



HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF

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

In replicating the performance of the MSCI Japan Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable ESG ratings.

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.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).
2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

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 such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and financial derivative 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 10% 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.