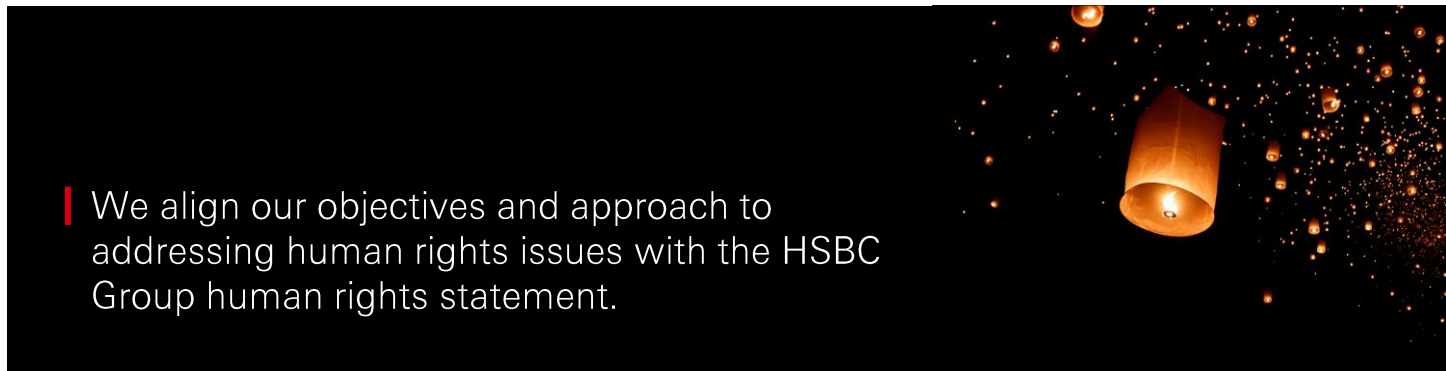


4.3 Human Rights



We align our objectives and approach to addressing human rights issues with the HSBC Group human rights statement.

Our position

In the last ten years, there has been an increasing scrutiny of human rights impacts of business operations and their supply chains. Companies are expected to identify human rights violations by their subsidiaries and by companies with which they have an established commercial relationship, such as through the supply chain. Failure to identify such issues can subject a company to legal and reputational risks.

To fulfil our fiduciary duty to clients and as a responsible corporate citizen, we are committed to promoting business respect for human rights amongst our investee companies. We are guided by international principles and standards, and expect our portfolio companies to adhere to these standards:

- ◆ United Nations Universal Declaration of Human Rights (UDHR);
- ◆ United Nations Global Compact (UNGC); and
- ◆ International Labour Organization’s (ILO) labour standards;
- ◆ The OECD Guidelines for Multinational Enterprises (MNEs)
- ◆ United Nations Guiding Principles for Business and Human Rights (UNGP);

We have signed up to Advance, a stewardship initiative launched by the PRI for investors to take action on human rights and social issues, and will be participating as a Lead Investor.

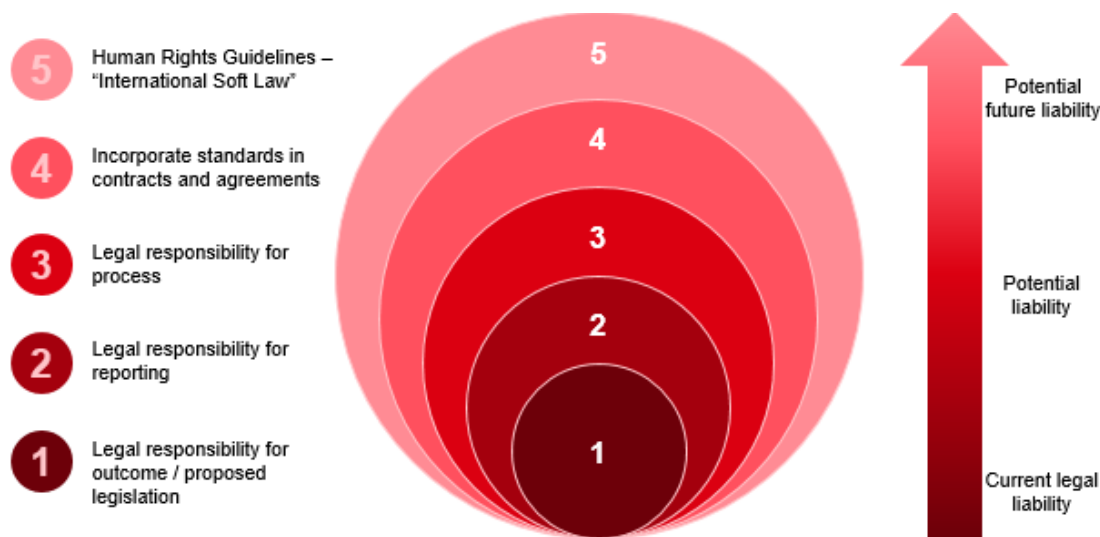
What we do

We recognise that human rights issues are complex and have become increasingly politicised. Alleged human rights violations in a company’s operations and/or supply chain present risks both for our clients’ investments and the reputation of HSBC AM.

