

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 BLOOMBERG GLOBAL SUSTAINABLE AGGREGATE 1-3 YEAR BOND UCITS ETF

Legal Entity Identifier: 213800ZJTJGZCCW11141

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<p style="text-align: center;"><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It made sustainable investments with an environmental objective: _%</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made sustainable investments with a social objective: _%</p>	<p style="text-align: center;"><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 3.94% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>



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

In replicating the performance of the Bloomberg MSCI Global Aggregate Year 1-3 SRI Carbon ESG-Weighted Index (the "Index"), the Fund promoted the following environmental and/or social characteristics:

- A reduction in carbon emissions compared to the Bloomberg Global Aggregate 1-3 Year Index (the "Parent Index"); and
- An improvement of the MSCI ESG rating against that of the Parent Index.

The Fund sought to achieve the promotion of these characteristics by replicating the performance of the Index which removed companies based on sustainability exclusionary criteria and United Nations Global Compact (UNGC) exclusionary criteria and which weighted companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable ESG ratings.

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

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

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

The ESG and sustainability indicator scores were calculated as per HSBC Asset Management's proprietary methodology and third party ESG data providers. Consideration of individual Principal Adverse Impacts ("PAIs") (indicated in the table below by their preceding number) can be identified from the Fund having an equal or lower score than the Index. The data used in the calculation of PAI values were sourced from data vendors. They 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.

The performance of the sustainability indicators the Fund used to measure the attainment of the environmental or social characteristics that it promoted can be seen in the table below. The Fund's ESG score has been managed to be greater than the Index (with a higher score than the Index representing stronger ESG credentials).

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

Indicator	Fund	Broad Market Index
ESG Score	6.44	5.81
GHG Intensity (Scope 1 & 2)	28.99	137.21

Reference Period - 31 December 2023

Broad Market Index - Bloomberg Global Aggregate (1-3 Y)

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

Indicator	Fund	Broad Market Index
ESG Score	6.37	5.98
GHG Intensity (Scope 1 & 2)	216.27	282.80

Reference Period - 31 December 2022

Broad Market Index - Bloomberg Global Aggregate 1-3 Year Index

The Fund's ESG score has increased compared to the prior period. Despite a decrease in the Broad Market Index. There has been a considerable decrease in the GHG Intensity (Scope 1 & 2) alongside a decrease in the Broad Market Index.

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 UNSDGs 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); and
4. Sustainable Bonds as defined by bonds with specific uses of proceeds aligned to supporting sustainability goals (e.g. Green Bonds, Social Bonds).

The Fund replicated the performance of the Index, the focus of which was to achieve a reduction in carbon emissions and an improvement of the MSCI ESG Rating against that of the Parent Index. By replicating the performance of the Index, the 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?

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

The Index removes, on a monthly basis, securities based on sustainability exclusionary criteria, including, but not limited to:

- adult entertainment;
- alcohol;
- gambling;
- tobacco;
- conventional weapons;
- civilian firearms;
- nuclear weapons;
- controversial weapons
- nuclear power;
- fossil fuels;
- revenue from thermal coal or from the generation of thermal coal; and
- genetically modified organisms.

Other types of issuers are also removed from the Index on an ongoing basis based on the following thresholds:

- issuers with an MSCI ESG Rating of lower than BB;
- issuers with an ESG Pillar Score of less than 2;
- unrated issuers from sectors with ratings.

Additionally, issuers with a "red" MSCI ESG Controversies score (i.e. less than 1) are excluded. By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

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

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

The mandatory PAI indicators were used in the assessment of business activities of the initial universe of securities. 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 a combination of Bloomberg ("BBG") and MSCI data. The MSCI proprietary data on each security's business involvement was used to initially screen securities for eligibility in the Index. Business Involvement Screening Research (BSIR) highlighted each security's involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 13), Carbon and Sustainable Impact (Positive screening) (PAI 8,9). In addition, a separate controversy screen was applied to the starting universe to remove any security in violation of UNGC principles (PAI 10). Securities involved in Thermal coal mining and generation, Oil & Gas, were also screened at a minimum threshold level and controversial weapons (PAI 14) were removed before the final index was calculated. The methodology used the aggregate ESG score (as calculated by MSCI ESG Research) which was applied to all eligible securities (minimum BB rating). These scores were used to apply tilt factors to reduce weight to the securities with the lowest ESG score and increase weight to those securities with robust ESG characteristics

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.

