

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

☐ 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 the EU 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 21.03% of sustainable

☐ 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?

In replicating the performance of the FTSE EPRA NAREIT Developed Green EU PAB Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- A reduction in carbon emissions by complying with the EU Paris-aligned Benchmarks minimum standards: reducing carbon emissions intensity by at least 50% relative to the Parent Index and achieving an at least 7% decarbonisation target year on year.
- An increase in green building certification and a reduction in energy usage relative to the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index, which removes companies according to a list of baseline exclusions, climate activity exclusions and conduct-related exclusions as further detailed in the section below relating to binding elements, and which weights the remaining issuers by using a target exposure framework that targets specific green building certification, energy consumption and GHG emissions improvements, as further detailed below.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the 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?

The sustainability indicator is the HSBC Asset Management's ESG ratings system which is used to measure the attainment of the ESG characteristics promoted by the Index and therefore that of the Fund, specifically measuring:

Carbon Emissions Intensity exposure relative to the Parent Index.

- **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 the Fund contribute to environmental and/or social objectives which include the reduction of GHG emissions intensity and improvements in green building certification and energy consumption.

The Fund replicates the performance of the Index which is designed to support investment in a portfolio aligned to the minimum standards for EU Paris-aligned Benchmarks and removes companies based on certain exclusionary criteria and targets green building certification, energy usage and GHG emissions intensity improvements. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

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.

- **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 analysis is completed by the Index Provider as part of the Index construction.

Sustainable investments are screened for involvement in activities that cause significant harm and controversies through a set of rules:

- Issuers are screened based on the following criteria:
 - baseline exclusions: controversial weapons, tobacco activities
 - climate activity exclusions: thermal coal extraction, thermal coal supporting services, oil and gas production, oil and gas supporting products and services, oil and gas generation, thermal coal power generation.
 - conduct-related exclusions: UNGC violations, Do No Significant Harm (companies at risk of contributing to severe or systemic and/or systematic violations of international norms and standards relating to UNGC principles 7, 8 and 9).

The Index is re-balanced periodically; The Investment Manager reviews the Index methodology, the ESG and do no significant harm-related data sets and constituents of the Index at the launch of the Fund and on an ongoing basis at each rebalance so as to ensure that the Fund's investments qualify as sustainable investments, that they adhere to the Investment Manager's internal ESG standards and are aligned with the Index methodology.

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

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining, power generation and supporting services, Oil & Gas production, power generation and supporting services,

are screened at a minimum threshold level (PAI 3,4,5). Tobacco and controversial weapons (PAI 14) are removed. Also excluded are companies involved in controversies related to the 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).

The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), and increases exposure to securities with credible emission reductions through green building certification and energy usage improvements (PAI 1,2,3,4,5). No optional indicators are taken into account.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments.

Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy.
- Monitor company performance.
- Signal support or raise concerns about company management, performance or direction.
- Promote good practice.

Engagement issues range 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 engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions. We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

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

The Index methodology leverages the Sustainalytics Global Standards Screening (GSS) to assess whether companies are involved in controversies related to the UNGC principles and whether companies are at risk of contributing to severe or systemic and/or systematic violations of international norms and standards relating to UNGC principles 7,8 and 9.

Sustainalytics Global Standards Screening (GSS) assess companies' impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. For more information, please see here:

<https://www.sustainalytics.com/investor-solutions/esg-research/esg-screening/global-compact-norms-based-screening>

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, the Index is designed to meet the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining, power generation and supporting services, Oil & Gas production, power generation and supporting services, are screened at a minimum threshold level (PAI 3,4,5). Tobacco and controversial weapons (PAI 14) are removed. Also excluded are companies involved in controversies related to the 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).

The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reductions through green building certification and energy usage reduction (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9). No optional indicators are taken into account.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on

protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice.

Engagement issues range 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 engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually. How PAI indicators were considered will be included in the Fund's year-end report and accounts.

☐ No



What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index. The Index is constructed from the FTSE EPRA Nareit Developed Index (the "Parent Index"). The Index is designed to support investors seeking to invest in a portfolio aligned to the minimum standards for EU Paris-aligned Benchmarks and that aims to meet specific green exposure targets. In doing so, the Index removes companies based on certain exclusionary criteria and targets green building certification, energy usage and GHG emissions intensity improvements, as further detailed below.

