

HSBC GLOBAL LIQUIDITY FUND PLC – HSBC AUSTRALIAN DOLLAR LIQUIDITY FUND

The Fund promotes ESG characteristics, but does not commit to making any sustainable investments. However, the Investment Manager will review all SFDR mandatory Principal Adverse Impacts to assess the relevance to the Fund. HSBC's Responsible Investment Policy sets out the approach taken to identify and respond to principal adverse sustainability impacts and how HSBC considers ESG sustainability risks as these can adversely impact the securities the Funds invest in. HSBC uses third party screening providers to identify issuers and governments with a poor track record in managing ESG risks and, where potential material risks are identified, HSBC also carry out further ESG due diligence. Sustainability impacts, including the relevant Principal Adverse Impacts, identified by screening are a key consideration in the investment decision making process.

The approach taken, as set out above, means that among other things the following points are scrutinised:

- issuers' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain management practices aiming, among other things, at alleviating child and forced labour. HSBC also pay a great attention to the robustness of corporate governance and political structures which include the level of board independence, respect of shareholders' rights, existence and implementation of rigorous anti-corruption and bribery policies as well as audit trails; and
- governments' commitment to availability and management of resources (including population trends, human capital, education and health), emerging technologies, government regulations and policies (including climate change, anti-corruption and bribery), political stability and governance.

The Fund will promote the following environmental and social characteristics:

1. The identification and analysis of an issuer's environmental characteristics including, but not limited to, physical risks of climate change and human capital management.
2. Responsible business practices in accordance with United Nations Global Compact (UNGC).
3. The Investment Manager seeks to engage with issuers to address identified shortcomings in how they manage ESG risks and ensure that issuers are aware that ESG performance is factored into decisions on whether their securities may be purchased by the Fund.
4. Excluding activities covered by HSBC Asset Management's Responsible Investing Policies.

Investment Strategy and Proportion of Investments:

A minimum of 51% 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.

Using data from a range of external vendors the Investment Manager determines an ESG score for each issuer in the investible universe of the Fund, consisting of E, S and G scores and weighted based on a proprietary model. The Investment Manager will construct a portfolio that aims to maintain an ESG score above the median average ESG score of the investible universe, as measured by MSCI IA score.

The Fund excludes investment in issuers carrying out business activities that are deemed harmful to certain environmental or social characteristics. This means it will not invest in issuers with specified involvement in specific Excluded Activities, including, but are not limited to:

- **Banned Weapons** - the 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 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 (Expanders)** - the Fund will not participate 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 (Revenue threshold)** - the Fund will not invest in issuers HSBC considers to have 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 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 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 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 Fund will not invest in issuers HSBC considers to be directly involved in the production of tobacco.
- **UNGC** - the 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 Fund’s portfolio.

The Investment Manager may rely on expertise, research and information provided by well-established financial data providers to identify issuers exposed to these Excluded Activities.

Methodologies:

HSBC uses its own proprietary systematic investment process to measure how the environmental characteristics promoted by the Fund are met. HSBC will use data provided by a number of third parties. All data used will be verified by HSBC Asset Management's extensive research department.

HSBC's Responsible Investment Policy, our Engagement Policy and Stewardship Plan is available on our website www.assetmanagement.hsbc/responsible-investing

Important information:

This document is published pursuant to the provisions of Article 10 of the SFDR regulation. It is not contractual in nature and constitutes neither a solicitation nor a recommendation to buy or sell securities in any jurisdiction in which such an offer is not authorised by the law. Potential investors must refer to the Prospectus and the Key Information Document (KID) for detailed information about the risks associated.

If you have any doubts about the suitability of this product in relation to your investment objectives and risk profile, please contact your adviser. If any inconsistencies or errors appear in translations of this document, please refer to the English version.