

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

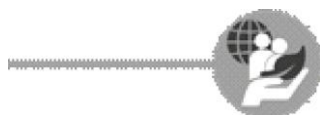
The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might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

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective:_%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective:_%</p>	<p><input checked="" type="checkbox"/> 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 10% of sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Sub-Fund are climate-responsible economic growth and the transition to a lower-carbon economy through investments linked to natural resources companies and services that are critical to enabling a clean energy eco-system and which securities are on a clear and measurable path to social or environmental transition. The means by which the Sub-Fund promotes these characteristics are set out below.

- 1) The Sub-Fund identifies which companies are on a clear and measurable climate transition pathway as informed by the Investment Manager’s proprietary climate transition assessment to determine a company’s progress or commitment towards alignment with “Net Zero” pathways.
- 2) The Sub-Fund identifies revenue of investee companies that are considered to be providing “Green Solutions”. For example revenues that are linked to technologies, services and tools that mitigate or eliminate or contribute to the removal of Greenhouse gases.
- 3) These companies are also assessed by the Investment Manager within the ‘Leaders’ classification as those that are critical to or that enable the energy transition, specifically resources-related companies that enable the global energy transition by providing the relevant production, financing, technology and/or equipment, and other companies in the global transition resources value chain . The Investment Manager carries out quantitative and qualitative analysis of prospective investee companies based on three key segments: Materials, Enablers and Supply Chain.

- **Materials:** Key foundation layer that invests in those companies producing transition resources (including critical materials such as copper, aluminum, platinum group metals).
- **Enablers:** Those companies that are processing the critical materials (such as green steel, battery components) critical to building the green energy infrastructure.
- **Supply Chain:** Companies that provide services which are disrupting the traditional production process (such as recycling or autonomous mining equipment).

4) 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 UNGC principles are identified, companies will be subject to proprietary ESG due diligence checks to determine their suitability for inclusion in the Sub-Fund’s portfolio, and if deemed unsuitable, excluded.

5) Excluding activities covered by the Investment Manager’s Responsible Investment Policies (the “HSBC Excluded Activities”) and the EU Climate Transition Benchmark exclusions (the “CTB Excluded Activities”) (together referred to as the “Excluded Activities”) as listed below.

The Sub-Fund does not use a reference benchmark to attain the environmental and/or social characteristics it promotes.

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?

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund are:

Clear and measurable climate transition pathway	<ul style="list-style-type: none"> • Companies that are positively categorised within the HSBC Asset Management’s proprietary climate transition assessment as either Aligned, Aligning, or Committed to Aligning.
Green Solutions	<ul style="list-style-type: none"> • Higher proportion of Green Solutions relative to the Reference Performance Benchmark. An investee company provides Green Solutions for these purposes if 20% or more of its revenue is generated by activity across one or more of the three segments described above (Materials, Enablers and Supply Chain). These companies are also assessed by the Investment Manager within the ‘Leaders’ classification as those that are critical to or that enable the energy transition.
Responsible business practice in line with UNGC and OECD principles	<ul style="list-style-type: none"> • 0% investment in violators of UNGC and OECD principles.
Compliance with Exclusions	<ul style="list-style-type: none"> • 0% investment in companies that are not in compliance with Excluded Activities.

- **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 objectives of the sustainable investments made by the Sub-Fund are climate-responsible economic growth and the transition to a lower-carbon economy through investments linked to natural resources companies and services that are critical to enabling a clean energy eco-system.

The sustainable investments contribute to the objectives through the application of the binding elements described below under *“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?”*.

Following the application of the Excluded Activities to the investment universe, the Investment Manager applies a sustainability framework to evaluate each prospective investee company’s environmental characteristics, incorporating both qualitative and quantitative analysis to each segment to identify key material topics (such as supply materials for a net zero future, minimize resource use and environmental footprint, employee welfare, product innovation) to screen coverage companies and assign ranking from ‘Leader’ to ‘Laggard’. Ranking methodology includes both qualitative – based on analysis of contribution towards the material issues; and quantitative – derived from company revenue contribution and MSCI scoring on the material issues.

Companies that then generate >50% of their year-end reported revenues from resources and services that are critical to the clean energy eco-system are then subject to do no significant harm and an additional good governance screen before being considered as sustainable investments by the Investment Manager.

- **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?**

The sustainable investments in the Sub-Fund will be assessed against the principle of ‘do no significant harm’ (DNSH) to ensure that the investments do not significantly harm any environmental or social objectives. The DNSH principle applies only to the underlying sustainable investments of the Sub-Fund. This principle is incorporated into the investment decision-making process, which includes taking into account of principal adverse impacts as further described below.

