

# Responsible Investment policy

December 2025

At HSBC Asset Management, we are committed to serving our clients to achieve their investment objectives. Our influence as a global asset manager offering international expertise and innovative investment opportunities helps to support these goals.

This Responsible Investment policy (the “Policy”) sets out our approach to responsible investment and how we implement some of our responsible investment policies to support our client’s investment objectives.

The application of specific policies referred to in this Policy will be set out in those policies. This Policy is applied in our major investment hubs; investment teams in other locations will be guided by the principles set out and may also have access to the data that inform our approach and the insights gained but the level of application may vary. This Policy is applied subject to applicable laws and regulations.

Sustainability factors and their application as part of this Policy will vary based on investment strategy, asset class, specific markets, and time horizons. Implementation of policies may therefore depend on the investment strategy employed alongside the fund prospectus and/or client agreement.

For passive and equity indexing funds & mandates, ESG activity is principally focused on stewardship of equities as security selection is determined by the index.

For quantitative strategies, ESG factors may be amongst those included in security selection but ESG activity is otherwise limited to stewardship.

Multi asset portfolios invest in a range of asset classes and strategies, including third party funds, that have various levels of ESG activity from security selection to stewardship.

For Liquidity, we offer specific strategies which incorporate ESG factors in security selection through a combination of positive and negative screening. Liquidity strategies rely on HSBC Asset Management credit process which incorporates ESG risks alongside other factors in the fundamental credit analysis.

This Policy does not apply to our alternatives business, HSBC Alternatives. Our integration methodologies for alternative asset classes such as hedge funds and private equity are set out in our HSBC Alternatives Responsible Investment Policy<sup>1</sup>, which reflects the different characteristics and investment processes for alternative asset classes.

Additionally, the Policy may not apply to specific client mandates where that client has specific requirements.

Notes:

1. Please visit the page 'Policies and Disclosures' on our public website for more details on policies related to responsible investing.

## UN Global Compact

HSBC Asset Management supports the UN Global Compact and its principles in the areas of Human Rights, Labour, Environment, and Anti-Corruption. We use available data from a third-party research provider to monitor investments for involvement in controversies which include potential breaches of UN Global Compact principles<sup>2</sup>. A potential breach for example, is where a company has been deemed as non-compliant with the UNGC principles either through internal or external assessments. In this case, for an equity or corporate fixed income issuer held in active fundamental portfolios in our main investment offices, due diligence is carried out by the investment team. Due diligence may lead to escalation through issuer engagement or other portfolio activity including divestment.

Notes:

2. HSBC Asset Management relies on a third party controversy-based screening service which may flag only a limited number of breaches and may not capture every case of non-compliance with UNGC.

## Banned weapons

HSBC Asset Management's active, systematic and index portfolios use third party data providers to screen listed or non-listed equity and corporate fixed income securities that have verified involvement or strong indication of involvement with weapons banned by certain international conventions, including: anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions, and non-detectable fragments.

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. Further detail on our approach and commitments is available in our Banned Weapons Policy<sup>3</sup>.

Notes:

3. Please visit the page 'Policies and Disclosures' on our public website for more details on policies related to responsible investing.

## Biodiversity and nature

Nature and biodiversity issues may present risks and opportunities to companies, which could have a material effect on a company's risk profile and financial performance over various investment time horizons. Economic analysis shows that over half of the world's total Gross Domestic Product (GDP) is moderately or highly dependent on nature and its services, and as a result, exposed to risks from nature loss<sup>4</sup>. 'Biodiversity loss and ecosystem collapse' ranks as the second global risk by severity over a 10-year horizon<sup>5</sup>. Business opportunities in meeting the needs of the nature transition are estimated at US \$10 trillion and consist of companies adopting more nature positive practices, as well as large-scale investments in nature-based solutions<sup>6</sup>.

The Convention on Biological Diversity agreed a Global Biodiversity Framework at COP15 in Montreal, Canada in December 2022 which sets out a pathway to a world living in harmony with nature by 2050. The Framework includes action for large companies and financial institutions to monitor, assess and disclose transparently their risks, dependencies and impacts on biodiversity, including their operations, supply and value chains and portfolios.

We seek to:

- collaborate and share knowledge on biodiversity
- engage with investee companies on reducing negative and increasing positive biodiversity impacts
- assess investments for significant positive and negative biodiversity impacts
- report on progress

Bioeconomy and Natural capital is one of the core themes for engagement for relevant equity and fixed income issuers on our stewardship Priority List as set out in our Stewardship Plan<sup>7</sup>.

Notes:

4. World Economic Forum, Nature Risk Rising (2020), Available at: [http://www3.weforum.org/docs/WEF\\_New\\_Nature\\_Economy\\_Report\\_2020.pdf](http://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf)

5. World Economic Forum, Global Risks Report (2025), Available at: [https://reports.weforum.org/docs/WEF\\_Global\\_Risks\\_Report\\_2025.pdf](https://reports.weforum.org/docs/WEF_Global_Risks_Report_2025.pdf)

6. World Economic Forum, New Nature Economy Report II: The Future of Nature and Business (2020), Available at: [https://www3.weforum.org/docs/WEF\\_The\\_Future\\_Of\\_Nature\\_And\\_Business\\_2020.pdf](https://www3.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf)

7. Please visit the page 'Policies and Disclosures' on our public website for more details on policies related to responsible investing.

## Climate Change

We recognise climate change as a significant challenge facing our clients in their investments. Climate-related risks may have a material effect on the risk profile and financial performance of investments over various investment time horizons.

