

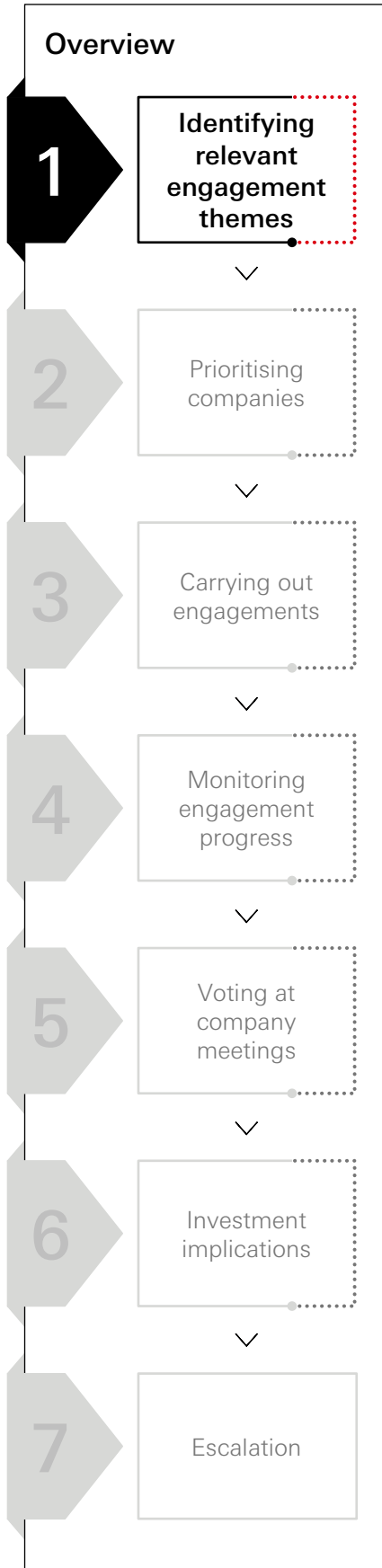
2025 Stewardship Plan

Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to develop solutions to help our clients invest sustainably. For more information visit <https://www.assetmanagement.hsbc.com/about-us/net-zero>.



HSBC Asset Management

2. Our approach to firmwide stewardship

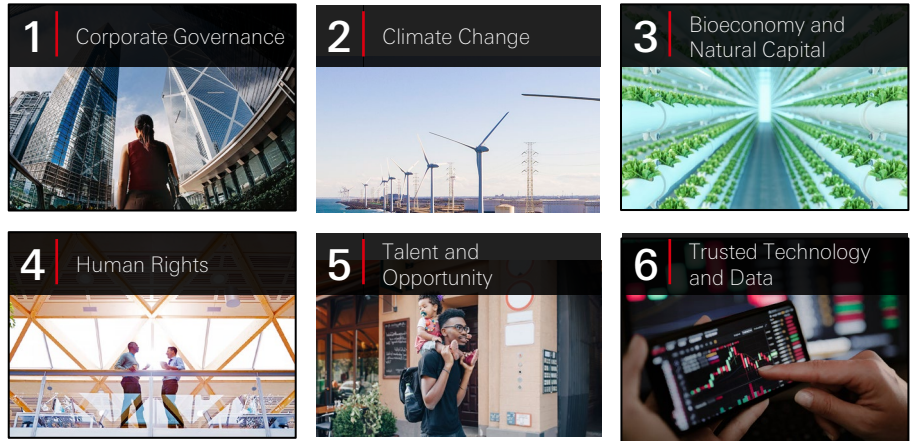


1. Identifying relevant engagement themes

Each year, we outline our engagement themes and key actions that investee companies can work towards to address relevant issues associated with these themes, especially those with significant risk exposure.

In developing our themes, we focus on issues with the potential for financial impact on investee and portfolio performance and value creation, while also considering emerging risks. Our investment team sector specialists in collaboration with our responsible investment team have identified relevant issues for key sectors and industries. Our engagement themes also link to indicators we use to assess whether companies can be held by funds in our sustainable investment product range.³

For 2025, our themes are:



See Section 5 for further information on our core themes.

