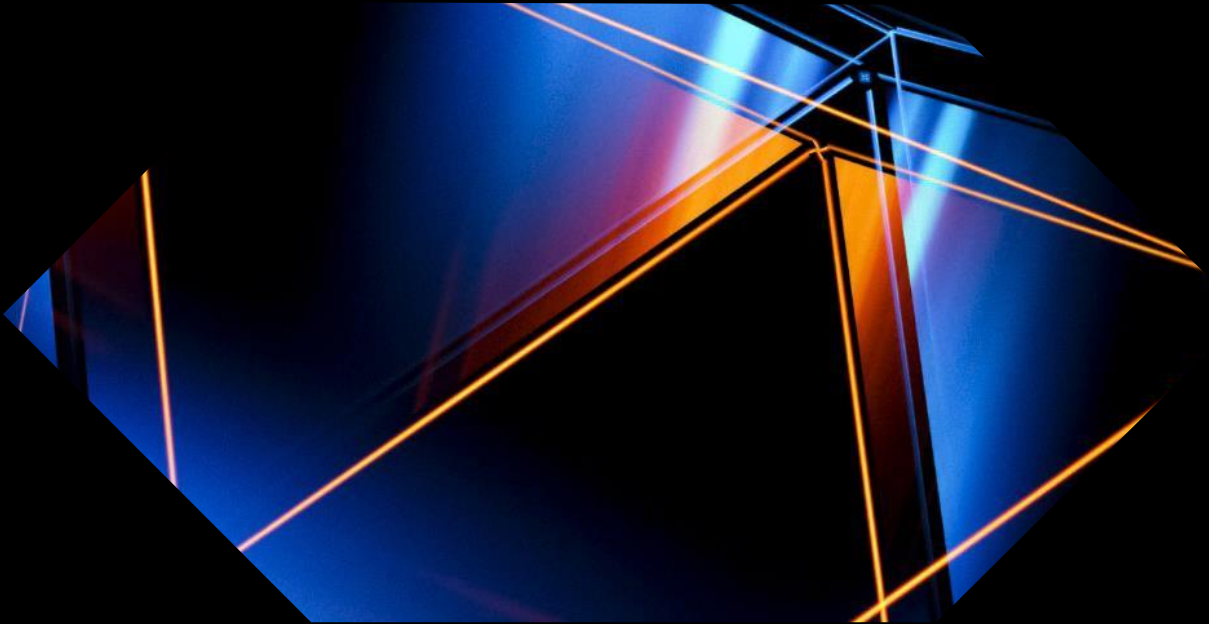


HSBC Alternatives Responsible Investment Policy for Alternatives

February 2024



Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>



> Scope

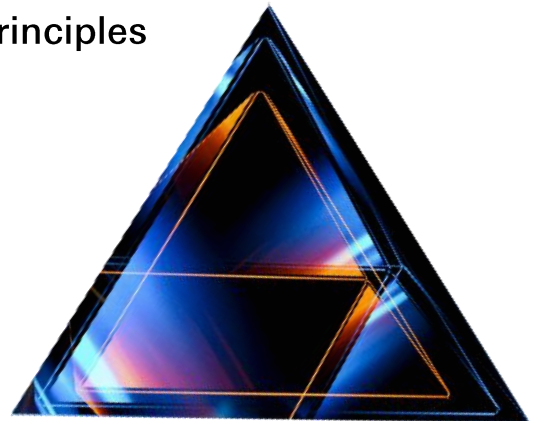
This policy sets out our approach to certain key responsible investment issues. Different investment approaches have different associated ESG risks and opportunities, and therefore, each alternative investment strategy implements the ESG considerations relevant to it. These may depend on the nature of the strategy and the level of influence over the underlying assets. The implementation of the policy for each strategy is supported by internal protocols and guidance tailored for each asset class.

This policy is subject to our legal and regulatory obligations to clients. For specific information related to a particular fund or product, reference should be made to the relevant fund prospectus or other client agreement.



> Responsible Investment Policy Principles

The potential impact of sustainability risks¹ and their probability to materialise can vary according to the market or investment universe concerned. Such risks may already be reflected in the market view of a particular security to a greater or lesser extent. For these reasons, the consideration of sustainability risks within our investment processes may differ dependent upon the investment approach of the fund, strategy or asset class concerned.



HSBC Asset Management was an early signatory of the UN Principles of Responsible Investment (UNPRI) in 2006 and joined the Net Zero Asset Managers initiative in July 2021. The HSBC Group has been a participant in the UN Global Compact and its principles in the areas of Human Rights, Labour, Environment and Anti-Corruption since November 2000.

HSBC Alternatives will apply HSBC Asset Management's policies and commitments on Banned Weapons, Biodiversity, Climate Change, Thermal Coal, Energy and Human Rights alongside this Policy. As such, HSBC Alternatives will adhere to the responsible investment and sustainability principles set out below.

