

# Banned Weapons

December 2025

## Policy

HSBC Asset Management excludes securities and other assets from its own manufactured active, systematic and index portfolios that have been issued by corporations with verified involvement or with strong indication of involvement in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by certain international conventions

We have considered the following weapons to be banned by the following international conventions:

- ◆ **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 exclusion covers listed and non-listed equity and corporate fixed income issuers currently assessed as involved in these banned weapons or issuers for which there are strong indications of involvement in these weapons or their key components.

Past involvement in these weapons is not covered. Involvement may be direct or as a parent company (>10% ownership for listed companies or over 20% ownership for non-listed companies).

Exclusions do not apply to issuers with an ownership stake of less than 10% in the business exposed to the activity.

We note that whilst 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 (see 'controversial weapons' below).

The application of this policy remains subject to compliance with applicable laws and regulations.

This policy applies to all our active fundamental, index and active systematic equity and fixed income strategies where it is permitted under local laws and regulations to apply exclusions. It does not apply universally to strategies incorporating third party funds such as multi-asset portfolios, and our Fund of Hedge Fund business. Multi-asset strategies will seek funds with aligned / similar restrictions where these are available.

We engage a third-party research provider to identify listed and non-listed issuers that are involved in banned weapons production. These exclusions are applied on a reasonable-efforts basis via our investment restrictions process. The list of issuers is reviewed on an ongoing basis and where new securities are identified with confirmed exposure we seek to divest any holdings within 90 business days.

Whilst we assess third party providers as part of ongoing monitoring, it is not possible to guarantee their data accuracy, completeness, quality of judgement or timeliness. Their coverage may not include every issuer held in our portfolios. We may set aside their data or scoring where our own due diligence suggests that this may be inaccurate, incomplete or disproportionate.

Certain ESG and sustainable funds<sup>1</sup> also exclude other types of controversial weapons such as depleted uranium weapons, incendiary weapons, white phosphorous weapons, and nuclear weapons. These rule-based exclusions are set out in the relevant fund documentation.

1. HSBC's ESG and sustainable Investing strategies include impact funds with an ESG or Sustainable objective, thematic funds that seek to invest in ESG or sustainable trends, and strategies that seek to mitigate ESG risks by investing assets with higher ESG performance and/or exclusions of those that are lower ESG performing. Considerations across strategies can include but are not limited to climate/net-zero and/or UN Sustainable Development Goals. For the avoidance of doubt, these assets invested pursuant to the ESG and sustainable Investing strategies do not necessarily qualify as "sustainable investments" as defined by SFDR or other relevant regulations; The HSBC ESG and sustainable Investing Framework is an HSBC internal classification framework used to establish ESG and sustainable Investing standards and promote consistency across asset classes and business lines where relevant, and should not be relied on to assess the sustainability characteristics of any given product.

This Policy is intended to help our external stakeholders to understand HSBC Asset Management's (HSBC AM) approach related to the policy subject matter. It is made public for information only; HSBC AM shall owe no obligation or liability to third parties in relation to them. The Policy's scope of application to HSBC AM businesses is as stated in the Policy itself. Clients should refer to the applicable product documentation for the investment policies and criteria governing the relevant product.

In making the assessments and determinations further described in the Policy, HSBC AM will use such information as it determines necessary and relevant in its sole discretion. No representations or warranties, express or implied, are made by HSBC AM as to; (i) the fairness, accuracy or completeness of the Policy; (ii) the data relied on to meet policy requirements or any underlying policies; (iii) the application or interpretation of requirements; or (iv) the achievement of any forward-looking statements.

HSBC AM reserves the right, without giving reason, to amend the Policy at any time. The application of HSBC AM's Policies remains subject to compliance with applicable laws and regulations.

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. This Policy is issued by the following entities:

- in France 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;
- in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission;
- in the UK by HSBC Global Asset Management (UK) Limited, HSBC Alternative Investment Limited and HSBC Asset Management (Fund Services UK) Limited, which are authorised and regulated by the Financial Conduct Authority;
- in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission;
- in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore;
- in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C;
- 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 Switzerland by HSBC Global Asset Management (Switzerland) AG;
- in Luxembourg by HSBC Investment Funds (Luxembourg) SA which is regulated by Commission de Surveillance du Secteur Financier;
- 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 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 Japan by HSBC Asset Management Japan Limited;
- in Türkiye by HSBC Asset Management A.S. Türkiye (AMTU) which is regulated by Capital Markets Board of Türkiye.
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India.

