

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: HSBC World ESG Biodiversity Screened Equity UCITS ETF

Legal Entity Identifier: 213800RFFZDOES43RI35

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?



Yes



It made **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 made **sustainable investments with a social objective:** _%



No



It **promoted Environmental/ Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 39.91% 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 promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

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

In replicating the performance of the Euronext ESG Biodiversity Screened World USD Index (the "Parent Index"), the Fund promoted the following environmental and/or social characteristics:

- Biodiversity; and
- ESG

The Fund sought to achieve the promotion of these characteristics by replicating the performance of the Index which considered, amongst other things, the impact of a company's activities on biodiversity (the Corporate Biodiversity Footprint score), together with a number of ESG related criteria.

The Index was designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

The Fund did not use derivatives to attain the environmental and/or social characteristics of the Fund.

The performance of the sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted by the Fund can be seen in the table below. The sustainability indicators were calculated by the Investment Manager and utilises data from third party data vendors.

The data can be based on company/issuer disclosures, or estimated by the data vendors in the absence of company/ issuer reports. Please note that it was not always possible to guarantee the accuracy, timeliness or completeness of data provided by third party vendors.

● ***How did the sustainability indicators perform?***

Indicator	Fund	Broad Market Index
ESG Score	16.81	16.99
Biodiversity Score	-1,462.71	-1,688.76

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Broad Market Index - Euronext World Index

● ***...and compared to previous periods?***

Indicator	Period Ending	Fund	Broad Market Index
ESG Score	31 December 2024	16.81	16.99
	31 December 2023	17.35	17.35
	31 December 2022	17.30	21.56
Biodiversity Score	31 December 2024	-1,462.71	-1,688.76
	31 December 2023	-1,246.45	-1,247.34
	31 December 2022	-1,058.93	-6,533.48

Broad Market Index - Euronext World Index

The Fund recalculated figures for 2022 Reporting Year with figures for ESG Score Sustainalytics - 17.15 because of change in data sets and certain calculation methodology.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments in the Fund were, amongst others:

1. Companies with sustainable product and/or services or quantifiable projects (e.g. CAPEX, OPEX and Turnover) linked to sustainable goals or outcomes;
2. Companies that demonstrated qualitative alignment and/or convergence with UN Sustainable Development Goals or sustainable themes (e.g. Circular Economy);
3. Companies that were transitioning with credible progress. (e.g the transition to or use of renewable energy or other low-carbon alternatives).

By replicating the performance of the Index, the sustainable investments of the Fund contributed to these sustainable objectives.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The Index was reviewed quarterly to ensure the business activity screens are being adhered to and removes stocks based on sustainability exclusionary criteria, including, but not limited to:

- the production and/or distribution of tobacco;
- thermal coal extraction and/or electricity generation;
- oil sands extraction;
- shale energy extraction;
- oil & gas exploration and/or production;
- electricity generation from oil & gas;
- nuclear power production;
- production and/or distribution of civilian fire arms;
- providing core weapons systems, or components/services that are considered tailor made and essential for banned and controversial weapons (including antipersonnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
- animal testing;
- pesticide production;
- palm oil production and/or distribution;
- whale meat production;
- involvement in incidents which have a negative environmental impact;
- owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
- the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials.

In addition, the sustainable investments were deemed by the Investment Manager to not have caused significant harm against any environmental or social sustainable investment objective following assessment against the below considerations:

- Banned & controversial weapons involvement;
- Tobacco production revenues above 0%;
- Thermal coal extraction revenues above 10%;
- Thermal coal power generation revenues above 10%;
- Compliance with United Nations Global Compact principles; and
- Involvement in controversies of the highest levels.

By replicating the performance of the Index, the investments of the Fund that were deemed sustainable investments did not cause significant harm to environmental and/or social investment sustainable objectives.

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

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 mandatory indicators were used in the assessment of business activities of the initial universe of securities prior to the construction of the Index. Revenue data, business involvement and other data sources were considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators. The Index was constructed using data on each security's business involvement. The data was aligned to quantified environmental pressures: climate change, land use, air pollution and water pollution. This along with mean species abundance, as a measure of biodiversity, created a Corporate Biodiversity Footprint ("CBF") score. The Index removed securities that had a high CBF score (being the worse) thus removing companies with the greatest impact on a number of adverse impact factors. The CBF score aligned to PAI 1, 2, 3, 4, 5, 6, 7 and 8. In addition to the CBF score, a separate controversy screen was applied to the starting universe to remove any security in violation of UN Global Compact ("UNGC") principles, PAI 10 & 11. The Index also screened out securities with controversies specifically related to environmental impact, removal of securities with 4 & 5 scores (most severe) in relation to E 2.2 Environmental Supply chain incidents, E 1.12 Operations and E 3.2 Product and services incidents (PAI, 7, 8). Additional screens covering controversial and conventional weapons (PAI 14), Pesticide production, Thermal coal mining and generation, Oil & Gas, were also applied before the final Index was calculated. The Index was reviewed quarterly and assessed using 3rd party data to ensure the business activity screens are being adhered to. Further information on the Fund's CBF score is available on request. No optional indicators were taken into account.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