We support the goals of the Paris Agreement and to play our part in reducing global carbon emissions we are:

- Offering lower-carbon investment solutions that meet our client's investment criteria and their risk and return objectives
- Identifying and integrating climate-related risks and opportunities in our investment portfolios where relevant, and strengthening our climate transition metrics such as developing our internal net zero alignment NZIF framework
- Engaging with high emitting investee companies on climate change
- Committed to phase-out active holdings in issuers exposed to thermal coal by 2030 in the OECD and EU, and by 2040 in the rest of the world

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

## Human Rights

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 Organization's labour standards and the United Nations Guiding Principles for Business and Human Rights.

Under these principles and standards, investee companies should:

- 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

Our engagement on these issues is focused upon relevant listed equity and fixed income issuers in our stewardship Priority List which is determined as set out in our Stewardship Plan. The Stewardship Plan also explains our approach to this engagement.

Our active fundamental equity, fixed income, and liquidity strategies aim to integrate sustainability considerations within their research and investment process(es) where applicable. Our analysis considers available issuer data sourced by third-party providers and internal assessments conducted to identify material sustainability issues specific to each sector, guiding investment recommendations. Credit analysis is utilised to incorporate sustainability considerations into non-government liquidity strategies.

Active quantitative equities teams do not typically conduct fundamental issuer specific research to inform investment decision making, but may leverage sustainability research conducted by the Responsible Investment team and/or other parts of the investment platform. Securities failing to meet specific sustainability criteria may be screened out or can be underweighted depending on their exposure to sustainability risks.

For passive strategies, sustainability considerations are predominantly considered by the index design while the investment objective of the fund is to track the performance of the index as closely as possible. Policies may also apply at the fund level, however local laws and regulations where the funds are manufactured or distributed may prohibit exclusions pertaining to policy requirements.

Multi-asset or fund of fund strategies utilising third party funds may be unable to implement certain aspects of this Policy. This might mean such funds have potential exposure to issuers that would otherwise be excluded. ESG and sustainable multi-asset or fund of funds strategies seek funds with aligned / similar restrictions to invest in where these are available.

We use third party data providers to monitor issuers' exposure to certain activities and / or breaches of standards. Whilst we assess providers as part of ongoing monitoring, it is not possible to guarantee their accuracy, completeness, quality of judgement or timeliness. We may set aside their data or scoring where our own due diligence suggests that it may be inaccurate, incomplete or disproportionate.

## Active Ownership

Our voting and engagement activities for equity and fixed income portfolios – including active quantitative and passive – are an important aspect of our integration processes where possible, seeking to mitigate risk and enhance the value of companies we invest in. Engagement allows us to understand better and evaluate the sustainability risks and opportunities at a company level, and encourage better practices. Our approach to engagement and voting are laid out in our Stewardship Plan, Voting Guidelines and our Stewardship Policy .

## Stewardship Codes

We are signatories to investor stewardship codes globally, including the UK Stewardship Code, the Hong Kong Principles of Responsible Ownership, the Singapore Stewardship Principles and the Taiwan Stewardship Principles for Institutional Investors. Further details regarding our implementation of these Codes are available from HSBC Asset Management.

## Managing conflicts

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 HSBC Group companies in line with our HSBC Asset Management Conflict of Interest Policies.

## Remuneration

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

Given that sustainability issues are reflected in investment-processes as outlined in this policy, evaluation of portfolio managers and CIOs includes the extent to which they have managed in line with those processes, where applicable and in accordance with local legal requirements.

The Responsible Investment Policy is owned by the Global Head of Responsible Investment. Accountability for all investment management activities, including the integration of sustainability considerations, lies with our Global Chief Investment Officer (CIO) and local CIOs. Our Global Head of Responsible Investment, asset class and local CIOs and investment teams are responsible for integrating sustainability issues into their respective investment decisions, supported by Responsible Investment specialists. The Responsible Investment Committee approves specific changes to sustainability integration methodology and oversees specific implementation decisions.

Oversight is provided by our AM Sustainability Oversight Committee, membership of which includes our Chief Executive Officer (Chair), Global Chief Investment Officer, and Chief Risk and Compliance Officer. The Committee reports into our HSBC Asset Management Global Operating Committee.

The following activities go beyond particular asset classes and are typically undertaken centrally, though local offices may on occasion participate in local groups or initiatives. We believe it is in client interest for us to support the development of a more sustainable financial system. This involves engaging with regulators and policymakers directly, for example by responding to consultations or attending in person bilateral meetings or roundtables, and indirectly through industry bodies. We are members of a variety of industry bodies, initiatives and networks that advocate for public policy development and action on responsible investment.

We work closely with our HSBC Group Public Affairs colleagues to respond to consultations and discussion papers that contribute to shaping a more sustainable financial system.

We recognise our clients' investment interest in supporting the transition to a low carbon economy, improving market standards and transparency on sustainability issues and mobilising capital to deliver on the UN Sustainable Development Goals and the Paris Climate Agreement. We are therefore continuing our partnerships and collaboration with relevant government, regulatory and industry groups to promote more sustainable outcomes in our clients' investment interest.

## Sustainability Risks

We have a policy setting out how our portfolio management teams take sustainability risks into account when making investment decisions. However, the potential and actual impacts of sustainability risks and how such risks are likely to materialise vary based on the permitted investment universe for any individual fund and may already be reflected in the market view of a particular security. Given this background, our policy sets out an approach for considering sustainability risks within the investment processes in light of a fund's investment approach, strategy and asset class.

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 and HSBC Alternative Investment 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 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 Turkiye by HSBC Asset Management A.S. Turkiye (AMTU) which is regulated by Capital Markets Board of Turkiye.
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India.

