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HSBC tells shareholders to vote against resolution to change controversial pension clawback policy

HSBC Holdings PLC (LON:HSBA) has urged shareholders to vote against a proposal to change a practice that involves reducing an employee's pension payments when they receive the state pension.

The Midland Clawback Campaign Group has been battling against the company's so-called "clawback" policy, which allows employers to deduct from company pension payments some or all of the basic state pension amount.

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In an AGM statement on Friday, HSBC said: "While we appreciate the Midland Clawback Campaign Group for their constructive engagement with Ian Stuart, chief executive of HSBC UK, we cannot support this resolution and we recommend that shareholders vote against it."

The bank added: "We have given it a significant amount of time and consideration and have listened carefully to the points raised by the campaign group as well as those made by MPs on behalf of their constituents.

"But we must be fair and equitable to all remaining 140,000 members of the UK pension scheme, more than half of whom are defined contribution members, and not just to those final salary members who would benefit if the state deduction ceased."

HSBC confirmed that three executive board members have agreed to a reduction in their pension allowance following pressure from investors and other stakeholders over executive pay.

The directors will see their pension allowance cut to 10% from 30% of base salary.

The banks said new directors on the board will also see a reduction of cash in lieu of pension to 10% of salary.

The move follows a backlash over group chief executive John Flint's pay package, which was this year due to include a cash payment of £372,000 in lieu of a pension contribution, equivalent to 30% of his fixed salary.

Under the revised remuneration policy, the amount will be reduced by £248,000 to £124,000.

HSBC has been criticised for breaking new executive pay guidelines under the UK corporate governance code, which were released last July. The guidelines say executive pension contributions should be in line with those of a company's workforce or explain why they are not.

Price: 657.5p

Market Cap: £133052.94M

1 Year Share Price Graph



Share Information

Code: HSBA

Listing: LSE

52 week High Low
746.30p 596.40p

Sector: Banks

Website: www.hsbc.com

Company Synopsis:

HSBC serves customers worldwide from more than 9,500 offices in 85 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. HSBC is one of the world's largest banking and financial services organisations.

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