

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

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 lay down 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 EU the 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 0% 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?

1. Identification and analysis of a company's environmental characteristics including, but not limited to, physical risks of climate change and human capital management.
2. Responsible business practices in accordance with UN Global Compact and OECD Principles for businesses.
3. Minimum environmental standards through exclusion of business activities that are deemed harmful to the environment.
4. Active consideration of environmental issues through engagement and proxy voting.
5. Analysis of the share of investment involved in controversial weapons.

The sub-fund is managed without reference to any market index weightings. The sub-fund aims to do this with a higher ESG rating, calculated as a weighted average of the ESG ratings of the issuers of the sub-fund's investments, versus the weighted average of the ESG ratings of the constituents of each of the sub-fund's asset classes. The sub-fund is actively managed and is not constrained by a benchmark, there is no reference benchmark for the sub-fund.

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

- **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.

The primary sustainability indicator is the use of HSBC Asset Management's Proprietary ESG ratings system, which covers ESG Criteria, this is used to measure the attainment of the environmental characteristics promoted by the sub-fund which includes:

- Distinct E, S and G scores relative to the country, sector or benchmark
- Summary ESG score of the company or country relative to benchmark or sector

The sub-fund includes the identification and analysis of an issuer's ESG credentials ("ESG Credentials") as an integral part of the investment decision making process to reduce risk and enhance returns. ESG Credentials may include, but are not limited to:

- environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation
- corporate governance practices that protect minority investor interests and promote long term sustainable value creation.

ESG Credentials are proprietary to HSBC, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the Excluded Activities as detailed below, the inclusion of an issuer in the sub-fund's investment universe is at the discretion of the Investment Adviser. Issuers with improving ESG Credentials may be included when their credentials are still limited.

In addition, the sub-fund will not invest in bonds issued by issuers with specified involvement in specific excluded activities ("Excluded Activities"). Details of the Excluded Activities are provided below.

The sub-fund also considers the Principal Adverse Impacts that are listed below:

- Greenhouse gas intensity for sovereign issues
- Violation of UNGC and OECD principles
- Share of investment involved in controversial weapons
- Greenhouse gas intensity of investee companies (Scope 1 & Scope 2)

- **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?**

The sustainable investments made by this sub-fund are aligned to its environmental and social characteristics.

The sub-fund aims for an improvement of the overall ESG score of the portfolio relative to benchmark constituents, through portfolio construction.

- **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?**

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.

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

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 sub-funds invest in. HSBC uses third party screening providers to identify companies and governments with a poor track record in managing ESG risks and, where potential material risks are identified, HSBC also carry out further due diligence. Sustainability impacts identified by screening are a key consideration in the investment decision making process and, in turn, this also supports the advice given to clients.

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

- companies' commitment to lower carbon transition, adoption of sound human rights principles and employees' fair treatment, implementation of rigorous supply chain

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.

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 specific Principal Adverse Impacts for this sub-fund are as set out above.

HSBC's Responsible Investment Policy is available on the website at:
www.assetmanagement/hsbc/about-us/responsible-investing/policies

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

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 United Nations Global Compact (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. Companies in which the sub-fund invests will be expected to comply with the UNGC and related standards. Companies having clearly violated one, or with at least two presumed violations, of the ten principles of the UNGC are systematically excluded. Companies are also evaluated in accordance with international standards like the OECD Guidelines.

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.



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

- Yes, the approach taken to consider Principal Adverse Impacts means that, among other things, HSBC will scrutinise companies' commitment to lower-carbon transition, adoption of sound human rights principles and employees' fair treatment, and implementation of rigorous supply chain management practices such as those aiming to alleviate child and forced labour. HSBC also pays 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. 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 will also be taken into account.

The sub-fund also considers the Principal Adverse Impacts that are listed below:

- Greenhouse gas intensity for sovereign issues

- Violation of UNGC and OECD principles
- Share of investment involved in controversial weapons
- Greenhouse gas intensity of investee companies (Scope 1 & Scope 2)

How Principal Adverse Impacts were considered will be included in the sub-fund's year-end report and accounts.

No



What investment strategy does this financial product follow?

The sub-fund aims to provide long term total return by investing in a portfolio allocated across global bonds and other similar securities or instruments, while promoting ESG characteristics within the meaning of Article 8 of SFDR.

The sub-fund aims to do this with a higher ESG rating, calculated as a weighted average of the ESG ratings of the issuers of the sub-fund's investments, versus the weighted average of the ESG ratings of the constituents of each of the sub-fund's asset classes.

The sub-fund includes the identification and analysis of an issuer's ESG credentials and Excluded Activities are described below.

