

Engagement Policy

HSBC UK Bank plc, Private Banking

(“PBUK”)

Date: 2 June 2023

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Discretionary Investment Management Service Engagement Policy

Introduction

This policy describes our approach to shareholder engagement where in exercising our authority to manage client portfolios under a Discretionary Investment Management Service we, PBUK, invest directly in shares of companies admitted to trading on a UK regulated market (or on a comparable market outside the UK including in the EEA).

As at the date of this engagement policy, we have delegated the investment management of discretionary portfolios to HSBC Global Asset Management (“AMG”) (a division of the HSBC Group operating through a number of HSBC Group companies, including HSBC Global Asset Management (UK) Limited). As a result, the engagement activity described in this policy is undertaken by AMG.

Where fund holdings form part of a discretionary portfolio, the degree of engagement with investee companies and the policy on voting will be a function of the type of fund, the fund manager and their engagement policy.

Engagement and the management of your investments

AMG recognises the responsibility for stewardship oversight and engagement with those companies and issuers whose securities are purchased on behalf of clients as being integral to the investment process. AMG therefore carefully monitors and engages with companies held in discretionary portfolios both before and during the period of investment in these companies.

For example, AMG believes that environmental, social and governance (ESG) factors can impact the sustainability of companies’ financial returns. AMG therefore integrates ESG into the investment selection process by considering these factors in conjunction with others impacting investment returns.

Engagement with investee companies and other issuers is therefore an important element in both AMG’s ESG integration and stewardship oversight. AMG engages with investee companies and other issuers to understand them better, to monitor clients’ discretionary investments, and to encourage companies to be proactive and transparent in the management of ESG issues and other relevant factors.

Monitoring and engaging with investee companies and issuers

AMG meets the management of companies regularly as part of the investment process. These meetings are a key element in the stewardship oversight of companies’ securities held and managed in your discretionary portfolio. AMG challenges management on their delivery of corporate strategy, financial and non-financial performance or risk, allocation of capital and management of environmental, social and governance issues.

AMG also engages with companies and issuers to understand the corporate governance arrangements they have in place and their effectiveness. AMG encourages companies and other issuers to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. AMG therefore seeks to raise ESG or other concerns with companies and other issuers where it believes that to be in the interest of investors, identifying company specific or systemic risks.

In addition to executive directors and investor relations, AMG engages with other executives as available, including divisional and regional heads, as well as ESG and strategy specialists. AMG also engages with board directors, either as part of a regular dialogue or to raise and escalate issues of concern.

Whilst AMG's approach to investment management and engagement does not typically involve communication with stakeholders of companies other than those noted in this policy, it is open to monitoring concerns of other key stakeholders as necessary, including those of customers.

Collective engagement and voting rights

Where investing in funds, the fund manager may, in accordance with its own policy, cooperate with other shareholders when engaging with companies and other issuers in a form of collective engagement.

While AMG does not undertake this particular method of engagement with respect to direct holdings in your discretionary portfolio, it does intend to enhance its capabilities to enable such collective engagement in the near future.

Similarly, AMG currently does not generally exercise voting rights in respect of your discretionary portfolio holdings (unless held within an Individual Savings Account (ISA) and at the ISA holder's express request). AMG is however working to broaden facilitating the exercise of voting rights for our clients through the ongoing development of its investment platform.

Managing conflicts of interest arising from engagement with investee companies and issuers

HSBC maintains an organisation wide policy which sets out how it manages actual and potential conflicts of interest arising from or affecting its business activities. As AMG enhances its capabilities to undertake collective engagement and exercise voting rights on behalf of PBUK, it will consider carefully any associated conflicts of interest risks and ensure these are addressed and managed appropriately in accordance with [HSBC conflicts of interest policy](#) as enclosed.

Update: Annual Disclosure

HSBC is required to provide an annual disclosure of its shareholder engagement activities. This policy outlines such shareholder engagement activities and how they feature in HSBC's investment processes. Please note that since the 10th June 2019 original publication date of this policy there have been no changes, deviations or developments in HSBC's engagement activities and, therefore, such activities continue to remain in line with this policy.