

Disclosure of additional information of BOCHK Greater Bay Area Climate Transition ETF

Introduction

This document provides additional information of BOCHK Greater Bay Area Climate Transition ETF, a sub-fund of BOCHK ETF Series (the “**Sub-Fund**”) to supplement the disclosures in the offering documents of the Sub-Fund.

It should be noted that the disclosure below is prepared by BOCI-Prudential Asset Management Limited, the manager of the Sub-Fund (the “**Manager**”). BOCHK Asset Management Limited, the Investment Advisor of the Sub-Fund (the “**Investment Advisor**”), assists the Manager in monitoring the environmental, social and governance (“**ESG**”) focus of the Sub-Fund.

1. **Description of how ESG focus of the Sub-Fund is measured and monitored throughout the lifecycle of the Sub-Fund and the related internal or external control mechanisms, as well as the description of methodologies adopted to measure the ESG focus:**

The Sub-Fund is a passively managed index tracking ETF. The Sub-Fund seeks to provide investment performance (before fees and expenses) that tracks the performance of the S&P BOCHK China Hong Kong Greater Bay Area Net Zero2050 Climate Transition Index (HKD) (“**Underlying Index**”). The Underlying Index is based on the S&P China-Hong Kong Greater Bay Area Index (“**Parent Index**”).

The Underlying Index that the Sub-Fund seeks to track is compiled and managed by S&P Dow Jones Indices LLC or its affiliates (“**Index Provider**”). The eligible securities within the Underlying Index, which include China-domiciled and/or Hong Kong-domiciled companies listed on stock exchanges in the Guangdong-Hong Kong-Macao Greater Bay Area (“**GBA**”), are selected for inclusion into the Underlying Index by the Index Provider with consideration of ESG factors. These factors includes, amongst others, reduction of overall greenhouse gas (“**GHG**”, expressed in CO₂equivalents) emissions intensity at the Underlying Index as compared to Parent Index by at least 30% at each rebalancing reference date and seeking to maintain a self- decarbonization target¹.

In seeking to achieve the Sub-Fund’s investment objective, a full replication strategy would be primarily adopted through investing in all or substantially all the constituent securities of the Underlying Index (“**Index Securities**”) in substantially the same weightings in which they are included in the Underlying Index.

The Sub-Fund attains its ESG focus by tracking the Underlying Index. In order to ensure the target ESG criteria is achieved, the Manager will, as assisted by the Investment Advisor from time to time, perform periodic checking/monitoring as to (i) the tracking error of the Sub-Fund to ensure the Sub-Fund closely track the performance of the Underlying Index, and (ii) conduct periodic review of the deviation of the stock weighting of the investment portfolio as compared to the Underlying Index.

¹This refer to 7% Decarbonization Trajectory WACI Target, as referred in the offering document of the Sub-Fund.

2. **A description of the due diligence carried out in respect of the ESG-related attributes of the Sub-Fund's underlying assets, and a description of the sources and processing of ESG data or a description of any assumptions made where relevant data is not available.**

The Manager carries out risk-based due diligence process (including communication with the Index Provider) to ensure the Underlying Index has incorporated ESG factors as the key index construction process. The due diligence steps include evaluation of the index methodology, obtaining an understanding of the exclusion and inclusion criteria and constraints applied in the constituent stock selection process, the data sources of the Index Provider and the limitation, the weighting methodology, governance practices of Index Provider and the overall improvement achieved in the environmental characteristics of the Underlying Index as compared to Parent Index.

In addition, apart from requesting information from the Index Provider, the Manager may conduct other analysis from time to time, so as to identify any potential issues as to ESG-related attributes of the Sub-Fund's underlying assets.

Data may be obtained from various sources, including those publically available data and information (as disclosed by companies in public domain) as well as other data providers (which may be used to estimate data). It should be noted the Manager may encounter data limitation issues as the ESG landscape is evolving from time to time. Against this background, the Manager may from time to time seek assistance from the Investment Advisor on ESG related assessments.

3. **A description of engagement (including proxy voting) policies (if any)**

The Manager considers that responsible engagement and voting would make a positive influence in support of the ESG initiatives. The engagement policy is described below.

A professional service provider has been appointed by the Manager, who will conduct engagement activities with a selected number of investee companies held in the investment portfolios managed by the Manager. The work performed by the professional service provider includes; for example, discussion on a range of material ESG issues with the investee companies to encourage best practices and to promote greater transparency of ESG practices.

In terms of proxy voting, the Manager has engaged a professional third-party proxy voting advisory firm to advise on voting research, voting recommendations and execution services. The Manager has opted for the use of "**Sustainability Policy**" developed by the proxy voting advisory firm as the basis of the voting decision. The "**Sustainability Policy**" was selected based on the consideration of the responsible investing practice.

The Manager may, from time to time, obtain proxy voting statistics from the service provider to ensure the voting decision was made in accordance with the selected voting principle.

Important Information:

The information contained in this document is based on sources believed to be reliable at the date of issuance and has not been independently verified by the Manager.

Reasonable care has been taken by the Manager and its delegate (if any) to ensure the accuracy of the information contained in this document. It should be noted that any opinion as expressed in this document could only represent the specific view of the Manager based on its in-house analysis as of the date of issuance of this document, and investors are reminded not to treat the document as a recommendation for any investment.

The information contained herein is for information and reference only. It does not constitute any distribution, or any recommendation, offer, invitation or solicitation to buy or sell any investment. Investment involves risk and is subject to market fluctuations and inherent risks. Past performance is not indicative of future performance. Investors should refer to the offering document of the Sub-Fund for more details. BOCI-Prudential Asset Management Limited makes no representation, warranty or undertaking, whether express or implied, in relation to the information or opinions contained herein, and will not be responsible for damages arising out of any person's reliance upon this document.

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This document is issued by the Manager and has not been reviewed by the Securities and Futures Commission in Hong Kong.

The document is subject to change without notice from time to time in case there are material changes of the process / mechanism as described in the document.