



HSBC Global Asset Management Engagement Policy

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HSBC
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Management

PUBLIC

Introduction

We believe that environmental, social & governance (ESG) factors can impact the sustainability of companies' and other issuers' financial returns.

We integrate ESG in our investment process by considering these factors alongside others which can impact returns.

We recognise a fiduciary responsibility for the stewardship oversight of companies and other issuers whose securities we hold on behalf of our clients.

Engagement with investee companies and other issuers is an important element in both our ESG integration and our stewardship oversight.

We engage with investee companies and other issuers to understand them better, to monitor our clients' investment, and to encourage them to be pro-active and transparent in the management of ESG and other risks.

Monitoring issuers

As an integral part of our investment process, we carefully monitor and analyse all companies and other issuers held in active portfolios both before and during the period of our investment.

This may include assessment of companies and issuers' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with management and directors, visiting production sites, talking to competitors and customers and other stakeholders, and our own financial modelling.

Companies and other issues held in active portfolios are discussed regularly within our investment teams. Issues considered include: strategy, financial and non-financial performance and risk, capital structure, social and environmental impact, and corporate governance.

For companies and issuers held only in quantitative portfolios, we use internal and external ESG & voting research to monitor exposure to and management of ESG and other risks.

Engagement

We meet the management of companies and other issuers regularly as part of our active investment process.

These meetings are a key element in our stewardship oversight of client assets.

We challenge managements on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues.

Often, we engage to understand the approach management is taking and test how far they are being good stewards.

We also encourage all companies and other issuers held in all portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks.

We raise ESG or other concerns with companies and other issuers where we believe that to be in the interest of investors, identifying company specific or systemic risks.

In addition to executive directors and investor relations, we engage with other executives as available, including divisional and regional heads, as well as ESG and strategy specialists.

We also engage with board directors, either as part of our regular dialogue or to raise and escalate issues of concern.

Engagement is undertaken through meetings, conference calls and correspondence. We occasionally speak at shareholder meetings to communicate publicly with companies.

Collective engagement

We engage with companies and other issuers alongside other investors in a number of collective engagements.

These may form part of a broad initiative to address systemic issues such as climate change, or may reflect company-specific concerns shared by investors.

Collective engagement helps companies by allowing a focused dialogue with a number of investors on issues of concern. They also allow investors to bring together resources and insights to address concerns.

We are careful to ensure that we respect rules about acting in concert and other forms of collective action.

Voting

We believe that exercising our voting rights is an important expression of our stewardship and broader responsible investment approach.

Our global voting guidelines encourage high standards of corporate governance.

We apply our global voting guidelines to resolutions at company meetings.

We vote all shares over which clients have given us voting authority, unless the cost or other associated burdens mean that it is not in clients' interest to do so.

Votes for all actively-managed holdings are reviewed by fund managers. Quantitatively-managed holdings are usually voted automatically in line with guidelines.

Reporting

We report our engagement and voting to clients in line with the requirements. We also publish our voting and summary information about our engagement activity.