How stewardship specialists and investment teams work together to identify relevant sustainability issues

Virtual Sector Teams (VSTs) capture sector-specific knowledge across asset classes and geographies. These teams bring together sustainability research and integration analysts, stewardship specialists, and credit and equity analysts based in different regions. VSTs are responsible for conducting sector research, overseeing the development of sustainability checklists, deriving related scores, and aligning our engagement activities with risk issues.

³ These indicators include Principle Adverse Impact (PAI) indicators under the European Union's Sustainable Finance Disclosure Regulation (SFDR).

2. Our approach to firmwide stewardship

Overview

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Identifying relevant engagement themes



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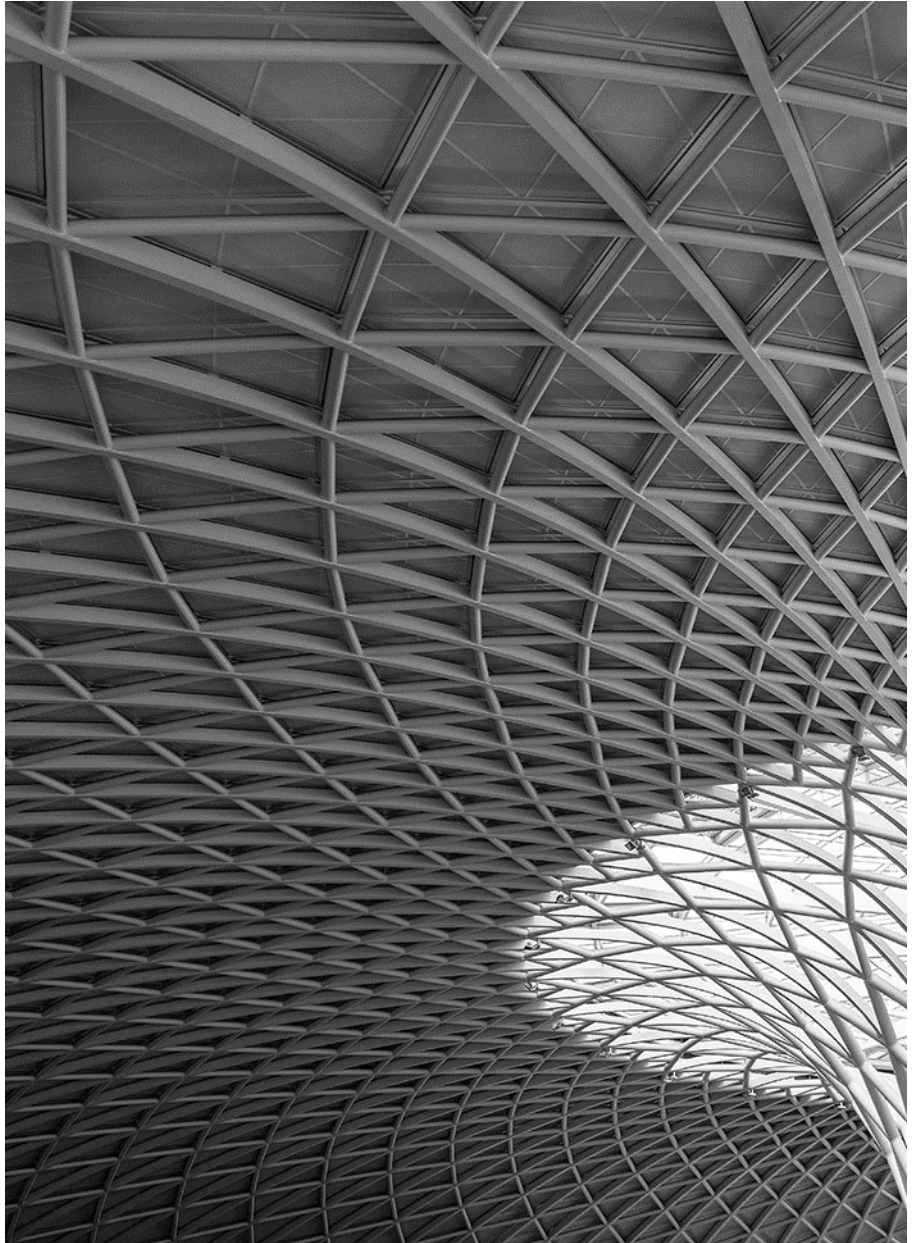
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Escalation

