

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance 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

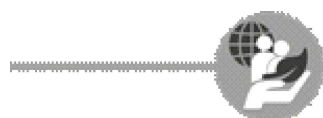
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

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 of companies considered as "Enablers", "Enhancers" and "Engagers" (as defined by the Climate Technology Association 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.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- ESG score

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

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by this Fund contribute to environmental and social objectives which include, amongst others:

1. the reduction of greenhouse gas (GHG) emissions and carbon footprint;
2. the transition to or use of renewable energy; and
3. the promotion of human rights.

The Fund replicates the performance of the Index, the focus of which is to select companies in the global Climate Technology industry which are instrumental in the transition to a carbon neutral global economy

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, as further detailed in the next section of this annex.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund that are sustainable investments do not cause significant harm to the environmental and social investment sustainable objective.

The Investment Manager overlays an investment restrictions monitoring process that screens for any investments that would cause significant harm to sustainable objectives and which could result in divestment by the Investment Manager ahead of the Index re-balancing.

As documented in the methodology of the Index Provider, a security's issuer must not be positively identified by Sustainalytics as exhibiting any of the following characteristics:

1. non-compliance with the principles of the United Nations Global Compact;
2. having a Sustainalytics Controversy Rating of five (5); and / or
3. involvement above certain thresholds or blanket exclusions with regard to controversial weapons, thermal coal, oil & gas, or recreational cannabis.

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

The mandatory principal adverse impacts ("PAI") indicators have been used by the Index Provider 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 Index is constructed using data provided by CTA. CTA determines the companies to be classified as Climate Technology companies, which then form the Index Provider's investable universe (the "Initial Investable Universe"). Companies are selected by CTA based on multiple factors, which includes a company's revenue, market share, financial filings, mergers and acquisitions activity, market capitalisation, patents, product launches, and other open-source and publicly available data. CTA obtains this data

using data subscriptions, public data sources and data monitoring to identify the investable universe. The Index Provider then apply ESG exclusions incorporating exclusions of controversial weapons, thermal coal, oil & gas, severe ESG controversies, non compliance with UNGC & cannabis. As per the Index methodology, securities involved in Thermal coal power generation, power generation capacity and extraction, Companies involved in oil and gas exploration and production, refining, transportation and/or storages are screened at a minimum threshold level and controversial weapons (PAI 14) & Cannabis production & ownership are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of the Investment Manager's approach to responsible investments. Stewardship activity is focused on protecting and enhancing clients' investments . The Investment Manager engages with companies on a range of ESG issues and has the following clear set of engagement objectives:

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

The Investment Manager a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

The Investment Manager is fully transparent in the reporting of engagement and voting activity, publishing voting on a quarterly basis and summary information about 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 incorporates the consideration of severe ESG controversies, determined using data from Sustainalytics where, using their controversy rating, any company identified with a score of 5 and above is immediately removed from the index.

The methodology also incorporates an identifier to remove any company that does not adhere to the UN Global Compact principles, which as a standard covers human rights, labour, environment and anti-corruption activities. which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover.

Further information on benchmark, data and standards used can be found on the Index provider's website.

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, _

☒ No



What investment strategy does this financial product follow?

The Fund is passively managed. The investment objective of the Fund is 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.

The Index is an equity index, which offers a representation of global equity markets worldwide, as determined by the Index Provider. The Index employs a scoring, ratings and exclusions based approach which considers, amongst other things, companies engaged in the global Climate Technology industry which are instrumental in the transition to a carbon neutral global economy, together with a number of ESG related criteria.

The remaining companies after the application of the above criteria are eligible for inclusion in the Index. The eligible companies are ranked by free float market capitalisation and incorporates a Climate Technology score.

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 strategy are as follows:

1. 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/logistics/last-mile trucks and vehicles).

2. The following ESG exclusions are applied:

- a) Companies involved in controversial weapons;
- b) Companies involved in thermal coal;
- c) Companies which are non-compliant with the UN Global Compact Principles and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles (collectively referred to as “Global Compact Non-Compliance”);
- d) Companies with a Sustainalytics controversies rating of 5;
- e) Companies involved in oil and gas exploration and production, refining, transportation and/or storage;
- f) Companies involved in arctic oil and gas exploration;
- g) Companies involved in oil sands extraction;
- h) Companies involved in cannabis production and/or with significant ownership of another company with involvement in the development and cultivation of cannabis
- i) Companies involved in tobacco production; and

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.

The above exclusions are aligned with the exclusions for EU Paris-aligned Benchmarks as detailed in Article 12(1)(a) – (g) of Commission Delegated Regulation (EU) 2020/1818.

- 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 ($2 > \text{Thematic Revenue Score} \geq 1$), 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.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

● **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?**

- o Severe ESG Controversies
- o United Nations Global Compact compliance assessment

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement by the Investment Manager.

Good corporate governance has long been incorporated in the Investment Manager's proprietary fundamental company research. The Investment Manager's Stewardship team meets with companies regularly to improve its understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. The Investment Managers believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

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



Asset allocation
describes the share of
investments in specific
assets.