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:

The Index was constructed using a combination of BBG and MSCI data. One of the MSCI models the Index methodology incorporated is the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies was designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covered the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars included indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which were also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights covered. Further information on MSCI ESG Controversies is available 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 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 a combination of BBG and MSCI data. The MSCI proprietary data on each security's business involvement was used to initially screen securities for eligibility in the Index. Business Involvement Screening Research (BSIR) highlighted each security's involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 13), Carbon and Sustainable Impact (Positive screening) (PAI 8,9). In addition, a separate controversy screen was applied to the starting universe to remove any security in violation of UNGC principles (PAI 10). Securities involved in GHG Emissions and Intensity, Fossil fuels, Carbon and Energy, (PAI 1, 2, 3, 4) were also screened at a minimum threshold level and controversial weapons (PAI 14) were removed before the final index was calculated. The methodology used the aggregate ESG score (as calculated by MSCI ESG Research) which was applied to all eligible securities (minimum BB rating). These scores were used to apply tilt factors to reduce weight to the securities with the lowest ESG score and increase weight to those securities with robust ESG characteristics.



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: 31/12/2023

Large Investments	Sector	% Assets*	Country
Government Of The United States Of America 0.375% 15-sep-2024	Government	1.61%	United States of America
Government Of The United States Of America 1.0% 15-dec-2024	Government	1.17%	United States of America
Government Of The United States Of America 1.75% 31-dec-2024	Government	1.16%	United States of America
Government Of Japan 0.005% 20-jun-2026	Government	1.09%	Japan
Government Of Japan 0.005% 20-sep-2026	Government	1.03%	Japan
Government Of The United States Of America 0.25% 15-may-2024	Government	1.03%	United States of America
Government Of The United States Of America 0.625% 15-oct-2024	Government	1.01%	United States of America
Government Of The United States Of America 0.375% 15-aug-2024	Government	0.98%	United States of America
Government Of The United States Of America 0.25% 31-jul-2025	Government	0.94%	United States of America
Government Of The United States Of America 4.625% 15-mar-2026	Government	0.93%	United States of America
Government Of The United States Of America 4.0% 15-dec-2025	Government	0.84%	United States of America

Cash and derivatives were excluded

*The percentage of assets may vary from the Financial Statements as the data sources differ.

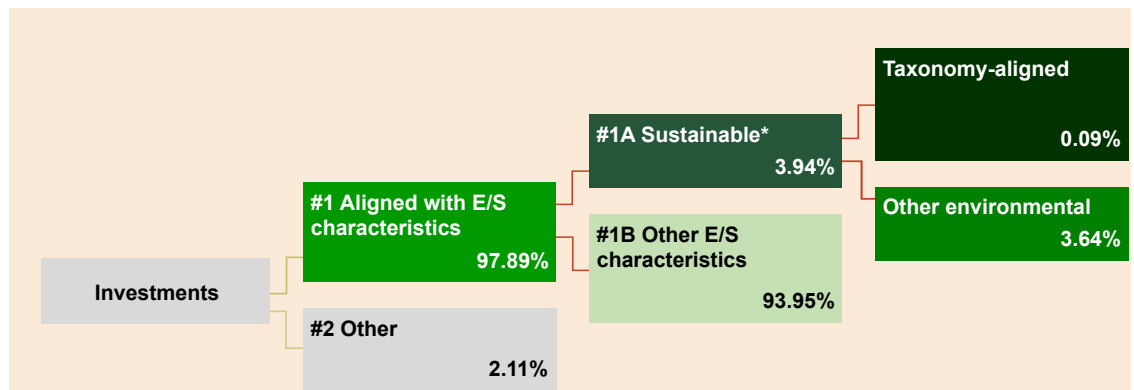


What was the proportion of sustainability-related investments?

3.94% of the portfolio was invested in sustainable assets.

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 (of total Investments)
Government	75.34%
Financials	13.68%
Other	5.21%
Consumer Discretionary	0.93%
Health Care	1.37%
Information Technology	0.87%
Communication Services	0.76%
Industrials	0.86%
Cash & Derivatives	0.35%
Consumer Staples	0.31%
Energy	0.04%
<i>Oil & Gas Storage & Transportation</i>	<i>0.04%</i>
Materials	0.20%
Real Estate	0.10%
Utilities	0.21%
<i>Multi-Utilities</i>	<i>0.21%</i>
Total	100.0%

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 does not intend to commit to a minimum share of sustainable investments with an environmental objective that are 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.