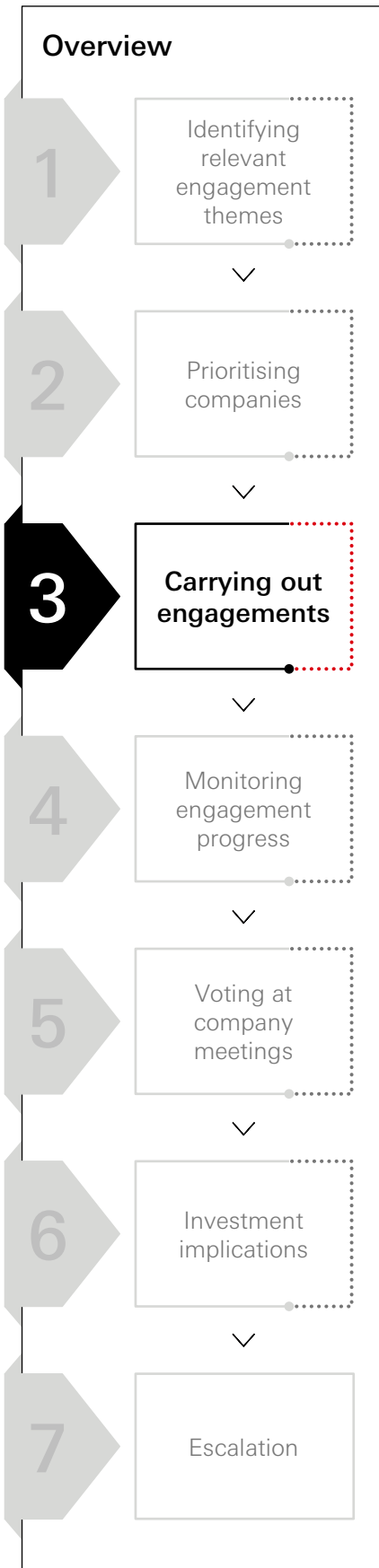
2. Prioritising companies

We maintain a Priority List of issuers for engagements to help us prioritise impactful engagements that support investment decision-making.⁴ Issuers covered by HSBC AM polices and commitments, or held in selected client portfolios within our sustainable investment product range, are also included on the list if they meet specific criteria. Prioritising companies this way helps us to monitor engagement capacity and resources, and facilitates coordination and collaboration across different teams.

⁴ It is important to note that not every company with a relevant issue identified by our research processes will be engaged, and not every relevant issue will be addressed in our engagements with the companies we have prioritised.



2. Our approach to firmwide stewardship



3. Carrying out engagements

Engagements are typically carried out by stewardship specialists and by investment teams. Investment analysts and stewardship specialists often work together to conduct research, develop engagement plans and objectives, and conduct dialogue with issuers with the aim of enhancing and protecting shareholder value. Additionally, our stewardship specialists, based in the UK and Hong Kong, provide regional, sectoral, and thematic expertise in conducting engagements and in assessing sustainability performance to evaluate areas of potential risk and value creation.

Engagements may be conducted in a variety of manners, including through in-person meetings, calls, letters or emails; site visits; with other stakeholders as appropriate; or through industry bodies.

When engaging with and voting proxies with respect to the portfolio companies in which we invest our clients' assets, we do so on behalf of and in the best interests of the client accounts we manage and do not seek to change or influence control of any such portfolio companies.

