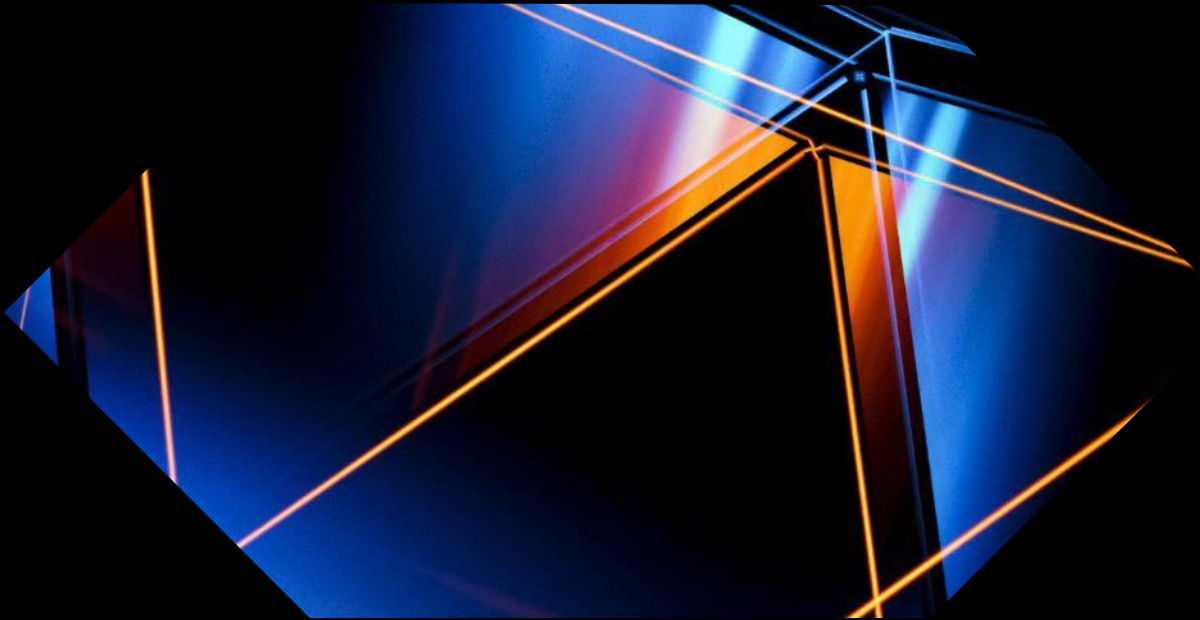


HSBC Alternatives

Responsible Investment Policy for Alternatives

February 2024

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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>



HSBC Asset Management

| Opening up a world of opportunity



> 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 statements 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.

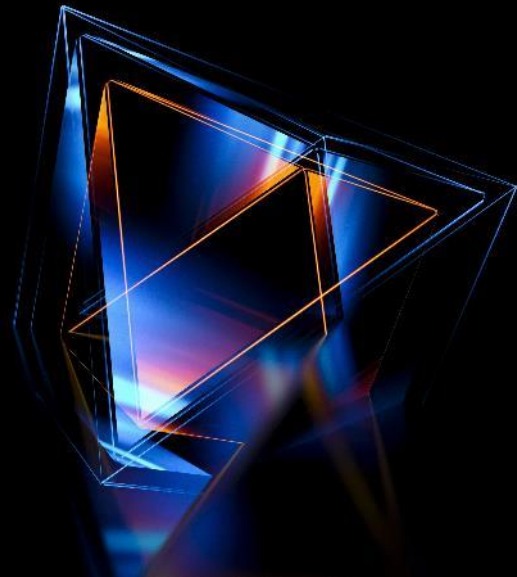
1. 'Sustainability risk' refers to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment

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. Further detail on our approach and commitments is available in our Biodiversity Policy.



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 Climate Change and 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

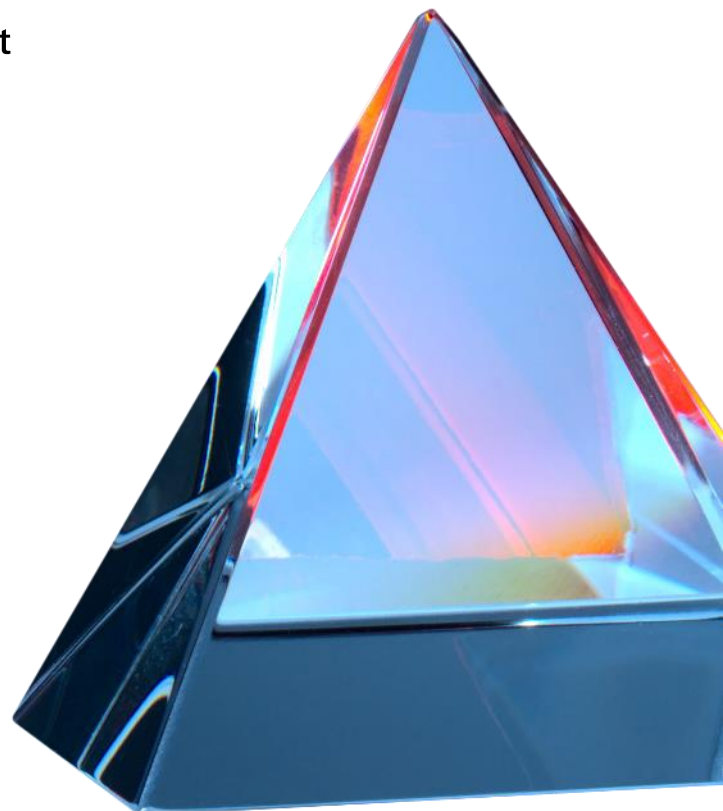
- ◆ Engagement is a key approach across certain alternative asset classes. We seek to ensure that management is taking steps towards achieving ESG goals post-investment and we monitor progress over time.
- ◆ Where HSBC Alternatives is investing directly we aim to engage with management of these underlying 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.

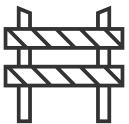
Across the Alternatives business, the Alternatives Sustainability Oversight Committee (ASOC) coordinates, plans and approves policy, process, resourcing and planning activities related to ESG matters within the Alternatives business. The ASOC membership consists of:



- ◆ 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



Important information

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.

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