HSBC NASDAQ Global Climate Tech UCITS ETF

The sub-fund will promote the following environmental and social characteristics:

In replicating the performance of the NASDAQ CTA Global Climate Technology Index (the "Index"), the Fund promotes the following environmental and/or social characteristic:

- the promotion of climate technology by investing in companies where the objective of the company is instrumental in transitioning to a carbon neutral global economy ("Climate Technology"). The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which comprises, amongst other things, companies considered as "Enablers", "Enhancers" and "Engagers" (as defined by the Index Provider and further explained below) in the Climate Technology space and which applies a number of ESG related exclusions, which include controversial weapons, cannabis, thermal coal, oil & gas, severe ESG controversies and companies which do not adhere to the UNGC principles, as further detailed in the section relating to the binding elements below.

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

The Index achieves this in the following ways:

A company must be classified by CTA as a Climate Technology company, specifically as belonging to one of the below categories, in order to include it in the Index:

Enablers

Power Sources & Power Storage - Companies classified as Power Sources and Power Storage enable the transition toward cleaner sources of energy across the economy including within industry, buildings (e.g. residential and commercial) and transportation.

Power Sources and Power Storage include companies involved in biofuels, battery technology, fuel cells, green hydrogen, power management (including power-focused semiconductors) and renewable power generation (e.g. hydroelectric, solar and wind power).

Engagers

Climate Infrastructure – Companies classified as Climate Infrastructure are engaged in technologies focused on reducing the carbon impact of commercial, industrial and residential buildings including advanced building materials and mechanical systems (e.g. heating, cooling, ventilation, plumbing and electric), electric vehicle charging infrastructure (e.g. public and private charging solutions), process improvements (e.g. agricultural, electrical and material technologies that improve the carbon impact of existing construction methods) and smart cities/grid (e.g. grid communication and intelligence, load control, smart metering).

Enhancers

Adaptation – Companies classified as Adaptation provide consulting, engineering and/or software solutions to clients in order to design, construct and retrofit projects within industry, buildings and transportation including advancements in renewable power delivery, power generation and power use.

AgTech & FoodTech - Companies classified as AgTech & FoodTech are principally engaged in technology related to reducing carbon and methane emissions through the development of products intended to displace conventional meat consumption (e.g. alternative/plant-based proteins and cellular agriculture to displace beef, chicken, pork, turkey, etc.) as well as technologies designed to reduce the intensity of traditional farming methods and their related logistical/transportation impacts through engagement in indoor and vertical farming methods.

Transportation – Companies classified as Transportation are enhancing the development of less carbon intensive transportation products (e.g. battery, fuel cell, renewable power) including macromobility (e.g. passenger aircraft, buses, trains and other forms of mass transit) and micromobility (air mobility taxis/vertical take-off and landing plans vehicles, passenger cars and motorcycles, delivery/fleet/logisitcs/last-mile trucks and vehicles).

The following ESG exclusions are applied:

a) Companies involved in controversial weapons.
b) Companies involved in power generation, power generation capacity or extraction relating to thermal coal.
c) Companies which are non-compliant with the UN Global Compact Principles.
d) Companies with a Sustainalytics controversies score of 5.
e) Companies involved in oil and gas exploration and production, refining, transportation and/or storage; and
f) Companies involved in cannabis production and/or with significant ownership of another company with involvement in the development and cultivation of cannabis.

What constitutes “involved” is determined by the Index Provider. Details of any revenue thresholds applicable to the ESG exclusions can be found in the Index methodology.

Each remaining security then receives a Climate Technology Score which comprises the following:

Thematic Revenue score - The Thematic Revenue Score is a quantitative assessment of each company’s approximated revenue share derived from Climate Technology.

- 0-24.9%: 0
- 25-49.9%: 1
- 50-74.9%: 2
- 75-100%: 3

Transition Score - The Transition Score is a qualitative assessment of each company’s level of transition toward a fully carbon-neutral portfolio of products and services.

  - Low: 1
  - Medium: 2
  - High: 3

  Innovation score - The Innovation Score is a qualitative assessment of each company’s impact toward achieving carbon neutrality:

  - Low: 1
  - Medium: 2
  - High: 3

All remaining companies are categorised as either: (i) Tier 1; (ii) Tier 2; or (iii) none of the former, based on their Climate Technology Score:

- A Tier 1 company generates at least 50% of its revenue from Climate Technology, as defined by the Index Provider (Thematic Revenue Score ≥ 2); and
- A Tier 2 issuer generates 25-50% of its revenue from Climate Technology (2 > Thematic Revenue Score ≥ 1), and the sum of its Transition Score and Innovation Score equals 4 or higher.

All companies that meet the liquidity criteria and are not otherwise excluded on ESG grounds and that are categorised as either Tier 1 or Tier 2 are included in the Index.

Maximum security weight will not exceed 4.5%.

The composition of the Index is rebalanced on a semi-annual basis in June and December.

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

Investment Strategy and Proportion of Investments:

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. Cash and other instruments may be used for liquidity, hedging and efficient portfolio management.

The Fund promotes environmental and/or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 81.2% of sustainable investments.

Methodologies:

HSBC Asset Management's ESG data team leverages its proprietary data to run internal ESG reports to ensure sustainable objectives and targets, and the indicators used to measure these, as embedded in the product's methodology, are met. Using this data HSBC Asset Management conducts regular reviews with the relevant index partner to ensure accuracy of the data being provided.

Good corporate governance has long been incorporated in HSBC Asset Management's proprietary fundamental company research. HSBC Asset Management'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 Asset Management believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

For our full Stewardship Policy, please go to www.assetmanagement.hsbc.com/about- us/responsible-investing/policies.

More information is available on request.