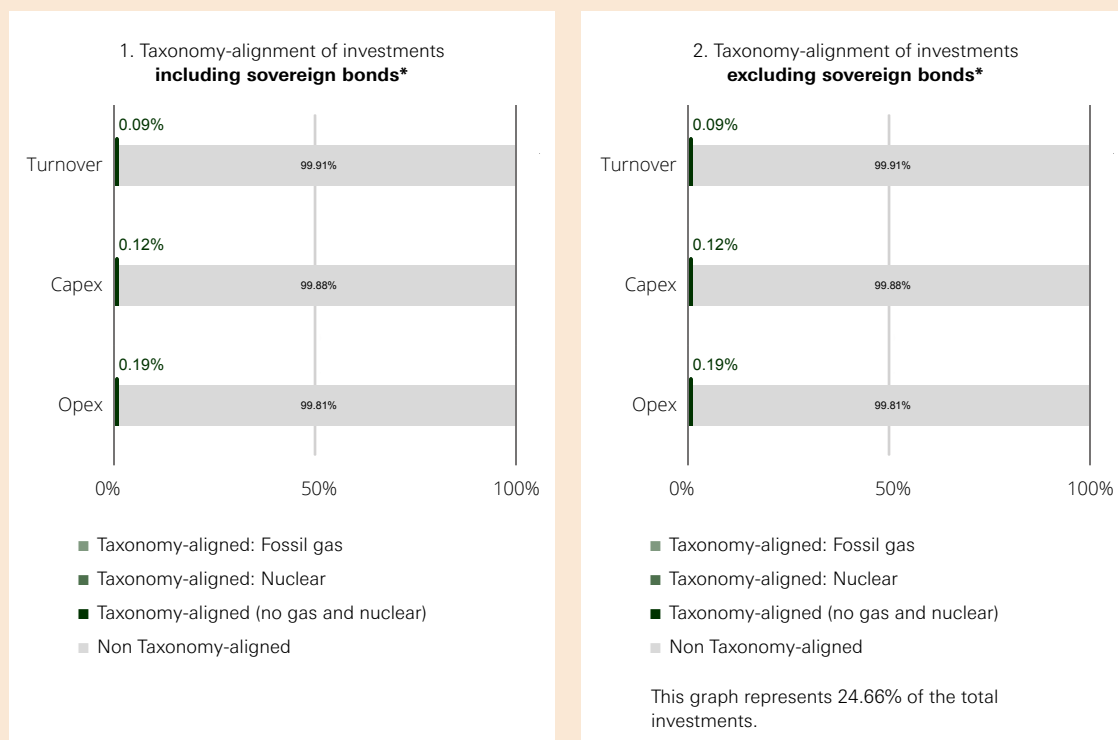
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

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.

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

 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.

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.

Due to the de minimis nature of the proportion of Sustainable Investments aligned with EU Taxonomy, it is not possible to ascertain alignment to the individual four EU Taxonomy criteria (contribute substantially to an objective, DNSH, meet minimum safeguards & complies with technical screening criteria).

● **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 0.06%.

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

Not applicable.

 **What was the share of sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852?**

3.64%.

 **What was the share of socially sustainable investments?**

Not applicable. The Fund does not intend to commit to a minimum share of socially sustainable investments.

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

Other instruments such as Eligible Collective Investment Schemes and/or financial derivative instruments may have been used for 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 and aimed to replicate the net total return performance of the Index. The Fund used optimisation techniques which took into account tracking error and trading costs when constructing a portfolio.

The Index sought to achieve a carbon emissions reduction and an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieved 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. The weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the Index methodology, which is determined by its MSCI ESG Rating.

Furthermore, active ownership, through engagement and global proxy voting, was a key pillar of our approach to responsible investments. Our stewardship activity was focused on protecting and enhancing our clients' investments with us.

We engaged with companies on a range of ESG issues and we had 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; and
- Promote 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 had a dedicated stewardship team with engagement specialists. Engagement was also integral to the fundamental research process. Our analysts and portfolio managers engaged with issuers as part of the investment process and covered relevant ESG issues in their research and discussions.

We were 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 did this financial product perform compared to the reference benchmark?

The Fund's ESG score outperformed the Reference Benchmark and the GHG Intensity (Scope 1 & 2) marginally underperformed in comparison to the Reference Benchmark.

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

The Index sought to achieve a reduction in carbon emissions and an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieved this by removing, on a monthly basis, securities based on sustainability exclusionary criteria. The following types of issuers were removed from the Index on an ongoing basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

MSCI ESG Rating

Business Involvement Screens

Issuers with a "red" MSCI ESG Controversy score (i.e. less than 1).

The weight of each constituent issuer was adjusted by a fixed multiplier, as set out in the Index methodology, which was determined by its MSCI ESG Rating. Each constituent was capped at 2% by market value.

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 with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

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.

The Index was rebalanced on a monthly basis in order to account for the eligibility criteria.

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

Indicator	Fund	Reference Benchmark
ESG Score	6.44	6.30
GHG Intensity (Scope 1 & 2)	28.99	26.52

The data in this SFDR Periodic Report are as at 31 December 2023

Reference Benchmark - Bloomberg MSCI Global Aggregate 1-3 Year SRI Carbon ESG-Weighted Index

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

Indicator	Fund	Broad Market Index
ESG Score	6.44	5.81
GHG Intensity (Scope 1 & 2)	28.99	137.21

Reference Period - 31 December 2023

Broad Market Index - Bloomberg Global Aggregate 1-3 Year Index