Responsible Investment Policy for Alternatives

January 2026

HSBC Asset Management

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.

For specific information related to a particular fund or product, reference should be made to the relevant fund documents or other client agreement.

The potential impact of sustainability risks[1] 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 Alternatives will apply HSBC Asset Management's policies on Banned Weapons, Thermal Coal and Energy alongside this Policy and we support the UN Global Compact. As such, HSBC Alternatives will adhere to the responsible investment and sustainability principles set out below:

Banned Weapons: we will not knowingly make direct investments that have direct exposure to corporations considered to 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 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.

Thermal Coal: 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. Companies involved in thermal coal extraction and generation are particularly vulnerable to such risks. As such investment restrictions (as per the Thermal Coal Policy) are applied with the intention to help meet the objective of phasing out thermal coal within science-based timeframes within our portfolios.

Energy: The energy sector requires a significant transition to switch from reliance upon fossil fuels to a sustainable energy system. Our approach to the energy sector is driven by our analysis of the investment impact of these risks and opportunities based upon our clients' investment interest. We recognise that fossil fuels, especially natural gas, have a role to play in the transition, even though that role will continue to diminish. At the same time, a significant increase is required in global investment in the clean technologies and infrastructure that can help transform future energy supply and demand. Further detail on our approach and commitments is available in our Energy Policy.

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

Human Rights and Social Issues: 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.

Biodiversity and nature: 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.

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, which include, but are not limited to: **Alternative Credit, Real Assets, Private Markets, Hedge Funds** and **Venture Capital.**

There are different strategies/solutions within each asset class. For instance, Real Assets investment exposure can be achieved via direct or indirect Real Estate and/or Infrastructure strategies; Private Markets 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 closed-ended 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. Where ESG-related issues are considered material the minutes of the Investment Committee document the discussion of the 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.
- 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.
- In certain asset classes 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, 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 of Alternatives Risk
- Representatives of Alternatives Compliance

Other functions such as Legal also attend the ASOC. Each asset class 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 HSBC Asset Management Global Operating Committee comprising our Chief Executive Officer, Chief Risk and Compliance Officer, and Alternatives CEO. 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 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 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.

Disclaimer

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:

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