ESG Credentials are proprietary to HSBC, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the Excluded Activities as detailed below, the inclusion of an issuer in the sub-fund's investment universe is at the discretion of the Investment Adviser. Issuers with improving ESG Credentials may be included when their credentials are still limited. The sub-fund conducts enhanced due diligence on bond issuers that are considered to be non-compliant with the UN Global Compact Principles, or are considered to be high risk as determined by the HSBC's proprietary ESG ratings.

ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. The Investment Adviser may rely on expertise, research and information provided by well-established financial data providers. More information on HSBC Asset Management's responsible investing policies is available at www.assetmanagement.hsbc.com/about-us/responsible-investing/policies.

The Total Return strategy aims to capture the majority of the upside in the global bond universe while limiting the downside risk. The Total Return strategy has a flexible allocation across the full spectrum of global bonds and currency markets. Returns are generated through duration management, yield curve positioning, currency positioning and the selection of individual securities within the investment universe. By seeking multiple sources of return, the Total Return strategy aims to provide over an investment cycle risk-adjusted returns above the investment universe of the sub-fund without reference to a benchmark index. However the Total Return strategy does not imply there is any protection of capital or guarantee of a positive return over time. The sub-fund is subject to market risks at any time.

This investment strategy is implemented through HSBC's investment process on a continuous basis by way of ongoing review and compliance monitoring of the binding elements as set out below.

- **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?**

Binding elements are:

- The sub-fund aims to have a higher ESG rating, calculated as a weighted average of the ESG ratings of the issuers of the sub-fund's investments, versus the weighted average of the ESG ratings of the constituents of each of the sub-fund's asset classes.

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

- The sub-fund will not invest in bonds issued by issuers with specified involvement in specific excluded activities (“Excluded Activities”). Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:
 - Issuers 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. This exclusion is in addition to the banned weapons policy.
 - Issuers involved in the production of tobacco.
 - Issuers with more than 10% revenue generated from thermal coal extraction and do not have a clearly defined, credible plan to reduce exposure to below 10%.
 - Issuers with more than 10% revenue generated from coal-fired power generation and do not have a clearly defined, credible plan to reduce exposure to below 10%.
- The sub-fund conducts enhanced due diligence on bond issuers that are considered to be non-compliant with the UN Global Compact Principles, or are considered to be high risk as determined by the HSBC’s proprietary ESG ratings.
- The Investment Adviser may rely on expertise, research and information provided by well-established financial data providers to identify companies exposed to these Excluded Activities.¹
- The sub-fund will not invest in securities of companies that are considered non-compliant with the United Nations Global Compact (UNGC) Principles or have material exposure, exceeding a revenue exposure threshold, to specific excluded activities, as previously mentioned.

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

The sub-fund does not have a committed minimum rate to reduce the scope of investments however, its investment universe is naturally reduced on the basis of its Excluded Activities as set out above.

- **What is the policy to assess good governance practices of the investee companies?**

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. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify companies that are considered to have low governance scores. Those companies will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with 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 companies are managed in line with the long-term interests of their investors.

- **What is the asset allocation planned for this financial product?**

The asset classes that the sub-fund may invest in, include but are not limited to developed markets sovereigns, developed markets investment grade corporate securities, developed markets high yield corporate securities, Emerging Markets sovereigns and Emerging Markets corporate securities.

The sub-fund invests in normal market conditions primarily in Investment Grade and Non-Investment Grade fixed income securities which are issued or guaranteed by

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



Asset allocation describes the share of investments in specific assets.

governments, government agencies or supranational bodies worldwide or issued by companies which are based or carry out the larger part of their business in either developed markets or Emerging Markets. These securities are denominated in developed market and Emerging Market currencies. The Investment Adviser may reduce the sub-fund's exposure to the aforementioned assets at any time and invest up to 49% of the sub-fund's net assets in cash, cash instruments and/or money market instruments. The sub-fund may invest up to 30% of its net assets in Asset Backed Securities ("ABS") and Mortgage Backed Securities ("MBS"). The sub-fund may invest up to 10% of its net assets in onshore Chinese bonds issued by, amongst other, municipal and local governments, companies and policy banks.

The sub-fund does not commit to holding a minimum percentage of sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- turnover

