

HSBC Asset Management Global Voting Guidelines

March 2025 vs. 2021: a much harder document, with two deliberate retreats

HSBC Asset Management (formerly HSBC Global Asset Management)
Global Voting Guidelines
The 2021 edition compared with the edition dated March 2025

HSBC raised its board independence floor from one third to half, made a combined chair and CEO a votable offence, and added director-accountability tests on coal, oil and gas, the UN Global Compact and human rights. It also abandoned its bright-line rule on all-male boards and opened a door to supporting poison pills.

Source: the two published guideline documents, read in full. The current document is dated March 2025 on its cover; the earlier one is dated 2021. Every quotation below is verbatim.
proxyvotesnow.com

Read this first

The file published as HSBC's current guidelines is dated March 2025 on its own cover page, and the earlier archived file is dated 2021. This report is titled by those dates. An earlier comparison on this site described these as 2026 and 2023 documents; the 2023 capture is in fact an image-only file with no readable text and could not be used.

This is a substantial rewrite - the document roughly doubled in length and gained a dozen new voting rules. Most of the movement is towards stricter, more prescriptive standards, which makes the two places where HSBC moved the other way stand out.

Direction of travel

Stricter on board structure, pay, audit and sector-specific climate accountability. Looser on board gender diversity, where a hard test became a soft one, and on takeover defences, where a flat objection gained an exception. Both retreats carry visible legal and policy fingerprints: a new compliance caveat on diversity, and a new disclaimer that HSBC does not coordinate voting with industry bodies.

1. Board structure: four new or tightened rules

The independence floor rose from a third to a half

How much of the board must be independent

2021:

"We believe at least one third of the board, or supervisory board, should comprise independent directors; we generally vote against the (re-)election of non-independent non-executive directors where the balance of independent directors does not meet this standard."

March 2025:

"We believe that, in principle, at least 50 per cent of the board members elected by shareholders should be independent, although we accept lower levels in certain markets, taking into consideration cultural and historical differences and local market practices."

This is the single largest numerical change in the document and it is a substantial tightening - a third to a half. The consequence is unchanged: HSBC "generally vote[s] against the re-election of non-independent, non-executive directors where the balance of independent directors does not meet these standards and may also vote against executive directors for this reason." Two qualifications are new and pull mildly the other way: the measurement base is now "board members elected by shareholders" (excluding employee representatives), and lower levels are accepted in certain markets and at controlled companies. The 2021 concession for smaller companies - "two independent directors may be sufficient" - is gone.

A combined chair and CEO is now a vote against

Splitting the chair and chief executive roles

2021:

"We favour the separation of the roles of Chair and Chief Executive. Where companies combine these, we expect a clear explanation and shareholder safeguards such as a strong lead independent director."

March 2025:

"At larger companies in developed markets, except Hong Kong and Japan, we generally vote against the individual where the roles of the chair and CEO are combined, unless 1) the board meets our minimum independent requirement and has a lead (or senior) independent director; or 2) the company provides reasonable justification. At UK companies, we generally vote against combined chair and CEO roles."

In 2021 this was a preference with no stated voting consequence. In 2025 it is a rule with a defined scope, two named exceptions, and a stricter UK variant with no exceptions at all. Combined chair and CEO roles remain the norm at a large minority of S&P 500 companies, so this is a genuine change in how HSBC will vote at US mega-caps.

Unequal voting rights became votable

March 2025, new:

"We believe in the principle of one share, one vote. We therefore generally vote against the re-election of the members of the governance committee of US companies where unequal voting rights are in place. In Europe, we will generally vote against directors or against the discharge of (non-executive) directors where unequal voting rights are present."

The 2021 document stated the equal-rights principle in the capital section but attached no director consequence to it. This names the committee to be held responsible and gives a separate mechanic for Europe. It is relevant to a well-defined set of US technology and media ballots and to a long list of European family-controlled companies.

Nomination committees came into scope, and so did committee chairs

In 2021 HSBC voted against non-independent directors on remuneration or audit committees where those were not majority independent. In 2025 nomination committees are added to that list, and a further sentence is new: "We also typically vote against non-independent chairs of these board committees." HSBC also now expects companies "to disclose in their annual report work plans, progress, and targets of key board committees."

Overboarding loosened slightly

How many boards is too many

2021:

"We may vote against directors who sit on more than five public company boards."

March 2025:

"We may vote against directors who sit on more than five or six public company boards, taking into consideration market practices."

