

Diversity is in our roots. As a business operating in many markets and investing all around the world, we believe diversity brings benefits for our clients, our business and our people. Internally, our key objective is to embed an authentic culture that values a strong commitment to Diversity, Equity & Inclusion as part of delivering on objectives and meeting the expectations of our clients. We promote all forms of diversity by theme and by function – gender, ethnicity, ability, LGBTQi+, mental health, social mobility, faith, working parents, commercial, veterans and investments.

Our diversity and inclusion priorities extend to how we manage money, being integrated into our commercial activities through the types of solutions we provide our clients, our ESG integration, as well as our stewardship activities.

– Xavier Baraton, Global CIO, HSBC AM

DE&I in investments: integration and engagement

DE&I is an important part of the 'S' in our ESG evaluation and engagement with companies. Social factors encompass a variety of different issues including human capital management, health and safety, and supply chain labour standards. We consider product safety and quality, as well as data usage and technology depending on the company or sector. We also look at demographics and the digital divide, as well as financial exclusion, access to healthcare, and nutrition and health. Additionally, we evaluate a company's gender pay gap, the percentage of women in leadership positions and the policies around diversity and inclusion. We also have artificial intelligence tools to screen ESG controversies where DE&I can be captured at the company level.

In 2022, we set up a DE&I working group in Investments to scale-up the integration and monitoring of DE&I issues in ESG analysis and scoring, as well as in portfolio management. We seek to learn from our own experience to inform issuers on how to address challenges related to DE&I, from pipeline development, ways to address fairness and unconscious bias, to best practices in fair hiring and talent management.

We are members of industry initiatives that drive diversity, such as the 30% Club UK's Investor Group²¹, Diversity Project and the Hong Kong Board Diversity initiative. There is increasing evidence that diverse companies can outperform peers thanks to the benefits brought about by having a more representative board. Boards need diversity of outlook and experience to exercise good judgment. Globally, a high number of issuers have under 30 per cent of women on their boards. This varies somewhat by region, with an average of less than 20 per cent representation in most emerging market countries, to an average of 30 to 40 per cent in North America and Europe.

21. <https://30percentclub.org/>

We set targets for board diversity in key markets so that we influence progress globally. For companies not meeting our expectations, we may vote against the Chair of the Nomination Committee or other relevant Directors, unless the company communicates a timely and credible plan to address our concerns.

In addition to addressing gender and ethnic diversity at the board level, we have engaged with companies about diversity lower down the organisation – from the executive team, to hiring conducted at an entry level. Working with stakeholders like the Workforce Disclosure Initiative, a collective initiative focusing on improving corporate workforce transparency, provides us with reliable data sources to guide engagement conversations with companies. We have kicked off 2023 by enhancing our DE&I data to support an evidence-based approach to driving change, and will be embedding this data in our investment processes.

Turning the mirror to ourselves

Being inclusive is an expression of our values. We were founded on the strength of different experiences, attributes and voices; they are integral to who we are and how we work. We strongly believe that diverse voices, together with genuine challenge, lead to more robust decision making. Consequently, we are fully committed to building a corporate culture that supports effective teamwork, gives wider viewpoints, better investment decisions, better results for our clients and ultimately a more sustainable business.

HSBC Asset Management has a very proactive global DE&I programme with a vision to create a truly motivated, diverse, equitable & inclusive asset management workforce, proactively shaped to deliver our vision & strategy and to reflect the clients we want to serve and the societies in which we live in.

– Ozge Usta, Head of Sustainability Delivery,
HSBC AM

To achieve our DE&I ambition, recognising that equity and inclusion is global, and diversity is more nuanced locally, we have identified four overarching objectives for HSBC Asset Management:

1. To embed Inclusion and Allyship by improving inclusive leadership behaviours;
2. To increase the representation of women in senior roles²², as well as creating a larger pool of talent at lower levels;
3. To increase the representation of key identified Minority Groups (Ethnicity, Disability, LGBTQi+) in senior roles, with an emphasis on black heritage colleagues, as well as creating a larger pool of talent at lower levels; and
4. To enhance DE&I in our investment & engagement processes as a competitive advantage

22. Senior roles are roles classified as band 3 and above in our global career band structure.

This programme is sponsored by our global CEO and supported by his leadership team. In 2022, we introduced the multi-pillar structure for DE&I Investment workstreams, and we now have around 250 volunteer members across the globe who meet monthly to progress initiatives.