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

The mandatory principal adverse impacts (PAIs) as defined in Table 1 of Annex 1 of the regulatory technical standards for Regulation 2019/2088 are used to assess whether the sustainable investments of the Sub-Fund are significantly harming the environmental or social objective.

To support the DNSH assessment, quantitative criteria have been established across the 14 PAIs (listed in the table below).

Mandatory PAIs		
Greenhouse gas (GHG) emissions	PAI 1	GHG emissions
	PAI 2	Carbon footprint
	PAI 3	GHG intensity of investee companies
	PAI 4	Exposure to companies active in the fossil fuel sector

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.

	PAI 5	Share of non-renewable energy consumption and production
	PAI 6	Energy consumption intensity per high impact climate sector
Biodiversity	PAI 7	Activities negatively affecting biodiversity-sensitive areas
Water	PAI 8	Emissions to water
Waste	PAI 9	Hazardous waste and radioactive waste ratio
Social and employee matters	PAI 10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	PAI 11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	PAI 12	Unadjusted gender pay gap
	PAI 13	Board gender diversity
	PAI 14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

In instances where data is either non-existent or not sufficient, either a qualitative review and/or a relevant proxy may be used as an alternative. Where a company is determined to cause or contribute to significant harm, it can still be held within the Sub-Fund but will not count toward the portion of 'sustainable investments' within the Sub-Fund. The specific Principal Adverse Impacts for this Sub-Fund are as set out below.

Further information on the mandatory principal adverse impact indicators, as well as the data sources and limitations, can be found in HSBC's User Guide on Principal Adverse Indicators. This is available on: www.assetmanagement.hsbc.com/about-us/responsible-investing, by selecting your location and then chose Policies and Disclosures.

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

All investments, including sustainable investments made by the Sub-Fund are assessed against the ten principles of the UN Guiding Principles on Business and Human Rights (UNGCR) as well as the OECD's Guiding Principles on Business and Human Rights (OECD). These principles include the assessment of non-financial risks such as human rights, labour, environment and anti-corruption. Companies that are flagged as having violated one of the ten principles of the UNGCR or OECD guidelines are systematically excluded, unless they have gone through an ESG due diligence assessment, undertaken by HSBC, and are determined not to be in breach of the principles or guidelines.

HSBC is also a signatory of the UN Principles of Responsible Investment.

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

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. Investment in companies carrying out business in Excluded Activities are also excluded.

The strategy applies business involvement exclusions on thermal coal extraction and generation (PAI 4). Companies with involved in the production of controversial weapons (PAI 14) are removed. Also excluded are companies involved in controversies related to the United Nations Global Compact (“UNGC”) Principles and companies at risk of contributing to severe or systemic and/or systematic violations of international norms and standards relating to UNGC Principles 7, 8, 9 (PAI 10).

Full details of how Principal Adverse Impacts have been considered in respect of the Sub-Fund will be included in the Company’s annual report.

No



What investment strategy does this financial product follow?

The Sub-Fund seeks to achieve its investment objective by investing, under normal circumstances, in companies that are operating in the following key segments:

- **Materials:** Key foundation layer that invests in those companies producing transition resources (including critical materials such as copper, aluminum, platinum group metals).
- **Enablers:** Those companies that are processing the critical materials (such as green steel, battery components) critical to building the green energy infrastructure.
- **Supply Chain:** Companies that provide services which are disrupting the traditional production process (such as recycling or autonomous mining equipment).

At least 80% of underlying investment holdings will have a minimum of 20% revenues related to activity across one or more of the three segments described above. The Sub-Fund aims to provide long-term value by investing in a concentrated portfolio of equities and equity-related securities of companies globally that are enablers of transition resources, while promoting environmental and social characteristics within the meaning of Article 8 of the European Union's SFDR. The remaining portion will consist of cash, eligible collective investment schemes and/or financial derivative instruments which may be used for liquidity, hedging and efficient portfolio management purposes.

The Sub-Fund may invest up to 20% of its NAV in emerging market countries. Emerging market countries are subject to change but as of the date of the Supplement include: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Kuwait, Poland, Qatar, Saudi Arabia, South Africa, Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

The Investment Manager defines an investment universe for the Sub-Fund by identifying companies that exist within the Materials, Enablers and Supply Chain segments.

The Sub-Fund will not invest in equities and equity equivalent securities of companies with specified involvement in specific excluded activities ("Excluded Activities").

These Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:

- ◆ Banned Weapons - the Sub-Fund will not invest in issuers the Investment Manager 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 the Investment Manager considers to be involved in the production of controversial weapons or their key components. Controversial weapons include but are not limited to depleted uranium weapons and white phosphorous when used for military purposes;
- ◆ Thermal Coal (Expanders) - the Sub-Fund will not participate in IPOs by companies that HSBC considers to be engaged in the expansion of thermal coal production;
- ◆ Thermal Coal (Revenue threshold) - the Sub-Fund will not invest in issuers the Investment Manager considers to have more than 10% of revenue generated from thermal coal power generation or extraction and which, in the opinion of the Investment Manager, do not have a credible transition plan;

- ◆ Tobacco - the Sub-Fund will not invest in issuers the Investment Manager considers to be directly involved in the production of tobacco; and
- ◆ UNGC - the Sub-Fund will not invest in issuers that the Investment Manager considers to be non-compliant with the 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 the Sub-Fund's portfolio.

In addition, HSBC apply the EU Climate Transition Benchmark (CTB) exclusions regarding investments in companies for this Sub-Fund:

Additional Excluded Activities	CTB	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.

If data is not available in respect of a particular company or the Investment Manager has cause to consider that the data that is available is inaccurate or outdated, the Investment Manager will carry out its own due diligence on the company to determine whether or not it should be excluded.

Following the application of the Excluded Activities to the investment universe, the Investment Manager applies a sustainability framework to evaluate each prospective investee company's environmental characteristics, incorporating both quantitative and qualitative analysis to each segment to identify key material topics (such as supply materials for a net zero future, minimize resource use and environmental footprint, employee welfare, product innovation) to screen coverage companies and assign ranking ranging from 'Leaders' to 'Laggards'.

Ranking methodology includes both qualitative – based on analysis of company's contribution towards the material issues; and quantitative – derived from company revenue contribution and MSCI scoring on the material issues. Qualitative components are further evaluated by the Investment Manager's in-depth fundamental research, leveraging internal and third-party resources for every stock.

Following the application of the Excluded Activities and the sustainability framework, the Investment Manager makes active thematic selection decisions to construct a diversified portfolio, 100% of which consists of companies which the Investment Manager views as 'Leaders' pursuant to the sustainability framework, which includes companies the Investment Manager is satisfied are making progress towards the Leaders category. The Investment Manager will not invest in companies viewed as Laggards.

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 are as follows:

- At least 80% of underlying investment holdings will have a minimum of 20% revenues

related to activity across one or more of the three segments described above.

- The Sub-Fund will invest at least 80% of its net assets in equity securities that promote environmental and/or social characteristics and which are on a clear and measurable path to environmental or social transition.
- The Sub-Fund will have a minimum proportion of 10% of sustainable investments.

The Sub-Fund will not invest in equities and equity equivalent securities of companies with specified involvement in specific excluded activities (“Excluded Activities”).

These Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:

- ◆ Banned Weapons - the Sub-Fund will not invest in issuers the Investment Manager 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 the Investment Manager considers to be involved in the production of controversial weapons or their key components. Controversial weapons include but are not limited to depleted uranium weapons and white phosphorous when used for military purposes;
- ◆ Thermal Coal (Expanders) - the Sub-Fund will not participate in IPOs by companies that HSBC considers to be engaged in the expansion of thermal coal production;
- ◆ Thermal Coal (Revenue threshold) - the Sub-Fund will not invest in issuers the Investment Manager considers to have more than 10% of revenue generated from thermal coal power generation or extraction and which, in the opinion of the Investment Manager, do not have a credible transition plan;
- ◆ Tobacco - the Sub-Fund will not invest in issuers the Investment Manager considers to be directly involved in the production of tobacco; and
- ◆ UNGC - the Sub-Fund will not invest in issuers that the Investment Manager considers to be non-compliant with the 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 the Sub-Fund’s portfolio.

In addition, HSBC apply the EU Climate Transition Benchmark (CTB) exclusions regarding investments in companies for this Sub-Fund:

Additional Excluded Activities	CTB 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.

If data is not available in respect of a particular company or the Investment Manager has cause to consider that the data that is available is inaccurate or outdated, the Investment Manager will carry out its own due diligence on the company to determine whether or not it should be excluded.

- **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.

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

Investments in the Sub-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. Investments considered to be Sustainable Investments must pass an additional good governance screen before they can be designated as such.

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 and are therefore not investable. 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.



What is the asset allocation planned for this financial product?

The Sub-Fund will invest up to 100% of its NAV in equity securities linked to the transition resources. This is defined as the investment opportunity from the enablers of the global energy transition, mainly in but not restricted to the materials sector. They are resources-related companies that enable the energy transition by providing the relevant production, financing, technology and/or equipment, and other companies in the global transition resources value chain.

The Sub-Fund will invest at least 80% of its net assets in equity securities that promote environmental and/or social characteristics and which are on a clear and measurable path to environmental or social transition. Cash and other instruments may be used for liquidity, hedging and efficient portfolio management and may constitute up to 20% of net assets.

Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- turnover

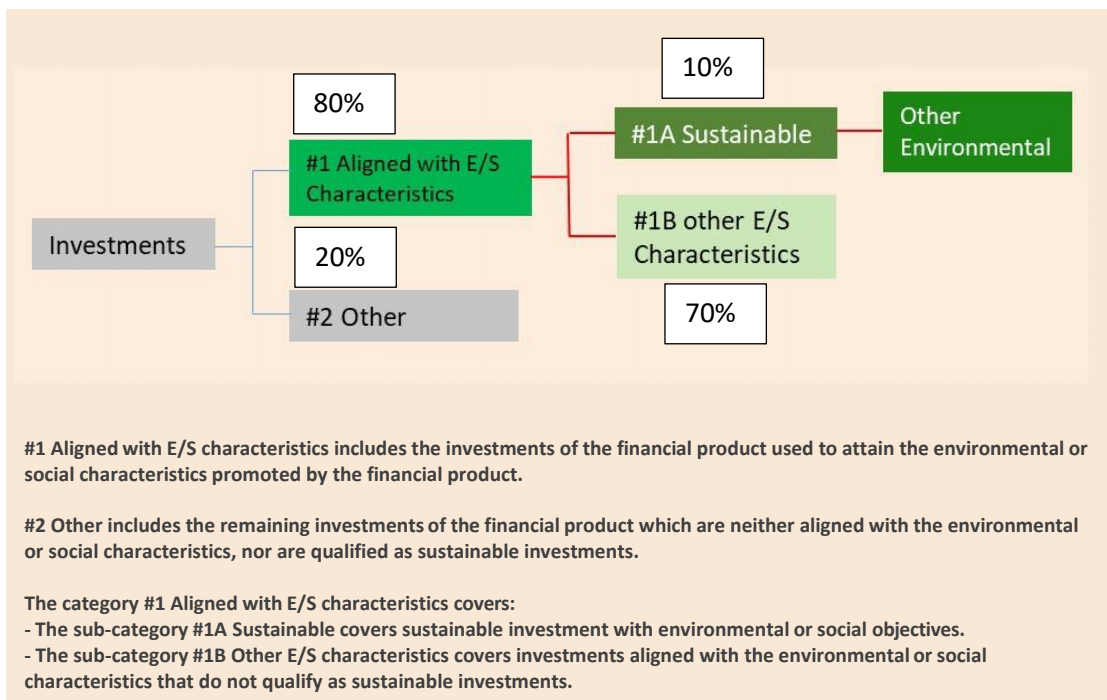
reflecting the share of revenue from green activities of investee companies

- 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 and/or social characteristics of the Sub-Fund.



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

N/A. 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.

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

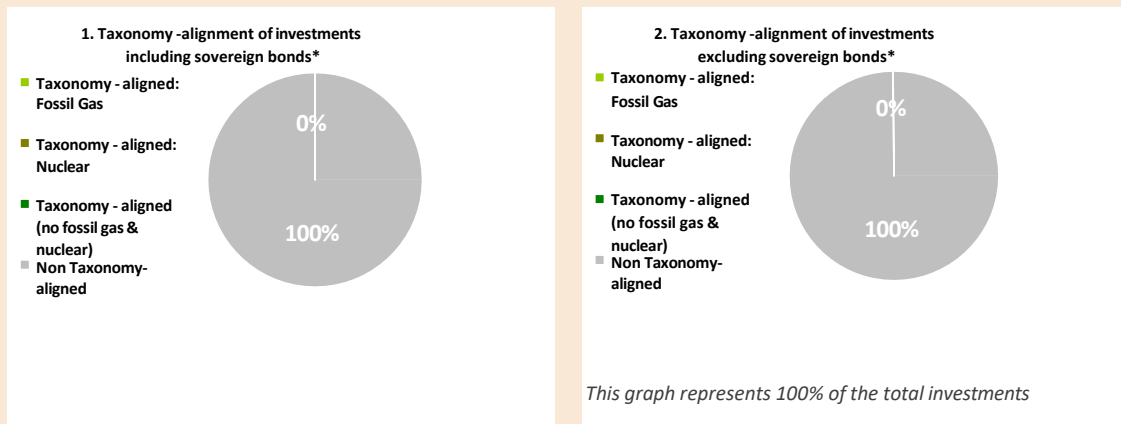
Yes in fossil gas In nuclear energy

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?**
N/A. There is no minimum share of investments in transitional and enabling activities given that 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.

 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?**
The Sub-Fund commits to a 10% minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

 **What is the minimum share of socially sustainable investments?**
N/A. The Sub-Fund does not intend to commit to a minimum share of socially sustainable investments.

 **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**
Cash, eligible collective investment schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

 **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?**

A reference benchmark is not used for the purposes of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

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 can be found on the website: www.assetmanagement.hsbc.com