A single number became a range with a market-practice caveat - the only numerical loosening in the document. Against that, HSBC added that it considers "the workload for the board chair or committee members to be more significant" and may take that into account, which cuts the other way for the directors who carry the heaviest loads.

2. The diversity retreat

The 2021 guidelines contained one of the clearest gender tests published by any large manager. The 2025 guidelines do not contain the word "female" anywhere.

Boards with no women on them

2021:

"Board diversity - The board should comprise directors with an appropriate range of skills and experiences. Diversity in gender and background are amongst the factors we consider when assessing board composition. We generally vote against the nomination committee chair of companies with no female board members, including for emerging and frontier markets."

March 2025:

"Board composition - The board should comprise directors with an appropriate range of skills, viewpoints and experiences. Diversity in gender, race, ethnicity, and background are among the other factors we may consider when assessing board composition, subject to applicable laws and regulations. ... We generally vote against the re-election of the nomination committee chair of companies where there is insufficient diversity on the board, taking into consideration cultural and historical differences and local market practices, and in compliance with applicable laws and regulations."

Four changes in one passage, and they compound. The objective trigger - no women on the board - became the subjective "insufficient diversity." The explicit extension to emerging and frontier markets became its opposite, a discount for "cultural and historical differences and local market practices." Diversity moved from a factor HSBC "considers" to one of "the other factors we may consider." And a compliance caveat, "in compliance with applicable laws and regulations," was added twice - language that in practice reserves the position in jurisdictions where diversity-linked voting has become legally contentious.

Two things run the other way and should be weighed. Race and ethnicity were added to the named dimensions, where 2021 mentioned only gender and background. And a wholly new rule extends the enquiry beyond the boardroom:

March 2025, new:

"Executive level composition - We believe that the board should also be responsible for considering diversity among top management. We may vote against the re-election of a relevant board director at large companies where there is insufficient diversity in the executive team."

Net effect

Broader in scope, weaker in bite. A company with an all-male board that could previously predict a vote against its nomination committee chair can no longer predict anything in particular. In exchange, executive-team composition is newly in scope and the named dimensions are wider. If you care about outcomes rather than coverage, this is a loosening; if you care about the range of things HSBC will look at, it is a widening.

3. Climate and sustainability: narrower on paper, broader in reach

The 2021 document had one climate voting rule. The 2025 document has three sustainability-linked director rules, but the general one was replaced by sector-specific ones tied to separate HSBC policies.

Voting against directors over climate disclosure

2021:

"Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, we will generally vote against the re-election of the Chair."

March 2025:

"As outlined within the HSBC AM Coal Policy, we may vote against the re-election of a relevant board director at thermal coal companies whose transition plans have fallen short of our expectations, and/or do not provide Task Force on Climate-Related Financial Disclosures (TCFD) disclosure or equivalent reporting. Similarly, as outlined within the HSBC AM Energy Policy, we may vote against the re-election of a relevant board director at companies in the oil and gas and utilities sectors that have fallen short of our expectations on transition plans."

Read the verbs. "Will generally vote against" became "may vote against"; "the Chair" became "a relevant board director." Both are softenings. The scope also narrowed from "energy intensive sectors" - which would cover cement, steel, chemicals and aviation - to thermal coal, oil and gas, and utilities. What the new text gains is specificity: TCFD disclosure is named, transition plans are the test, and the standard is set out in two separate published HSBC policies rather than left to judgement in this document.

Two further director-accountability rules are entirely new and have no 2021 equivalent:

March 2025, new:

"UNGC Non-Compliance - Where a potential breach of one or more of the 10 UN Global Compact (UNGC) principles has been identified, or where we have observed a company's response to a significant controversy to be inadequate, we may vote against the re-election of a relevant board director."

March 2025, new:

"Sustainability-related Risks - We may vote against the re-election of a board director if a company has not taken appropriate steps to address relevant risks outlined in our Stewardship Plan, including relevant risks relating to climate change, biodiversity, human rights, and workforce concerns."

The second sentence of that last rule is worth noting: "The level of accountability we apply may depend on the objectives of the fund." HSBC is telling you that the same company may be voted differently by different HSBC funds - a sustainable mandate harder than a conventional one. That is honest, and it means a single "HSBC voting record" is not a meaningful object.

Say on climate became case-by-case

Management climate transition-plan votes

2021:

"We support the introduction of regular shareholder votes on companies' climate transition plans and their reports on progress against these, particularly in exposed sectors. We vote in favour of resolutions to introduce a 'say on climate'. We support credible transition plans aligned with the Paris Agreement."