1. 'Sustainability risk' refers to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment

Banned Weapons: we will not knowingly make direct investments in businesses that have direct exposure to corporations considered to have proven involvement with weapons banned by certain international conventions, including (but not limited to): anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster bombs/munitions and non-detectable fragments. This policy does not apply universally to strategies incorporating third-party funds, such as our Fund of Hedge Fund business. Further detail on our approach and commitments is available in our Banned Weapons Policy.

Biodiversity: we have committed to exclude the following:

- ◆ Mountaintop removal: companies involved in mining or primary processing of ore which directly support or are dependent on mountaintop removal techniques in the Central Appalachian Mountains of the United States of America
- ◆ World Heritage Sites: companies which directly support projects which threaten the special characteristics of UNESCO World Heritage Sites or Ramsar Wetlands
- ◆ UN Global Compact breaches: relating to the Rio Declaration on Environment and development

In many cases, commitments on biodiversity are commitments to future action.



Climate Change: we support the goals of the Paris Agreement and to play our part in reducing carbon emissions we are, where appropriate:

- ◆ Integrating climate-related risks in our active investment processes to build resilient client solutions within HSBC Alternatives
- ◆ Encouraging net zero commitments and appropriate transition plans
- ◆ Catalysing investment flows into investments which support the transition to a low carbon economy

We have set the ambition to achieve net zero emissions across our holdings by 2050 in joining the Net Zero Asset Managers initiative.

Further detail on our approach and commitments is available in our Thermal Coal and Energy Policies.

Human Rights and Social Issues - including diversity and inclusion: we are committed to respecting human rights, and support international principles and standards including the United Nations Universal Declaration of Human Rights, the International Labour Organisation's (ILO) labour standards and the United Nations Guiding Principles for Business and Human Rights

We therefore encourage alternative investments that:

- ◆ Promote the fair treatment, equal opportunity and health and safety of employees
- ◆ Eliminate harmful or exploitative child labour or forced labour
- ◆ Protect the rights of local communities and indigenous peoples
- ◆ Identify, assess and respond to human rights risks in their supply chains
- ◆ Comply with HSBC Asset Management's financial crime and compliance requirements, including in relation to money laundering and corruption

Where alternative asset classes have additional exclusions, these are outlined in relevant product documentation.



> Responsible Investment Approach and Implementation

HSBC Alternatives provide clients with investment solutions across a wide array of alternative investment asset classes and strategies, which include, but are not limited to:

- ◆ Private Equity
- ◆ Private Debt
- ◆ Hedge Funds
- ◆ Venture Capital
- ◆ Infrastructure Debt and Equity
- ◆ Real Estate Equity

There are different strategies/ solutions within each asset class. For instance, Real Estate investment exposure can be achieved via direct or indirect strategies; Private Equity via co-investments, secondary or primary investments; Hedge fund exposure can be achieved across different strategies such as macro, equity long-short etc.

Given the unique nature and nuances of each asset class (and sub-strategies within each asset class), the implementation of our Responsible Investment approach requires customisation. As such, the implementation of this policy for each strategy is supported by internal protocols and guidance tailored for each asset class.

There are some high-level commonalities across the asset classes:

- ◆ Pre-Investment:
 - For many of our strategies the best opportunity to integrate ESG considerations and exert influence are at the time of the initial investment. As a result, we start by applying the exclusions (as detailed above) at the investment due diligence phase to ensure that we do not make direct investments in companies that we consider to be incompatible with our responsible investment and sustainability principles or where our ESG engagements are not yielding the required outcomes. For third party strategies, we incorporate our exclusions in our side letters where appropriate.

- For all potential investments, we identify whether there are any ESG issues associated with the investment. Each investment team uses a proprietary developed scorecard/ checklist/ questionnaire to undertake this process. The scorecard/ checklist is unique to each asset class/ strategy and may use multiple ESG data points and analysis from third parties including both qualitative and quantitative outputs. Each team draws on the expertise of the Alternatives Responsible Investment team for independent vetting of this ESG integration process.
 - The results of this process are recorded in each investment proposal, so that the relevant Investment Committee for each product can confirm that ESG-related issues have been explicitly assessed and considered when making the investment decision. The minutes of each Investment Committee specifically document the discussions in respect of ESG-related issues and any decisions or mitigating steps taken on the basis of this discussion.
- ◆ Post-Investment:
- Each alternative asset class monitors portfolio investments and holds regular reviews in which material risk and return assumptions are updated. ESG scorecards/ checklists are updated/ reviewed periodically, at minimum on an annual basis for direct classes and on a bi-annual basis for third party managers.
 - Any material ESG changes/ issues are reviewed in the respective asset class's quarterly Investment Oversight Committee, on which the Alternatives Responsible Investment team, Compliance and Risk have representation.
 - A large part of our responsible investment approach is based on our position as deployers of capital and being active owners of our investments.



