

# HSBC Global Asset Management

## Stewardship and Conflicts of Interest

June 2019



**HSBC**  
Global Asset  
Management

As an asset manager and a fiduciary, HSBC Global Asset Management recognises our responsibility to all our clients – institutional and individual. As part of that responsibility we seek to preserve and enhance value in the companies in which we invest through the exercise of voting rights and engagement – collectively known as stewardship.

As part of our stewardship activities, conflicts of interest may arise. However, in all our stewardship activities we are dedicated to delivering fair outcomes for our clients; and applying a consistent and transparent approach to conflicts.

Examples of situations where potential conflicts of interest could arise as part of our stewardship activities include:

- ◆ Exercising voting rights over holdings of shares in our ultimate parent company, HSBC Holdings plc;
- ◆ Exercising voting rights over holdings of shares in an HSBC sponsored fund;
- ◆ Exercising voting rights through holdings in both sides of a proposed merger and/or acquisition transaction;
- ◆ Exercising voting rights and/or undertaking engagement activities over holdings or shares in a company that has a commercial relationship, interest, and/or connection with HSBC Global Asset Management and/or with other HSBC Group companies; and
- ◆ Undertaking engagement activities – inadvertently or directly – results in being privy to material non-public information.

We have established policies, procedures and protocols that are designed to identify and manage potential conflicts. These include organisational and administrative arrangements to safeguard the interests of our clients, which include:

- ◆ While we are part of the HSBC Group, we maintain an arm's length commercial relationships with other HSBC Group companies and as such carry out our stewardship activities independently of any other relationships within the HSBC Group;
- ◆ Our Voting Guidelines are intended to identify the best interest of all clients as investors in a particular company;
- ◆ Our Engagement Policy defines our requirements to ensure when we undertake engagement we maintain a high standard of research, communication and documentation;
- ◆ We have procedures in place to escalate, manage and monitor conflicts, which are documented on a register alongside their corresponding mitigating controls; and
- ◆ As required, information barriers will be put into place, restricted lists amended, and trading activity – personal and/or on behalf our clients – restricted; however, in practice we prefer not to be made insiders as part of our engagement activities.

Oversight of conflicts of interest is embedded within our governance framework that includes:

- ◆ Risk Management Meeting – comprising our global senior leadership team – responsible for setting our risk management strategy and appetite, policies and control standards and to monitor their implementation. In this regard, the Risk Management Meeting reviews the material risks affecting our business – including conflicts of interest – via regular reporting from the business and control functions;
- ◆ Stewardship, Fiduciary and Conflicts Forum – comprising a sub-set of our global senior leadership team – responsible for managing and monitoring our fiduciary responsibilities regarding stewardship as well as serves as a forum to discuss subjects that could result in a conflict for us in fulfilling our fiduciary obligations; and
- ◆ Chief Executive Officer – who is ultimately responsible for compliance with all aspects of the HSBC Group's Conflict of Interest Policy and associated regulatory requirements – provides regular updates on conflicts of interest to the Board of Directors.

Please refer to our website for a summary of our Conflicts of Interest Policy at:  
<https://www.global.assetmanagement.hsbc.com/conflicts-of-interest>