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 are as follows: At each Index review date, companies are screened based on a list of baseline, climate activity and conduct-related exclusions, as described below. Companies deriving any revenues from the baseline or climate activity exclusions are removed from the Index.

Baseline exclusions

Controversial weapons
Tobacco

Climate activity exclusions

Thermal Coal Power Generation
Thermal Coal extraction
Thermal Coal Supporting Services
Oil & Gas Generation

Conduct-related exclusions

Non-compliance with UN Global Compact Principles.
Non-compliance with the principles of Do No Significant Harm.

The remaining constituents are then weighted based on a target exposure weighting methodology. Specifically, the Index targets a 50% greenhouse gas emissions intensity reduction compared to the Parent Index, 7% minimum average greenhouse gas emissions intensity reduction relative to the previous year after inception, 30% Green certificate increase compared to the Parent Index and 10% energy consumption reduction compared to the Parent Index.

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

The 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?**

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

The following governance factors are also taken in to account in the methodology:

- Compliance with UN Global Compact Principles assessment.
- Do no significant harm assessment.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics and corruption.

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 the Investment Manager has 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. Further

information is available on request.



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

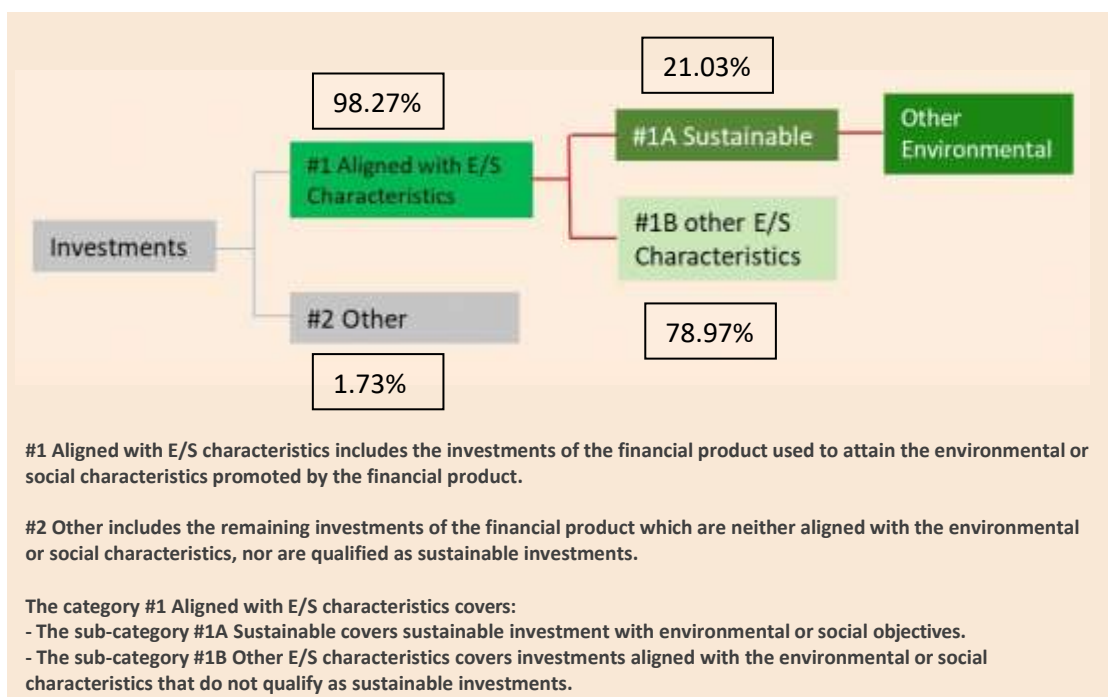
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- operational expenditure

(OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

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 21% of sustainable investments.