> Active Ownership

- ◆ Engagement is a key approach across certain alternative asset classes. We seek to ensure that management is taking steps towards achieving ESG goals post-investment and we monitor progress over time.
- ◆ Where HSBC Alternatives is investing directly we aim to engage with management of these underlying assets to ensure that they deliver high levels of corporate responsibility including appropriate disclosures. For certain funds we also exercise our influence at the board level of a portfolio company and engage with them on strategy, risk, performance and governance matters.
- ◆ In strategies where HSBC Alternatives invests via third-party managers, such as hedge funds, we seek to monitor ESG risks and engage as appropriate.



> Accountability and Oversight

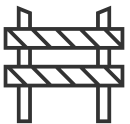
For each investment strategy, the Head of that asset class (in conjunction with their respective investment teams) is responsible for integrating ESG considerations into the investment decision-making process. The Head of the asset class is supported by the Alternatives Responsible Investments team, and the wider HSBC Asset Management resources which includes, among other things, a dedicated Responsible Investment team.

Across the Alternatives business, the Alternatives Sustainability Oversight Committee (ASOC) coordinates, plans and approves policy, process, resourcing and planning activities related to ESG matters within the Alternatives business. The ASOC membership consists of:

- ◆ Alternatives CEO
- ◆ Head of Responsible Investments, Alternatives (Chair)
- ◆ Head of Alternatives Capabilities/Asset Classes
- ◆ Head of Alternatives Product
- ◆ Representatives from AM Sustainability Office
- ◆ Representatives of AM Responsible Investment team
- ◆ Representatives of Alternatives Risk
- ◆ Representatives of Alternatives Compliance

Each asset class also reports on their ESG integration process and portfolio outcomes to their asset class specific Investment Oversight Committee, which includes membership from the Risk and Compliance teams.

Final approval for all policies is overseen by the AM Sustainability Forum comprising our Chief Sustainability Officer (Chair), Chief Executive Officer, Chief Risk and Compliance Officer. The Sustainability Forum reports to the HSBC Asset Management Risk Management Committee. All Alternatives policies will also be noted in the Global Alternatives Investment Risk Management Meeting.



> **Managing conflicts**

HSBC Alternatives, as part of HSBC Asset Management, is operationally independent from other HSBC Group companies. We identify and manage any potential conflicts that may arise internally, with clients, and Group companies in responsible investment-related activities with transparency, fairness and consistency. Our primary duty is to our clients' interests.



> Remuneration

Our remuneration strategy is designed to reward competitively the achievement of long-term performance and to attract and motivate our people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.

Given that ESG is reflected in investment processes as outlined in this policy, evaluation of investment team members will naturally include the extent to which they have managed in line with those processes.

Transparency Inclusions and Disclosure

We believe transparency and disclosure are an integral part of good governance. We expect good practice in relation to this from the companies in which we invest, because it allows us to make better-informed investment decisions. We believe it is equally important for us to be transparent and to communicate clearly with clients and relevant stakeholders. This includes:

- ◆ Having a separate Responsible Investment policy for Alternatives
- ◆ Reviewing this policy and its implementation regularly, i.e. at least annually
- ◆ Providing additional disclosure in line with regulatory requirements (including Article 6 of the SFDR) and any voluntary commitments we have made



The information presented may refer to HSBC Asset Management's global AUMs/figures and global policies. Even though local entities of HSBC Asset Management may be involved in the implementation and application of global policies, the numbers presented and the commitments listed are not necessarily a direct reflection of those of the local HSBC Asset Management entity.

Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to help our customers reduce theirs. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, investment manager's skill, risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Asset Management at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities that may be provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). The above communication is distributed by the following entities:

- In Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N° 1;
- In Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority;
- in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbf.cl;
- in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;

- in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- in France, Belgium, Netherlands, Luxembourg, Portugal, Greece by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin (German clients) respectively by the Austrian Financial Market Supervision FMA (Austrian clients);
- in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission. This video/content has not be reviewed by the Securities and Futures Commission;
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- in Malta by HSBC Global Asset Management (Malta) Limited which is regulated and licensed to conduct Investment Services by the Malta Financial Services Authority under the Investment Services Act;
- in Mexico by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- in the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. and the Securities and Commodities Authority in the UAE under SCA license number 602004 for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group and HSBC Global Asset Management MENA are marketing the relevant product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA may not be licensed under the laws of the recipient's country of residence and therefore may not be subject to supervision of the local regulator in the recipient's country of residence. One of more of the products and services of the manufacturer may not have been approved by or registered with the local regulator and the assets may be booked outside of the recipient's country of residence.
- in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. The content in the document/video has not been reviewed by the Monetary Authority of Singapore;
- in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website; if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission.
- In Uruguay, operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Uruguayan inspections or regulations and are not covered by warranty of the Uruguayan state. Further information may be obtained about the state guarantee to deposits at your bank or on www.bcu.gub.uy.

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

Copyright © HSBC Global Asset Management Limited 2024. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

