

# HSBC Global Asset Management

## Policy on Banned Weapons

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**HSBC**  
Global Asset  
Management

## Background

As early signatories to the Principles for Responsible Investment in 2006, we are committed to integrating environmental, social and governance (ESG) factors into our investment decisions. In 2010, we decided to exclude investment in companies linked to the manufacture of cluster munitions and anti-personnel mines from all of our active fundamental equity and fixed income strategies. We extended this exclusion to our index and systematic active strategies in 2015. We have now broadened the scope to include other banned weapons.

## Policy

HSBC Global Asset Management excludes any security in its active, systematic and index portfolios that have been issued by corporations considered to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by international convention.

We consider the following weapons to be those explicitly banned by international convention:

- ◆ **Anti-Personnel Mines** – Anti-Personnel Mine Ban Convention (or Ottawa Treaty)
- ◆ **Biological weapons** – Biological Weapons Convention
- ◆ **Blinding laser weapons** – Convention on Certain Conventional Weapons, Protocol IV on Blinding Laser Weapons
- ◆ **Chemical weapons** – Chemical Weapons Convention
- ◆ **Cluster munitions** – Convention on Cluster Munitions (or Oslo Treaty)
- ◆ **Non-detectable fragments** – Convention on Certain Conventional Weapons, Protocol I on Non-Detectable Fragments

This definition includes listed and non-listed corporations currently assessed as involved in these banned weapons or corporations for which there are strong indications of involvement in these banned weapons or their key components. Past involvement in these weapons is not included. Involvement may be direct or as a majority shareholder (>50% ownership stake). We do not capture those corporations where there is an ownership stake of less than 50%.

We note that while the Convention on Certain Conventional Weapons, Protocol III on Prohibitions or Restrictions on the Use of Incendiary Weapons, regulates the use of incendiary weapons, these are not banned under the Convention.

## Scope of the exclusion

This policy applies to all our active fundamental, index and active systematic equity and fixed income strategies. It does not apply universally to strategies incorporating third party funds such as our Fund of Hedge Fund business.

## Implementation process

We engage an independent specialist third party research provider to identify corporations that are involved in banned weapons production. These securities are applied throughout HSBC Global Asset Management on a best efforts basis via our investment restrictions process. There is currently no known development or production of blinding laser weapons and non-detectable fragments. The list of corporations is reviewed on an on-going basis and where new securities are identified, we will seek to divest any holdings within 90 business days.

## Important information

This document is prepared for general information purposes only and does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Any views and opinions expressed are subject to change without notice. This document does not constitute an offering document and should not be construed as a recommendation, an offer to sell or the solicitation of an offer to purchase or subscribe to any investment. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Global Asset Management (Hong Kong) Limited ("AMHK") accepts no liability for any failure to meet such forecast, projection or target. AMHK has based this document on information obtained from sources it reasonably believes to be reliable. However, AMHK does not warrant, guarantee or represent, expressly or by implication, the accuracy, validity or completeness of such information. Investment involves risk. Past performance is not indicative of future performance. Please refer to the offering document for further details including the risk factors. This document has not been reviewed by the Securities and Futures Commission.