As per the below, through the Index's norms based screening, Global Standard Screening, a broad range of international norms and standards were covered, including: UNGC, UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises and Related Conventions. Further information on benchmark, data and standards used can be found on the Index provider's website.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

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

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



How did this financial product consider principal adverse impacts on sustainability factors?

The Index was constructed using data on each security business involvement. The data was aligned to quantified environmental pressures: climate change, land use, air pollution and water pollution. This along with mean species abundance, as a measure of biodiversity, CBF score. The Index removed securities that have a high CBF score (being the worse) thus removing companies with the greatest impact on a number of adverse impact factors. The CBF score considered PAI 1, 2, 3, 4, 5, 6, 7 and 8. In addition to the CBF score a separate controversy screen was applied to the starting universe to remove any security in violation of UNGC principles, PAI 10 & 11. The Index also screened out securities with controversies specifically related to environmental impact, removal of securities with 4 & 5 scores (most severe) in relation to E 2.2 Environmental Supply chain incidents, E 1.12 Operations and E 3.2 Product and services incidents (PAI, 7, 8). Additional screens covering controversial and conventional weapons (PAI 14), Emissions to water (PAI 8), Thermal coal mining and generation, Oil & Gas, were also applied before the final Index is calculated. The Index was reviewed quarterly and assessed using 3rd party data to ensure the business activity screens were being adhered to. Information on the Fund's CBF score is available on request. Further information relating to Iceberg Data Lab's Corporate Biodiversity Footprint score and the ESG Risk score (provided by Sustainalytics) is available on request. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engaged with companies on a range of ESG issues and we have the following clear set of engagement objectives: - Improving our understanding of company business and strategy; - Monitoring company performance; - Signaling support or raise concerns about company management, performance or direction; and - Promoting good practice. Engagement issues ranged from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low carbon energy transition, to social issues including human capital management, inequality and data privacy. We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engaged with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: Based on the four-quarter average holdings of the reference period as at 31/12/2024

Largest Investments	Sector	% Assets	Country
Apple Inc.	Information Technology	8.59%	United States of America
Microsoft Corporation	Information Technology	7.57%	United States of America
Alphabet Inc. Class A	Communication Services	2.55%	United States of America
Broadcom Inc.	Information Technology	2.16%	United States of America
Visa Inc. Class A	Financials	1.85%	United States of America
Mastercard Incorporated Class A	Financials	1.60%	United States of America
Tesla, Inc.	Consumer Discretionary	1.52%	United States of America
Home Depot, Inc.	Consumer Discretionary	1.49%	United States of America
ASML Holding NV	Information Technology	1.22%	Netherlands
Netflix, Inc.	Communication Services	1.21%	United States of America
Salesforce, Inc.	Information Technology	1.14%	United States of America
Accenture Plc Class A	Information Technology	0.84%	Ireland
Adobe Inc.	Information Technology	0.84%	United States of America
ServiceNow, Inc.	Information Technology	0.71%	United States of America
Oracle Corporation	Information Technology	0.69%	United States of America

Cash and derivatives were excluded

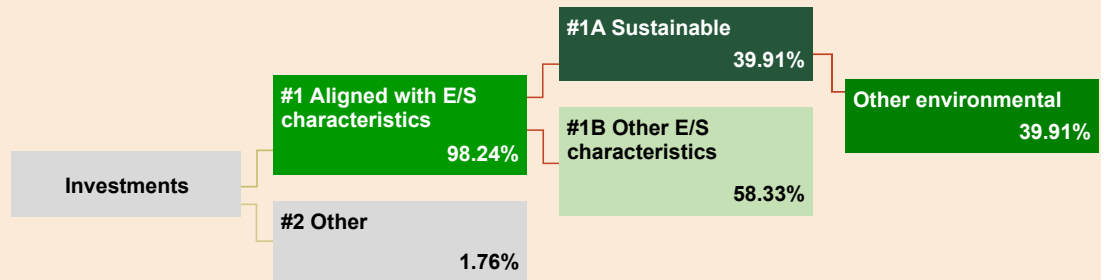


What was the proportion of sustainability-related investments?