We carry out three broad types of engagements:



Purposeful engagements:

outcomes-focused interactions aimed at achieving specific changes from an issuer. These engagements are linked to engagement objectives, which we track over time.



Insightful engagements:

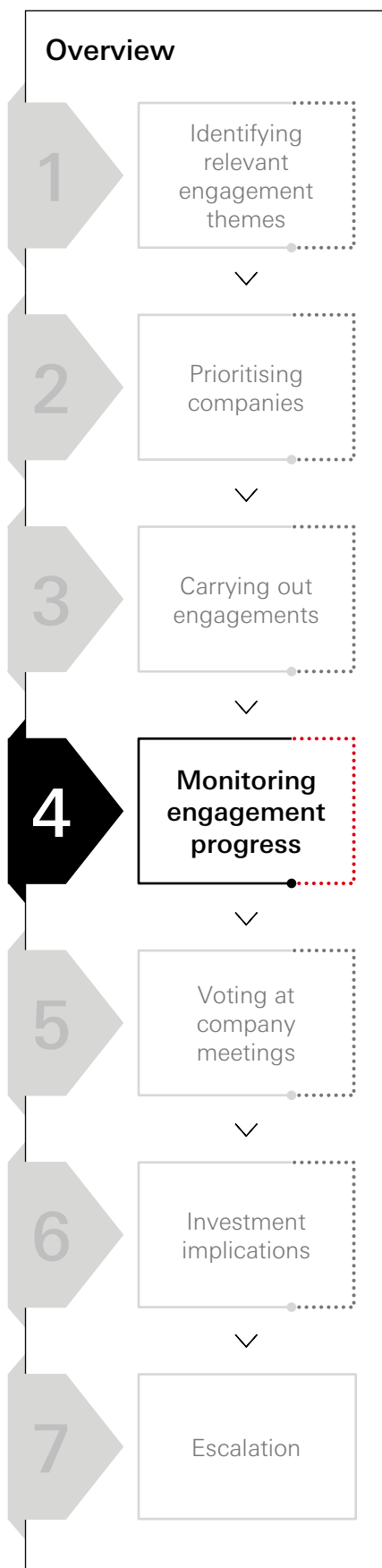
two-way dialogue with issuers aimed at gaining a deeper understanding of their practices, strategies or challenges related to sustainability topics, while explaining our perspectives and why we view these topics as important to mitigating risk or enhancing value. While they do not involve setting specific objectives, they provide detailed insights that may inform responsible investment activities such as our sustainability due diligence process (see below).



Investment monitoring:

regular interactions with companies, such as earnings calls. These events typically focus on financial and strategic topics and may sometimes cover sustainability topics.

2. Our approach to firmwide stewardship



4. Monitoring engagement progress

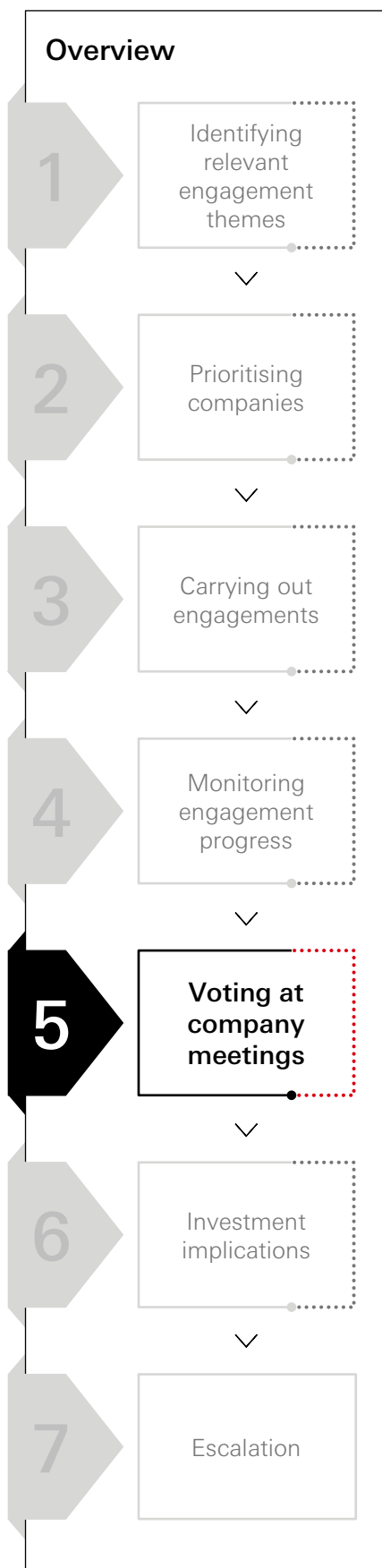
Engagement activities are recorded using internal engagement recording tools, which enable the tracking of engagement progress and topics discussed, as well as the integration of engagement insights into our investment research platforms.