March 2025:

"We assess Say on Climate resolutions put forward by companies on a case-by-case basis, taking into account our internal net zero alignment assessment of companies and applicable legal and regulatory requirements. Our support for the proposal is contingent on factors such as our assessment of the climate strategy proposed, the scope of any targets, management oversight and accountability, and capital expenditure plans."

Supporting the introduction of the vote survives - HSBC still "typically support[s] proposals to introduce a regular 'say-on-climate' resolution." What became conditional is support for the plan itself, which now turns on HSBC's internal net-zero assessment and on four named tests including capital expenditure. That is a more demanding standard than "credible

transition plans aligned with the Paris Agreement," not a weaker one - but it is discretionary where the 2021 text was not.

On the shareholder-proposal side, the supported categories are broadly carried over and one is added - "Paris-aligned accounts and audits" - but the whole list is now gated: HSBC typically supports these "particularly if the company is assessed as not having demonstrated that it is net zero-aligned." A new bioeconomy and natural capital category replaces the 2021 biodiversity paragraph, covering deforestation, agricultural practices, natural resource overexploitation and pollution.

4. Pay and audit: substantially tougher

Remuneration

- New and significant: "For North America and Western Europe, we use a proprietary framework to determine the level of CEO pay that we believe is appropriate, taking into consideration company size in terms of market capitalisation and the number of employees." Exceeding it can draw a vote against the remuneration policy and report, and persistent failure to respond can draw votes against remuneration committee members. The 2021 quantum test was qualitative - "appropriate in the context of the company, when compared to appropriate peers, and not be excessive."
- New: a hard UK shareholding requirement - "chief executives of FTSE 100 companies to hold a minimum of 400 per cent of base salary in shares (300 per cent for FTSE 250 and 200 per cent for all other companies) within five years of their appointment."
- New: UK vesting and holding periods of at least five years.
- New: "Malus and clawback - Both these provisions should be present in executive remuneration packages, with specific reference made to the circumstances in which a company would exercise them." There was no clawback requirement in 2021 at all.
- Deleted: the termination-payment cap. 2021 said such payments "should not exceed twice annual remuneration"; there is no equivalent in 2025.
- Deleted: "We welcome the inclusion of appropriate measures of ESG performance amongst the criteria determining variable remuneration." The endorsement of ESG metrics in pay is gone, replaced by a requirement that criteria be "clearly defined, challenging and aligned with the companies' strategic objectives, without incentivising excessive risk-taking."
- Dilution: the 2021 "10 per cent in ten years" limit became "10 per cent of total issued capital," dropping the time window.

Audit

The 2021 position was a single sentence: "We review auditor independence and any concerns that are flagged when deciding on the re-election of external or statutory auditors." The 2025 document keeps that and adds a full tenure regime - companies should "tender audit work at least once every ten years"; in developed markets HSBC "typically vote[s] against the appointment of auditor if the tenure of the external auditor exceeds 20 years"; and there are named UK and South African escalations, including voting against the audit committee chair where the auditor's tenure exceeds ten years with no recent or disclosed tender. This is the clearest example in the document of a general statement becoming an enforceable rule.

Also deleted: the entire "Corporate tax optimisation" section, and with it the commitment that HSBC "may apply voting sanctions where companies fail over time to respond satisfactorily to our engagement on tax." Tax survives only as a topic HSBC will support in a shareholder resolution - "transparency on responsible tax" - not as a ground for voting against a board.

5. The poison-pill exception, and a new independence disclaimer

Two additions that say something about how HSBC is positioning itself.

Takeover defences

2021:

"We generally vote against the introduction or continuation of 'poison pill' defences."

March 2025:

"We generally do not support the introduction or continuation of 'poison pill' defences. However, we are mindful of the increasing concentration of corporate power in certain sectors and markets, and its links to anti-competition, economic inequality, and lower levels of innovation and investment. Therefore, we may support poison pills and their introduction by exception where we believe there is a long-term, holistic, value creation argument for a company remaining independent."

This is unusual and worth pausing on. Most managers oppose poison pills on the simple ground that they deny shareholders a takeover premium. HSBC now reserves the right to support one on a competition-policy argument - that the acquirer's growing market power is itself the harm. The carve-out is open-ended: "long-term, holistic, value creation" is not a test that can be checked from outside. In practice it hands HSBC discretion to back an entrenched board in a contested situation, and it is the only place in the document where a shareholder-protective default was given an exception.