39.91% of the portfolio was invested in sustainable investments.

Asset allocation
describes the share
of investments in
specific assets.

What was the asset allocation?



#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 environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

*A company or issuer considered as a sustainable investment may contribute to both a social and environmental objective, which can be aligned or non-aligned with the EU Taxonomy. The figures in the above diagram take this into account, but one company or issuer may only be recorded once under the sustainable investments figure (#1A Sustainable).

The percentages of Taxonomy-aligned and Other Environmental, do not equal #1A Sustainable investment due to differing calculation methodologies of sustainable investments and Taxonomy-aligned investments.

In which economic sectors were the investments made?

Sector / Sub-Sector	% Assets
Information Technology	36.22%
Financials	22.38%
Industrials	12.38%
Communication Services	8.63%
Consumer Discretionary	8.26%
Real Estate	4.08%
Health Care	2.36%
Consumer Staples	1.64%
Materials	1.48%
Utilities	1.32%
Electric Utilities	0.54%
Multi-Utilities	0.54%
[Unassigned]	0.03%
Cash & Derivatives	0.71%
Energy	0.53%
Oil & Gas Equipment & Services	0.53%
Total	100.00%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



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

The Fund did not make sustainable investments aligned with the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

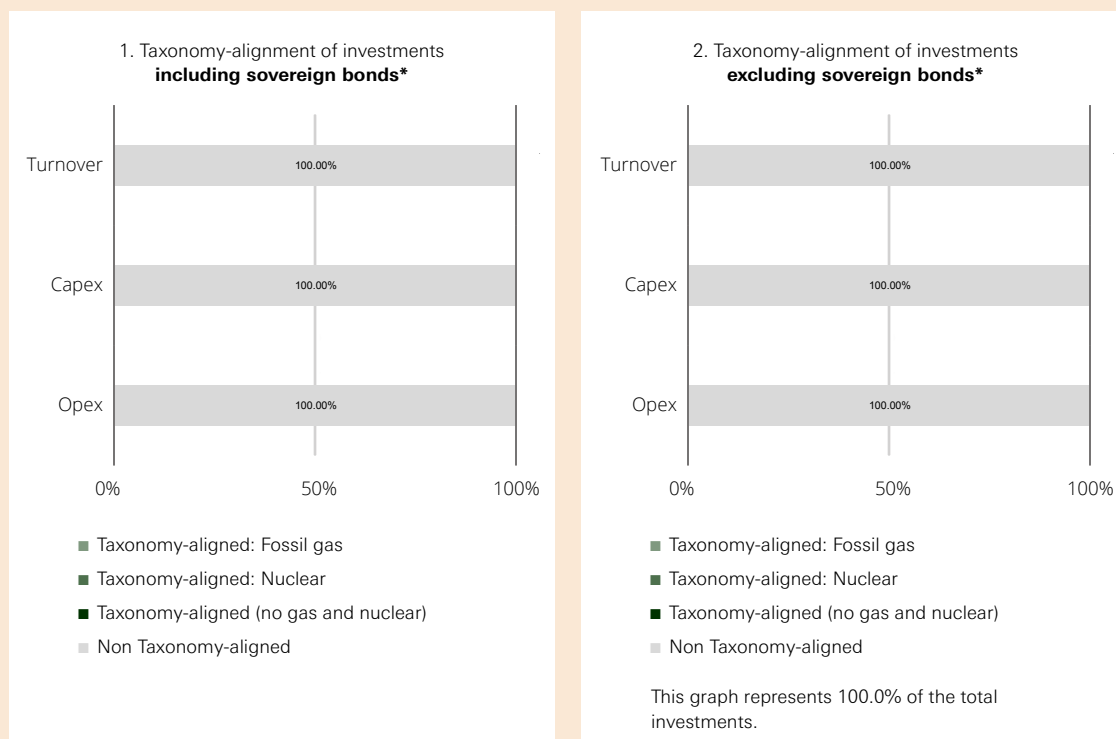
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

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.

The graphs below show in green the percentage of investments that were 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.


What was the share of investments made in transitional and enabling activities?

For the reference period the Fund's share of investment in transitional activities was 0.00% and the share of investment in enabling activities was 0.00%.