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

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



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

N/A. The 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

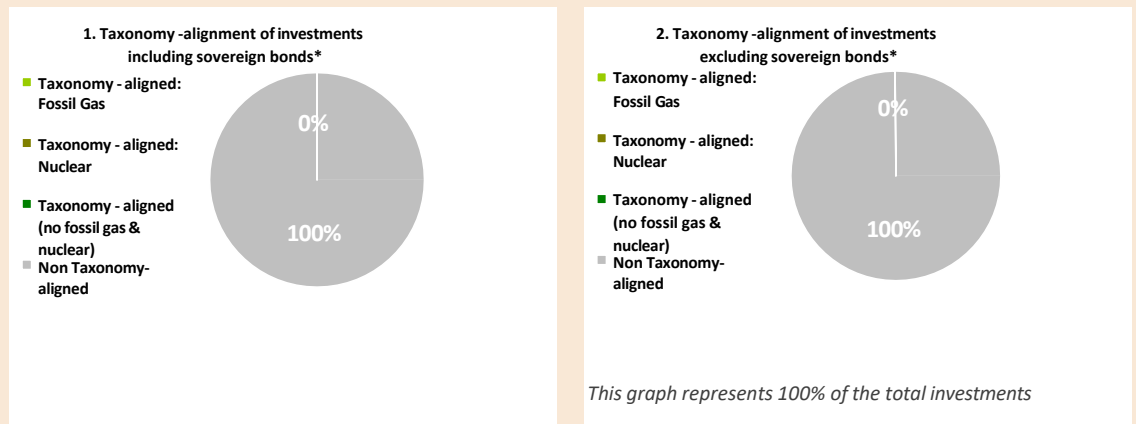
☒ No

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. The 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 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?
21.03%.



What is the minimum share of socially sustainable investments?

N/A. The 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 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 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?

Yes. The investment objective of the Fund is to replicate the performance of the FTSE EPRA

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?**

The Index is based on the FTSE EPRA Nareit Developed Index (the "Parent Index") and follows the FTSE EPRA Nareit Green Index Series ground rules. At each index rebalance date, companies with the activities and conduct listed below are excluded from the eligible universe. Data is sourced from Sustainalytics:

Baseline exclusions

Controversial weapons – 0%.

Tobacco – 0%.

Climate activity exclusions

Thermal Coal Power Generation – 0%.

Thermal Coal extraction – 0%.

Thermal Coal Supporting Services – 0%.

Oil & Gas Generation – 0%.

Conduct-related exclusions

Non-compliance with UN Global Compact Principles.

Non-compliance with the principles of Do No Significant Harm.

Constituents are weighted based on a target exposure weighting methodology; specifically, the FTSE EPRA Nareit Developed Green EU PAB Index targets a 50% GHG emissions intensity reduction, 7% minimum average GHG emissions intensity reduction relative to previous year after inception, 30% Green certificate increase and 10% energy consumption reduction.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

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. The composition of the Index is rebalanced on an annual basis and carried out according to the published rules governing the management of the Index as determined by FTSE Russell.

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

The Fund will aim to replicate the net total return performance of the Index. The Index is based on the FTSE EPRA Nareit Developed Index (the "Parent Index") and follows the FTSE EPRA Nareit Green Index Series ground rules. At each index review date, companies with the activities and conduct listed below are excluded from the eligible universe. Data is sourced from Sustainalytics:

Baseline exclusions

Controversial weapons – 0%.

Tobacco – 0%.

Climate activity exclusions

Thermal Coal Power Generation – 0%.

Thermal Coal extraction – 0%.

Thermal Coal Supporting Services – 0%.

Oil & Gas Generation – 0%.

Conduct-related exclusions

Non-compliance with UN Global Compact Principles.

Non-compliance with the principles of Do No Significant Harm.

Constituents are weighted based on a target exposure weighting methodology; specifically, the FTSE EPRA Nareit Developed Green EU PAB Index targets a 50% GHG emissions intensity reduction, 7% minimum average GHG emissions intensity reduction relative to previous year after inception, 30% Green certificate increase and 10% energy consumption reduction.

Moreover, the index takes into consideration constraints, including country and industry banding constraints.

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

<https://www.lseg.com/en/ftse-russell/indices/epra-nareit-green>

The Index methodology may be amended from time to time by the Index provider.

Information on the Index methodology is available on the website above.



Where can I find more product specific information online?

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

www.assetmanagement.hsbc.com