For purposeful engagements, we track progress on engagement objectives against five milestones:

Milestone 1	Concerns Raised	We share concerns with the issuer and highlight the need for action.
Milestone 2	Concerns Acknowledged	The issuer acknowledges our concerns.
Milestone 3	HSBC AM Supports Change	We provide guidance and examples to encourage positive change.
Milestone 4	Plan Established	The issuer develops a plan to address our concerns.
Milestone 5	Change Achieved	The desired change is completed, with outcomes documented.

If an issuer shows insufficient progress in response to our requests for change and we believe the lack of progress may increase risk or harm value to the investment objective the fund or mandate seeks to achieve, we may initiate our stewardship escalation process (see below).

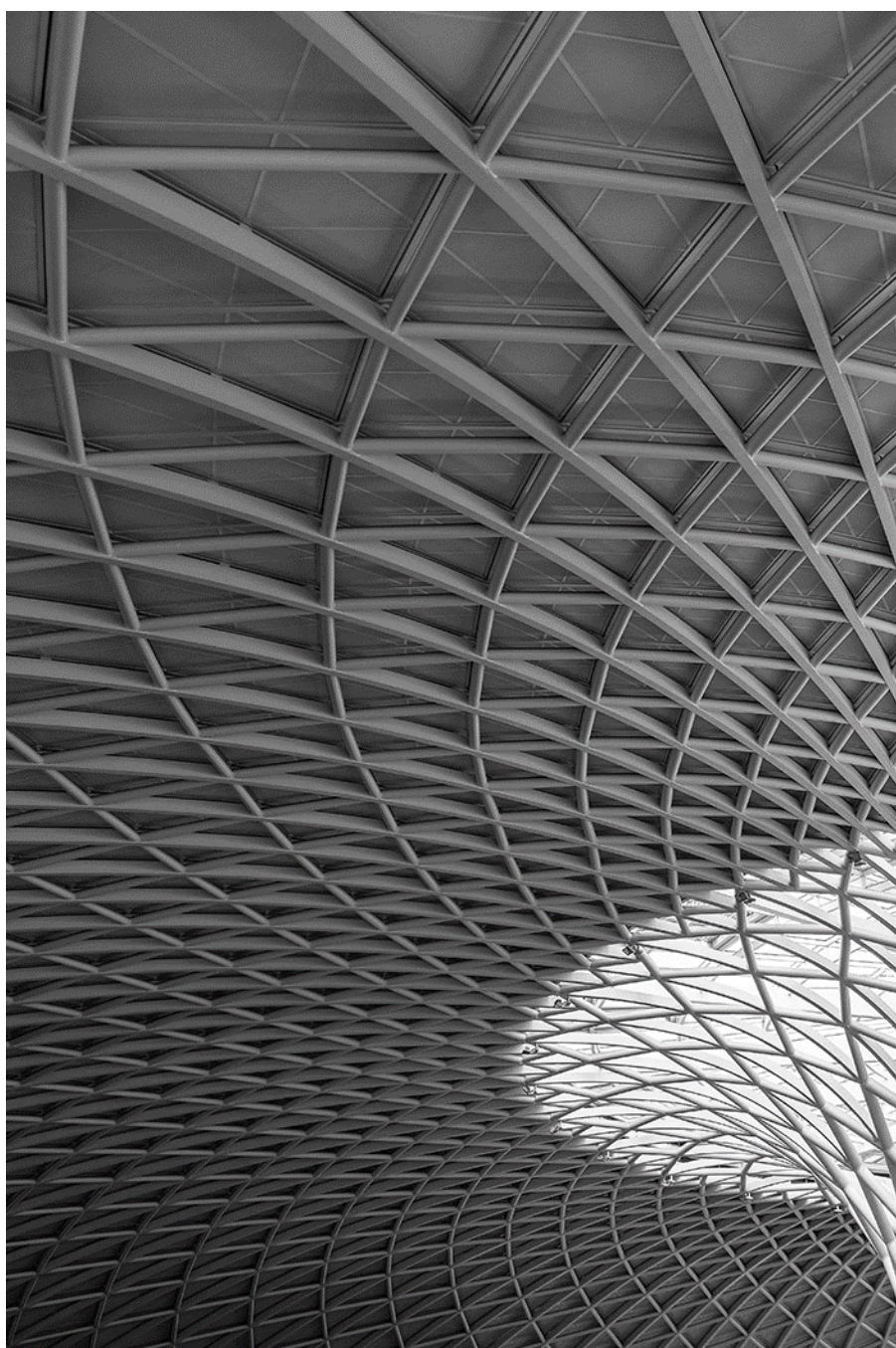
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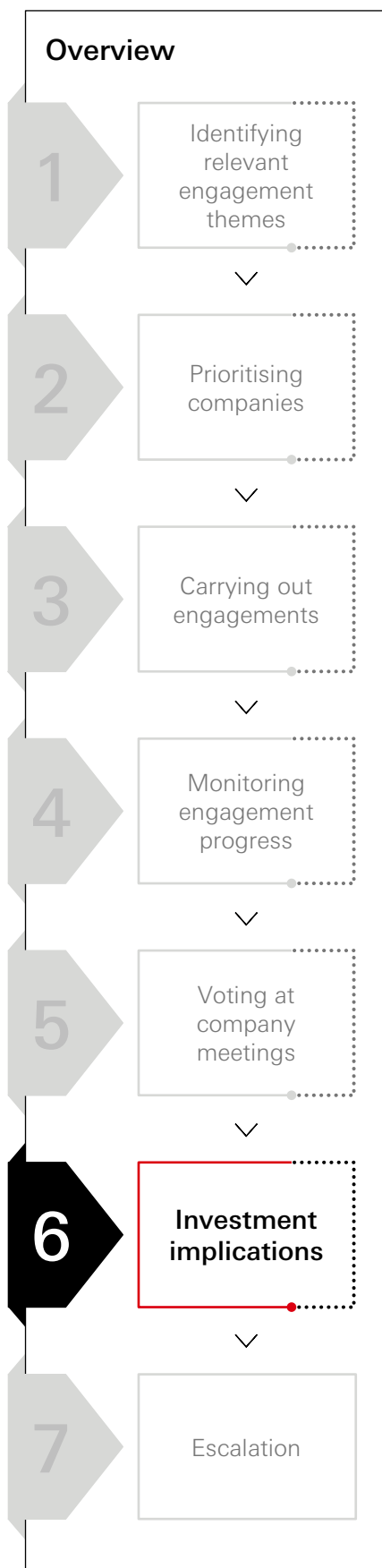
5. Voting at company meetings

Exercising our voting rights is a core part of our stewardship activities and broader responsible investment approach.

Our Global Voting Guidelines are updated annually and can be found [here](#).



