



HSBC BLOOMBERG GLOBAL SUSTAINABLE AGGREGATE 1-3 YEAR BOND UCITS ETF

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

In replicating the performance of the Bloomberg MSCI Global Aggregate 1-3 SRI Carbon ESG-Weighted Index (the "Index"), the Fund promotes 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 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 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 has been designated as a reference benchmark for the purpose of attaining the environmental and/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. 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.

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. The Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio.

In seeking to achieve its investment objective, the Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio. Consequently, the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights. Furthermore, the Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to certain Index constituents. 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 0% 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.