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

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Indicator	2023-24	2022-23	2021-22
Revenue - Taxonomy-aligned: Fossil gas	0.00%	0.00%	0.00%
Revenue - Taxonomy-aligned: Nuclear	0.00%	0.00%	0.00%
Revenue - Taxonomy-aligned (no gas and nuclear)	0.00%	0.50%	0.00%
Revenue - Non Taxonomy-aligned	100.00%	99.50%	100.00%
CAPEX - Taxonomy-aligned: Fossil gas	0.00%	0.00%	0.00%
CAPEX - Taxonomy-aligned: Nuclear	0.00%	0.00%	0.00%
CAPEX - Taxonomy-aligned (no gas and nuclear)	0.00%	0.84%	0.00%
CAPEX - Non Taxonomy-aligned	100.00%	99.16%	100.00%
OPEX - Taxonomy-aligned: Fossil gas	0.00%	0.00%	0.00%
OPEX - Taxonomy-aligned: Nuclear	0.00%	0.00%	0.00%
OPEX - Taxonomy-aligned (no gas and nuclear)	0.00%	0.83%	0.00%
OPEX - Non Taxonomy-aligned	100.00%	99.17%	100.00%

 are sustainable investments with an environmental objective that **do not take into account the criteria for environmentally sustainable economic activities** under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The sustainable investments with an environmental objective not aligned with the EU Taxonomy were 39.91%. Due to lack of coverage and data, the Fund did not commit to making any EU Taxonomy aligned investments.



What was the share of socially sustainable investments?

The Fund did not invest in socially sustainable investments.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may have been used for liquidity, hedging and efficient portfolio management in respect of which there were no minimum environmental and/or social safeguards.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund was passively managed. The investment objective of the Fund was to replicate the performance of the Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In replicating the performance of the Index, the Fund promoted certain environmental, social and/or governance characteristics and had been categorised as an Article 8 fund for the purpose of SFDR. The Index was an equity index based on the Parent Index, which offered a representation of developed equity markets worldwide, as determined by the Index provider. The Index employed a scoring, ratings and exclusions based approach which considered, amongst other things, the impact of a company's activities on biodiversity (the Corporate Biodiversity Footprint score), together with a number of ESG related criteria. In excluding companies based on their Corporate Biodiversity Footprint score, the Index sought to exclude companies which were deemed to have the worst impact on biodiversity within their sector (listed below). The remaining companies in the Parent Index after the application of the above exclusionary criteria were eligible for inclusion in the Index. The eligible companies were ranked by free float market capitalisation, with the 500 highest ranked companies being selected for the Index. In case less than 500 companies were eligible after the eligibility screenings, all remaining companies are selected for the Index. Further information relating to Iceberg Data Lab's Corporate Biodiversity Footprint score and the ESG Risk score (provided by Sustainalytics) is available on request.

HSBC Asset Management is a signatory of the UN Principles of Responsible Investment and UK Stewardship Code. HSBC Asset Management's stewardship team met with companies regularly to improve the understanding of their business and strategy, signal support or concerns we have with management actions and promote best practice.

Further information on shareholder engagement and voting policy can be found on our website: <https://www.assetmanagement.hsbc.co.uk/en/individual-investor/about-us/responsible-investing/policies>.



How did this financial product perform compared to the reference benchmark?

See below for details on how the Fund performed compared to the reference benchmark.

● ***How does the reference benchmark differ from a broad market index?***

The Index is an equity index based on the Euronext World Index, which offered a representation of developed equity markets worldwide, as determined by the Index provider. The Index employed a scoring, ratings and exclusions based approach which considered, amongst other things, the impact of a company's activities on biodiversity (the Corporate Biodiversity Footprint score), together with a number of ESG related criteria. In excluding companies based on their Corporate Biodiversity Footprint score, the Index sought to exclude companies which were deemed to have the worst impact on biodiversity, within their sector.

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

In seeking to achieve its investment objective, the Fund invests in the constituents of the Index in generally the same proportions in which they were included in the Index.

In doing so, the performance of the sustainability indicators of the Fund was similar to the performance of the sustainability indicators of the Index, as shown below.

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

● ***How did this financial product perform compared with the reference benchmark?***

Indicator	Fund	Reference Benchmark
ESG Score	16.81	16.83
Biodiversity Score	-1,462.71	-1,487.43

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Reference Benchmark - Euronext ESG Biodiversity Screened World Index

● ***How did this financial product perform compared with the broad market index?***

Indicator	Fund	Broad Market Index
ESG Score	16.81	16.99
Biodiversity Score	-1,462.71	-1,688.76

The data is based on the four-quarter average holdings of the financial year ending on 31 December 2024.

Broad Market Index - Euronext World Index