



HSBC STATEMENT ON PUBLIC POLICY ENGAGEMENT

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Background

At HSBC, we believe that it is important to engage with the public policy and regulatory environment in which we operate. With our global footprint and systemic importance, HSBC has an important role to play in helping to develop and protect a properly functioning financial system that is critical to secure the prosperity of communities around the world. This includes engaging with policymakers and regulators to ensure that regulation is both effective and practical.

How we do business is as important as what we do. We want to build trusting and lasting relationships with our many stakeholders, and are committed to conducting ourselves in as open and transparent a manner as possible.

HSBC's approach

The commitments and policies described in this statement apply to all employees in HSBC's businesses and operations where we have management control and where permitted by national laws and regulations.

i. Governance and oversight

Overall responsibility for HSBC's engagement on public policy issues lies with the Group Head of Public Affairs.

HSBC operates a system of internal management controls within a framework overseen by the Board of Directors of HSBC Holdings plc. These controls are aligned with the Group's [values](#), including communicating openly, honestly and transparently.

ii. Ethical conduct

HSBC is committed to ethical behaviour, and has zero tolerance for bribery or corruption in any of its business practices, including in its interactions with public officials and regulators. HSBC's anti-bribery and corruption compliance programme includes global policies, with Board oversight, which emphasise that HSBC does not tolerate the giving or receiving of bribes, including facilitation payments, or any attempt to use gifts, entertainment, or other advantages (such as hiring relatives) to influence a public official. A detailed statement of the Group's anti-bribery and corruption policy can be found on [hsbc.com](https://www.hsbc.com) [here](#).

iii. Corporate political contributions

HSBC maintains a politically neutral position in the countries and territories in which it operates. Employees may not use Group funds, property or facilities to support or contribute to any political organisation or candidate.

Contributions by HSBC's two US Political Action Committees (PACs) are not affected by this policy. The HSBC PACs are funded by voluntary contributions from employees. Apart from administration costs (which are allowed by law), HSBC does not contribute any corporate funds to the PACs, nor does it participate in decisions on donations, which are made by a steering committee of employees. HSBC PAC donations are made on a bi-partisan basis to US federal and state candidates and political committees, with details publicly available in reports filed with the Federal Election Commission (FEC). HSBC PACs do not make contributions in connection with US presidential elections.

Legislation in the European Union severely limits political expenditure by the Group as a whole, unless approved in advance by shareholders*.

Employees acting on their own or through independent employee organisations are free to use their own funds and property and to give their own services in their own time for political contributions and support.

* A shareholder resolution on political donations was approved at the Annual General Meeting (AGM) of HSBC Holdings plc. in April 2020. This does not alter HSBC's long standing policy not to make any political donations or to incur political expenditure within the ordinary meaning of those words. It is a precautionary measure to ensure HSBC does not inadvertently breach the very wide definitions of political donations and political expenditure used in the UK Companies Act. More details can be found on the AGM Circular - English [here](#).

iv. Active engagement with public officials

This statement relates to HSBC's active engagement with public officials and not our interaction with regulators.

HSBC plays an active role in discussions with a wide range of stakeholders on issues that affect the bank, its customers and the wider economy. Topics of interest include financial sector and markets regulation, financial crime, trade, sustainable financing, climate change and digital innovation.

HSBC has a responsibility to ensure that financial markets run smoothly, and therefore engages routinely with governments and regulators in the countries in which it operates to help make sure that new policy and regulatory requirements are properly considered and practical. We also work closely with a range of stakeholders, including public officials, on addressing financial crime threats.

Most of HSBC's advocacy is performed by in-house staff. We do employ public affairs consultants in certain markets, including the UK, Hong Kong and North America (see Agencies), which go through our third-party vendor procurement system. This includes due diligence on the firms and the leaders of such firms before they are engaged, and monitoring of the results after the engagement. The contracts require HSBC's anti-bribery and corruption standards.

HSBC complies with all local laws on disclosure of lobbying activity and expenditure. Details for the US and the EU can be found in the [US Lobbying Disclosure Act Database](#) and the [EU Transparency Register](#).

v. Agencies

HSBC uses public affairs consultants in a number of markets in Europe and North America. They are employed mainly for political monitoring and strategic advice. They are not generally used to make direct representations to governments or policymakers, although in the US they may do so under the direction of HSBC Public Affairs staff. The lobbying work of these firms at the federal level is reported to the Clerk of the House and Secretary of the Senate, and those reports are available on the Clerk of the House website. Lobbying in individual US states is reported in the states in which it is carried out, according to state law.

A variety of agencies are used for different levels of government both national, regional and local as well as some for political monitoring. At of 23 October 2020, the following agencies are retained*:

Europe:

Hanbury Strategy - London (national)
FleishmanHillard - Brussels (European)
DeHavilland - London (national)
Brunswick Group - London (national)

US:

Miller, Cespedes & Associates - Sacramento, CA
Daly Consulting Group - Washington, DC
The Smith-Free Group, LLC - Washington, DC
Miller Strategies - Washington, DC
Mayer Brown LLP - Washington, DC
Chesapeake Public Strategies - Washington, DC
Wiley Rein LLP - Washington, DC
Hinman Straub - Albany, NY
Public Affairs Support Services, Inc. - Reston, VA

Canada:

Navigator Ltd. – Alberta

* This list is reviewed regularly but is subject to change.

vi. Trade association memberships

HSBC participates in many trade associations and industry groups globally. We believe that it important for HSBC to contribute to discussions relevant to public policy and other issues that impact the financial sector and wider business community. But HSBC's involvement does not imply that we support every collective position taken by these organisations.

Examples of the trade associations to which HSBC belongs include:

- ◆ UK Finance
- ◆ The City UK
- ◆ Council of Mortgage Lenders (UK)
- ◆ Investment Association (UK)
- ◆ Pension Management Institute (UK)
- ◆ The Association for Financial Markets in Europe
- ◆ Hong Kong Association of Banks
- ◆ Hong Kong Retirement Schemes Association
- ◆ Hong Kong Investment Funds Association
- ◆ Hong Kong Green Finance Association
- ◆ Asia Securities Industry and Financial Markets Association
- ◆ Asia Capital Markets Association
- ◆ The Association of Banks in Singapore
- ◆ Canadian Bankers Association
- ◆ Toronto Finance International

Details of the activities of these organisations can be found on their websites.

vii. Public sector appointments

HSBC is committed to ensuring that our recruitment – temporary or permanent, paid or unpaid (e.g. work experience) – is meritocratic, fair, non-discriminatory, and is not used to obtain or retain business. We do sometimes recruit individuals previously employed in the public sector. We believe that shared experience and expertise bring benefits to both the financial and public sectors, but recognise the risks of corruption and conflicts of interest, and have dedicated procedures in place to prevent these.

As well as complying with relevant local laws and regulations on recruitment of public officials, all hiring of public officials (or candidates closely connected to or referred by public officials) is carefully considered, following a structured recruitment process, and subject to an independent review by HSBC's anti-bribery and corruption team using a clearly defined risk-based approach. As a result, candidates may be refused unless HSBC can provide evidence that the offer is not intended to be a 'quid pro quo' arrangement to obtain or retain business, or an advantage in business.

Managing actual, potential and perceived conflicts of interest is an important consideration throughout our business, and the policies and governance in place cover situations involving individuals with previous public sector roles. Our [codes of conduct](#) ensure that employees are aware of and understand the policies regarding acceptable behaviour and what to do when they encounter improper behaviour.

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