

EXPLANATION OF HOW KEY ELEMENTS OF THE BENCHMARK METHODOLOGY REFLECT ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FACTORS

HSBC ESG Risk Improvers Index NTR



This document provides an explanation of how the key elements of the benchmark methodology reflect ESG factors. It is compiled in accordance with the requirements of point (d) of Article 13 (1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "Benchmarks Regulation") and of the Commission Delegated Regulation (EU) 2020/1817.

General Information

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| Name of the benchmark administrator | Solactive AG |
| Type of benchmark or family of benchmarks | Equity |
| Name of the benchmark or family of benchmarks | HSBC ESG Risk Improvers Index NTR |
| Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors? | Yes |

ESG Factors Applied in the Benchmark Methodology

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| List of environmental factors considered | <ul style="list-style-type: none">> Exclusion of companies that do not comply of the company's operations with the Ten UN Global Compact Principles and other related international norms and standards in respect of ESG criteria.> Exclusion of companies generating revenues (in proportion to their total revenues) > 0% for mining; and >10% for power generation.> Exclusion of companies generating revenues (in proportion to their total revenues) >10% for oil and gas exploration, production, refining, transportation and/or storage.> Exclusion of companies generating revenues (in proportion to their total revenues) >0% for oil sands extraction.> Exclusion of companies generating revenues (in proportion to their total revenues) >0% for production and/or distribution of palm oil. |
| List of social factors considered | <ul style="list-style-type: none">> Exclusion of companies that do not comply of the company's operations with the Ten UN Global Compact Principles and other related international norms and standards in respect of ESG criteria.> Exclusion of companies having above 0% involvement in core weapon systems, or in the components/services of core weapon systems that are considered tailor-made and essential for the lethal use of the weapon.> Exclusion of companies generating revenues (in proportion to their total revenues) >5% for production of adult entertainment and/or ownership/operation of adult entertainment establishments; and> Exclusion of companies generating revenues (in proportion to their total revenues) >5% for production of adult entertainment and/or owns/operates adult entertainment establishments.> Exclusion of companies generating revenues (in proportion to their total revenues) >5% for operation and/or ownership of a gambling establishment. |



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| | <ul style="list-style-type: none">> Exclusion of companies generating revenues (in proportion to their total revenues) >0% for production/cultivation; or >10% for distribution in the sector of Tobacco. |
| List of governance factors considered | <ul style="list-style-type: none">> Exclusion of companies that do not comply of the company's operations with the Ten UN Global Compact Principles and other related international norms and standards in respect of ESG criteria. |

Data and Standards used

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| Data Input | The data used to construct the index is sourced externally from Arabesque, Sustainalytics |
| Verification and quality of data | The provider of ESG-related data input is selected by the Administrator based on an assessment of its existing processes in order to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided. |
| Reference standards | International standards referenced by the index methodology are listed in the respective section above. |
| Information updated on | 23/02/2024 |
| Reason for update: | Initial document creation. |

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