March 2025, new:

"HSBC Asset Management acts independently in its investment and voting decisions. We do not coordinate investment or voting decisions with any members of any industry engagement body."

Placed in the second paragraph of the guidelines, this is a response to the antitrust and "collusion" arguments directed at collaborative climate initiatives. Nothing about HSBC's stated positions changed as a result, but it signals that the document was written with regulators and litigants among its readers. The stewardship-code signatory list was simultaneously expanded to include Singapore and Japan.

6. New voting topics, and the shareholder-resolution framework

- New - Cross-shareholdings (Japan): "We may vote against the board chair of companies that allocate over 10 per cent of net assets in cross-shareholdings." A specific, checkable threshold in a market where this is the central governance question.
- New - Worker directors: "We look to support directors appointed from the workforce where possible," and HSBC may accept board independence "falling slightly below our expectation" to do so.
- New - Technology and data: HSBC "will support proposals that request greater transparency in the management of information and disinformation, along with enhanced insights into the use of artificial intelligence (AI) and algorithmic systems."
- New - Political spending: governance resolutions now expressly include "resolutions calling for enhanced disclosure on political lobbying and political donations," and one share, one vote.
- Expanded - Social resolutions now name CEO-worker pay gaps, health and safety disparities, sick pay, labour rights, fair drug pricing, living wage provision and fair lending, alongside human rights impact assessments and gender and ethnicity pay gaps. But the whole category gained a caveat: HSBC is supportive of these "where permitted under applicable law."
- New - a list of factors applied to all shareholder resolutions: alignment with HSBC's stewardship priorities, relevance of the request, "how effectively we believe the resolution will bring about the change or outcome it proposes, including consideration of potential unintended negative impacts," whether the company is well placed to address the issue, steps already being taken, and the objectives of the funds invested.
- New - a published market classification. Developed markets are now defined by MSCI and listed in a table, so investors can see which standard applies where.
- New - escalation machinery. A "Voting Advisory Group" resolves disagreements with the ISS custom recommendation, escalating to the ESG Investment Committee or the local CIO.

Three 2021 items were dropped entirely: "Debt issues" (convertible debt authorities), "Other transactions," and "Differentiated shareholder disclosure requirements" - the last of which was a commitment not to support measures requiring shareholders to disclose holdings below local thresholds, on the basis that they "can be used to undermine the voting rights of minority shareholders."

7. What did not change

- Share repurchase: still no premium in excess of 5 per cent, no use during a takeover period, and no more than 15 per cent of issued capital held in treasury.
- Pre-emption: still generally against issuance authority without pre-emption that would dilute existing shareholders by more than 15 per cent, though the 10 per cent local-practice floor was replaced by "we may apply different thresholds in some markets."
- Other share issuance: any event requiring more than one third of existing capital should still be put to a specific shareholder vote.
- Director re-election: still favours annual election and still generally votes against measures to lengthen terms or to group director elections.
- Related party transactions, virtual-only meetings, annual report and accounts, and bundling are carried across with the same positions.
- Shareholder-resolution accountability is unchanged in substance: where companies have failed to respond adequately to majority or significant votes, HSBC may vote against relevant directors.
- The independence assessment criteria are the same list - current or former employment, family links, commercial links, significant shareholding and tenure - except that the 2021 specific benchmark of "tenure in excess of twelve years" was replaced by "tenure, with some exceptions."
- Governance shareholder proposals: still supports independent board chairs, enhanced rights to call special meetings or propose resolutions, and majority voting in director elections.

One framing change is worth recording. In 2021 HSBC expected directors "to provide effective stewardship and ensure that the companies act in the interests of all shareholders." In 2025 it expects them "to provide effective governance and to ensure that their companies act in the interests of shareholders and other relevant stakeholders." "All shareholders" - a minority-protection formulation - was dropped at the same time as stakeholders were added.

The bottom line

On most measures this is one of the more demanding voting policies published by a global manager: a 50 per cent independence floor, an enforced chair/CEO split, a proprietary CEO pay ceiling, mandatory clawbacks, a 20-year auditor limit, and three separate sustainability grounds for voting against directors. The two exceptions are pointed. HSBC gave up the one gender test that could be verified from outside, wrapping what remains in legal-compliance language; and it wrote itself an exception allowing support for takeover defences. Both are choices about where discretion is worth more than commitment.