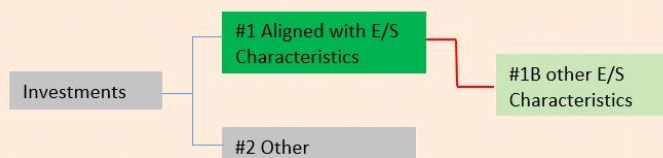
reflecting the share of revenue from green activities of investee companies

- **capital expenditure**

(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure**

(OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Fund does not use derivatives to attain the environmental characteristics promoted by the Fund.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not currently intend to invest in sustainable investments that are aligned with the EU Taxonomy and the minimum share of taxonomy-aligned investments (including transitional and enabling activities) is therefore assessed to be 0%.

● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?<sup>1</sup>***

☐ yes

☐ in fossil gas

☐ In nuclear energy

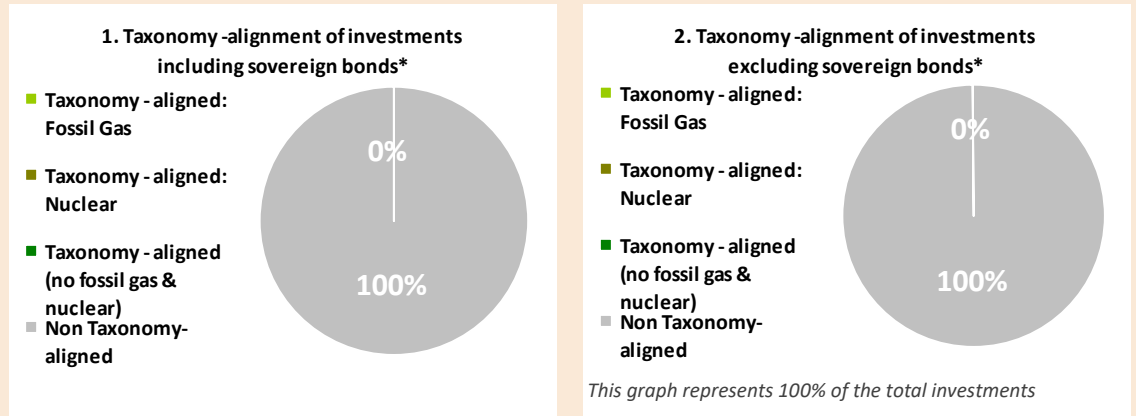
☒ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

### What is the minimum share of investments in transitional and enabling activities?

There is no minimum share of investments in transitional and enabling activities given that the Fund does not commit to the EU Taxonomy.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable as the Fund does not commit to having a minimum share of sustainable investments with an environmental objective.



### What is the minimum share of socially sustainable investments?

Not applicable for this Fund.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund may hold cash which does not have any minimum environmental or social safeguards applied. The Fund may also hold investments that are not aligned for other reasons such as corporate actions and non-availability of data.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

**Reference benchmarks**  
are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable.
- **How does the designated index differ from a relevant broad market index?**  
Not applicable.
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable.



**Where can I find more product specific information online?**

More product-specific information on this and all other HSBC Global Liquidity Funds can be found on the website. Go to: [www.assetmanagement.hsbc.com/investment-expertise/liquidity](http://www.assetmanagement.hsbc.com/investment-expertise/liquidity) and select your country/location from the list. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular Fund.