Our [People Forum](#), established in 2020, is a sub-forum of our Management Committee to sponsor, review and take decisions on people related topics. The People Forum's key objective is to keep a pulse on our people, improve their employee experience and maintain our strong, collegiate and supportive corporate culture. In order to bring our employees' diverse voices directly into executive decision-making, we have now appointed four employees (elected by number of votes received from all employees) onto our forum.

A few figures

As part of an industry in which women have long been underrepresented, we are making progress towards improved gender balance, particularly at senior levels. Women accounted for just under 50 per cent of promotions to our most senior levels in 2022 (18 of 40 such promotions).

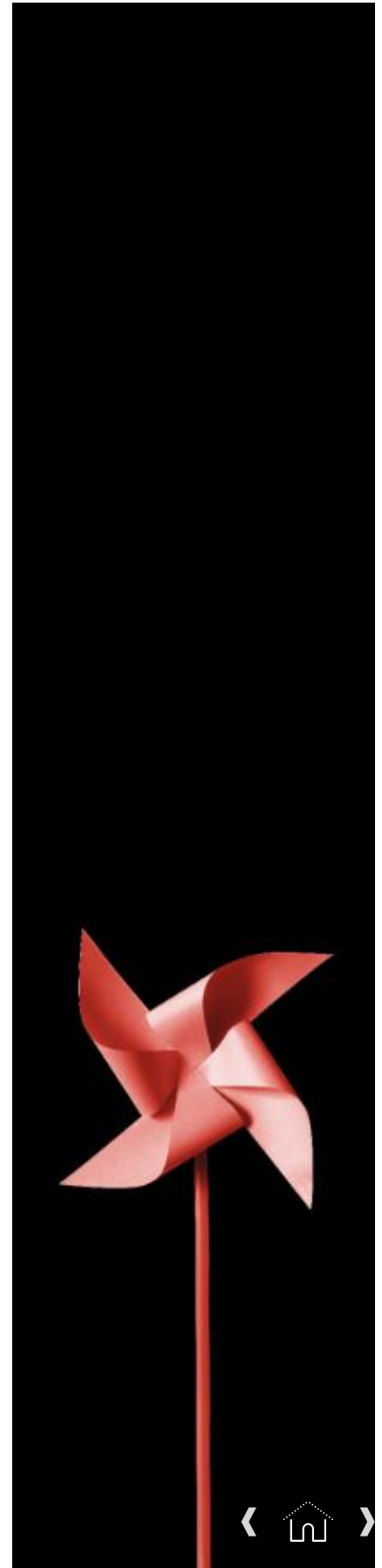
Furthermore, HSBC Asset Management currently ranks in the top quartile of Citywire's Alpha Female Report for percentage of female portfolio managers.

Our DE&I journey has come a long way with the drive and determination of our DE&I leadership team and volunteers. There is more to do and more to change, in our company, the industry and in our societies - we are committed to progressing DE&I in 2023.

External recognition

HSBC Asset Management and our employees have been recognised for our DE&I work, winning the following awards:

1. Citywire Gender Diversity Awards 2022 (Global)
 - Most improved retention rates (female portfolio manager retention last 10 years)
 - Best AUM split (funds managed by male/female portfolio managers)
2. Diversity Award at Insurance Asset Management Awards 2022
3. Head of Sustainability, Erin Leonard named as one of the top 100 Women in Finance by Financial News
4. Kate Hassey, Head of Distribution Oversight, Fund Operations, HSBC AM, has been included in 'LGBT Great Top 100 Game changers 2022'.
5. One among four shortlisted for 'Championing Social Mobility' in the FT Adviser Diversity in Finance Awards 2022.



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