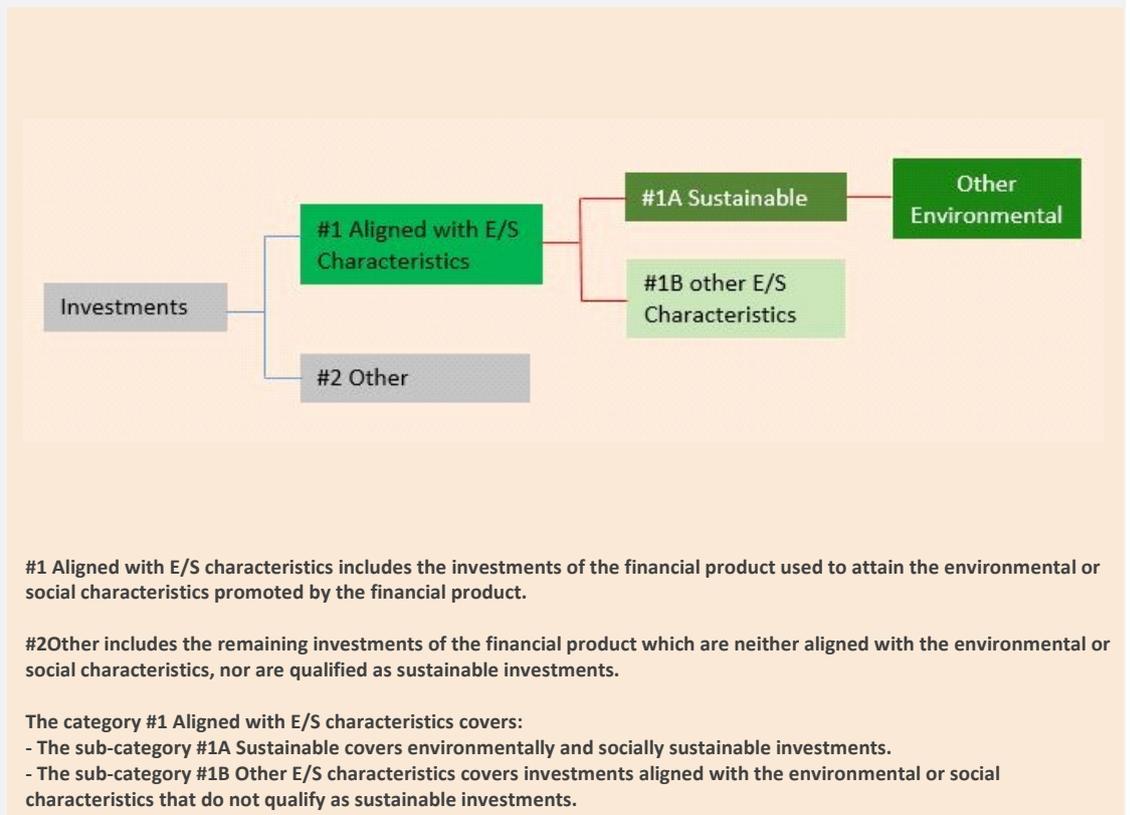
reflecting the share of revenue from green activities of investee companies

- 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.



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

The sub-fund will not use derivatives to attain the environmental characteristics of the sub-fund.

Enabling activities

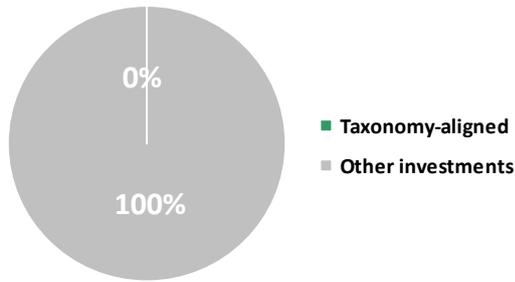
directly enable other activities to make a substantial contribution to an environmental objective.



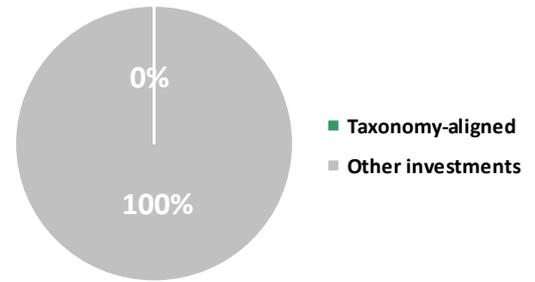
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The sustainable investments within the sub-fund are not intending to be aligned with the EU Taxonomy, this is therefore assessed to be 0%. However, from time to time, the sub-fund may hold taxonomy aligned investments.

1. Taxonomy -alignment of investments including sovereign bonds



2. Taxonomy -alignment of investments excluding sovereign bonds



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.

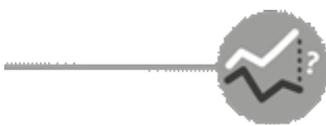
- **What is the minimum share of investments in transitional and enabling activities?**
This is not applicable as the sub-fund does not have a specific minimum share of transitioning and enabling activities.

 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic

- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**
The sub-fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy however, this does not mean that the investments held by the sub-fund are harmful to the environment or unsustainable.

- **What is the minimum share of socially sustainable investments?**
The sub-fund does not commit to having a minimum share of socially sustainable investments, however, the Investment Adviser does look at the social characteristics, human and workforce rights, management behaviour and corporate social responsibility when assessing an issuer.

- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**
The sub-fund may hold cash and cash equivalents and financial derivative instruments may also be used as set out above including for the purposes of efficient portfolio management. The sub-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?**
N/A
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.assetmanagement.hsbc.com