We seek to apply an approach that is independent and fact-based, considering the salience of human rights issues. We engage with companies under the consideration of not only “hard laws”, such as the French Duty of Vigilance, UK Modern Slavery Act, Hong Kong Modern Slavery Bill, and California Transparency in Supply Chain Act, but also globally recognised principles such as the UNGP and UNGC, and expectations that may incur future liability for companies⁸.

8. Diggs, Regan and Parance (2019) Business and Human Rights as a Galaxy of Norms *Georgetown Journal of International Law*, Vol. 50, No. 2, 309.

Business and Human Rights as a Galaxy of Norms⁹



How we engage

We work with investment teams to engage with portfolio companies when UNGC non-compliance or human rights related controversies are identified through our existing ESG integration processes. In addition to this, we are guided by 'A Roadmap For The Next Decade Of Business And Human Rights'¹⁰, published by the UN Working Group on Business and Human Rights in November 2021. The Roadmap draws attention to the key role of other influencing parties of business practices beyond regulators and investors: from business lawyers to other corporate advisory providers, including accounting firms, auditors, social audit and assurance providers, management consultancies, and public relations firms. We may engage more broadly with these stakeholders if we consider that they can play a role in helping companies improve in their human rights practices.

We also participate in collaborative engagements through industry associations or working groups to amplify our voice, escalate concerns, or enhance access to company management.

9. Diggs, Regan and Parance (2019) Business and Human Rights as a Galaxy of Norms *Georgetown Journal of International Law*, Vol. 50, No. 2, 309.
10. [UN Working Group on Business and Human Rights: UNGPs 10+ A Roadmap For The Next Decade Of Business And Human Rights, November2021](#)

What we expect

Through our engagement with portfolio companies, we aim to provide effective guidance on how they should respect human rights throughout their operations, provision of products/services and value chain management, and encourage them to communicate their impacts.

Following the Galaxy of Norms, we start with corporate compliance of hard laws such as modern slavery acts, and communicate on our expectations on the company's disclosure, such as identifying human rights risks in in business operations and value chains, and incorporating human rights as a salient issue in its enterprise risk management and strategic planning. We also expect companies to adequately respond and take appropriate action in a timely manner against allegations and controversies.

On reporting and disclosures, companies should establish a public policy statement committing to respecting human rights, and report on any human rights risk assessment or impact assessment for key products and services. Over time, we may also expect companies to disclose data on grievance and remedy case studies.

Moving outward from the Galaxy of Norms, companies should develop a robust human rights due diligence process to identify, assess, integrate, respond, track and communicate adverse human rights impacts in their operations, products/services and supply chain. This should be based on a set of clear definitions of salient human rights issues arising from company's business sector and operations based on their geographical footprint. In the longer term, companies may look to establish a forward-looking human rights heat map which serves as a risk assessment and prioritisation tool highlighting high risk areas among product/services, operations, and supply chain etc.

To ensure portfolio companies remain proactive and forward-looking, we may expect them to map out a human rights strategy, identify ways to contribute to the three key pillars of the UNGP and the progression of industry practices through relevant industry initiatives and standards. We also expect to see evidence of effective board oversight of a forward-looking and comprehensive human rights management programme.



For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in Canada and the US. This document should not be distributed to or relied upon by Retail clients/investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The capital invested in the fund can increase or decrease and is not guaranteed. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Asset Management at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). 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. The above communication is distributed by the following entities:

- ◆ In Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N°1;
- ◆ In Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- ◆ 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 Canada by HSBC Global Asset Management (Canada) Limited which provides its services as a dealer in all provinces of Canada except Prince Edward Island and also provides services in Northwest Territories. HSBC Global Asset Management (Canada) Limited provides its services as an advisor in all provinces of Canada except Prince Edward Island;

- ◆ in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbif.cl;
- ◆ in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- ◆ in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- ◆ in France, Belgium, Netherlands, Luxembourg, Portugal, Greece 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 (German clients) respectively by the Austrian Financial Market Supervision FMA (Austrian clients);
- ◆ in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission; this document has not been reviewed by the Securities and Futures Commission;
- ◆ in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- ◆ In Israel, HSBC Bank plc (Israel Branch) is regulated by the Bank of Israel. This document is only directed in Israel to qualified investors (under the Investment advice, Investment marketing and Investment portfolio management law-1995) of the Israeli Branch of HBEU for their own use only and is not intended for distribution;
- ◆ in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- ◆ 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 the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Bank Middle East Limited which are regulated by relevant local Central Banks for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority.
- ◆ in Oman by HSBC Bank Oman S.A.O.G regulated by Central Bank of Oman and Capital Market Authority of Oman;
- ◆ in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- ◆ in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore;
- ◆ in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website at <https://www.assetmanagement.hsbc.ch/> if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- ◆ in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- ◆ in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- ◆ and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

Copyright © HSBC Global Asset Management Limited 2023. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

503_AMFR_PU_2023_04