2. Our approach to firmwide stewardship



6. Investment implications

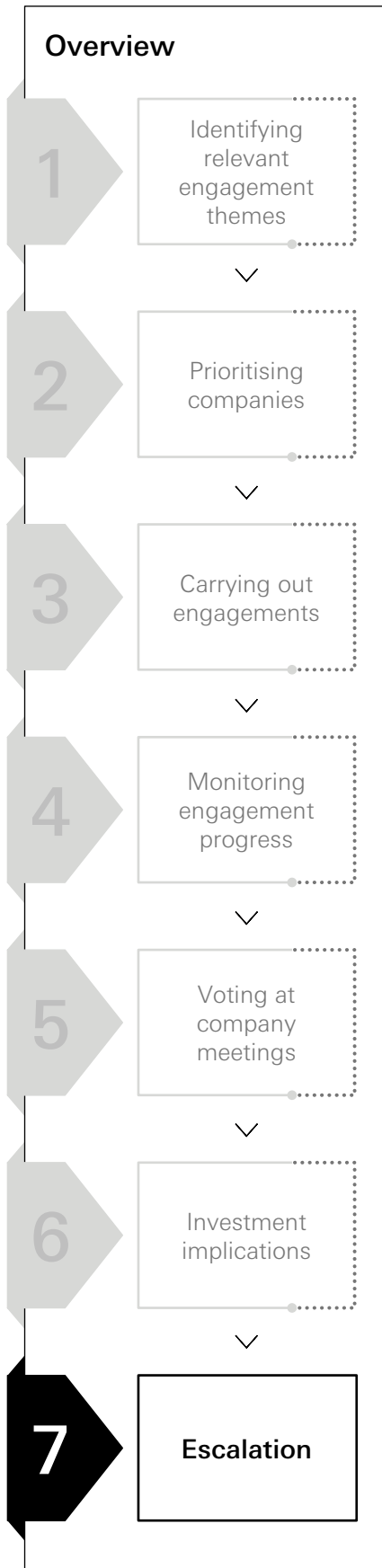
Engagement activities may inform investment decision-making, including the inclusion or exclusion of issuers within specific funds or their respective fund universes, or the introduction of investment restrictions on a security (e.g., “do not add”). This may include investment decisions related to HSBC AM policies and commitments, as well as sustainability due diligence processes as appropriate.

Our stewardship specialists contribute to the assessment of relevant issues for each company, identifying risks and opportunities and their investment implications. We discuss how sustainability matters, including engagement insights, change our fundamental views of risks and value for the company and may identify further engagement opportunities as a follow-up.

Sustainability due diligence

Due diligence is part of our research and governance process designed to address and manage sustainability risks associated with issuers in our traditional and sustainable active fundamental investment strategies. For instance, due diligence may be triggered by issuers in breach of our policies or risk thresholds, or if they do not meet the minimum requirements of a HSBC AM fund or product. Once due diligence has been conducted, a range of follow-up actions may be considered, including whether the issuer can remain in the portfolio.

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7. Stewardship escalation options

Potential stewardship escalation options include, but are not limited to, dialogue with senior management or board members, including written communications, and participation in industry initiatives. For companies where we hold publicly listed shares, escalation options also include voting against certain management proposals, including director (re)elections, and co-filing shareholder proposals.

The escalation options chosen, as well as the order and timescales in which they are taken, will vary by issuer depending on the specific context. We also consider market and region-specific nuances such as cultural expectations, geopolitical challenges, and local laws regulations and practices.

Decisions to escalate are guided by several factors, including the issuer's responsiveness to our requests and timeliness in enacting change; the relevance of the issue and its potential to negatively impact shareholder value; and the potential for our chosen escalation activity to effectively address the issue.

We do not publicly comment on company engagements, but our voting records are available publicly via our Proxy Voting Dashboard.⁵

5. Our Proxy Voting Dashboard can be accessed via this link: <https://vds.issgovernance.com/vds/#/MjJwNw==>.

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