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. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 50% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities
are expressed as a share of:

- turnover

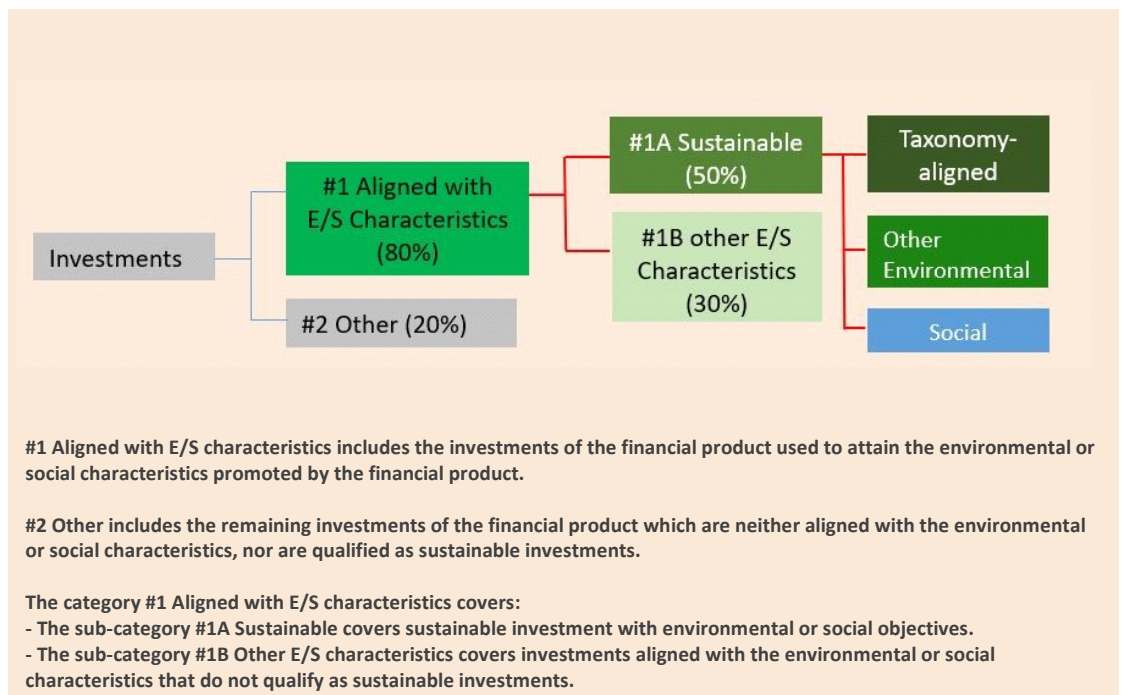
reflecting the share of
revenue from green
activities of investee
companies

- capital expenditure

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

- operational expenditure

(OpEx) reflecting green
operational activities of
investee companies.



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

The Fund will not use derivatives to attain the environmental and 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

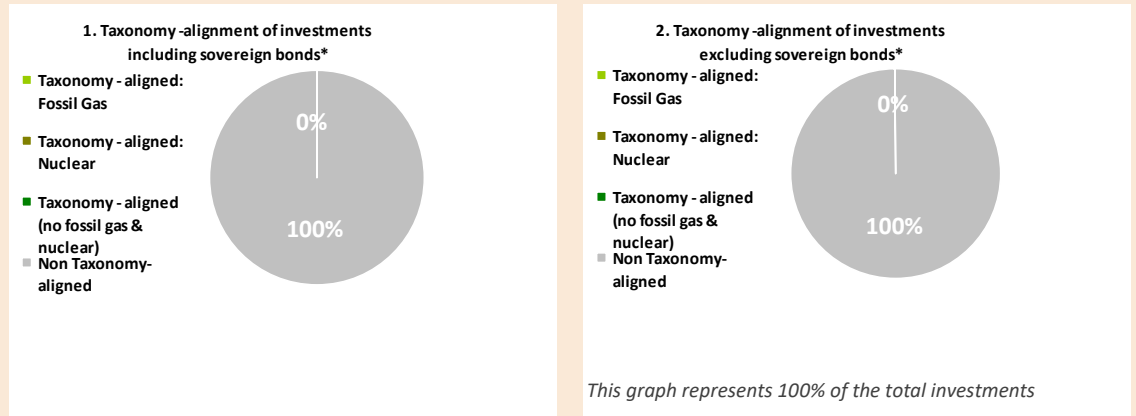
☒ No

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?

N/A. The Fund does not intend to commit to a 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 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 Fund will aim to replicate the net total return performance of the NASDAQ CTA Global Climate Technology Index.

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?**

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.

CTA determines the companies to be classified as “Climate Technology” companies which then form the Index Provider’s investable universe (the “Initial Investable Universe”). Companies are selected by CTA based on multiple factors, which includes a company’s revenue, market share, financial filings, mergers and acquisitions activity, market capitalisation, patents, product launches, and other open-source and publicly available data. CTA obtains this data using data subscriptions, public data sources and data monitoring to identify the investable universe.

The Index employs a scoring, ratings and exclusions-based approach which considers, amongst other things, the impact of a company’s activities on the transition to a carbon neutral economy.

The index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by NASDAQ. Further information about the Index, its components, its rebalancing frequency and its performance can be found on the Index provider’s website.

- **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 a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by NASDAQ.

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

Index is a modified free float market capitalisation-weighted index designed to measure the performance of a selection of companies in the global climate technology which are instrumental in the transition to a carbon neutral global economy, as determined by the Index Provider. The companies are selected for inclusion in the Index based on classification by Consumer Technology Association (CTA), as further detailed above.

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

<https://indexes.nasdaqomx.com/Index/Overview/CLMTCHN> (for Index constituents, factsheets, index methodology and other information).

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 on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.