

Strategic Report

Stakeholder Engagement

This section forms our section 172 statement and addresses the requirements of the Companies (Miscellaneous Reporting) Regulations 2018.

The Board must act in accordance with the duties set out in the Companies Act 2006 (the 'Act'). When making decisions, the Board ensures that it complies with Section 172 of the Act by acting in a way it considers, in good faith, would most likely promote our success for the benefit of our members as a whole, and in doing so has regard to matters set out in Section 172 (1) (a) to (f) of the Act.

The needs of stakeholders are considered throughout the decision-making process and the Board at all times has regard to the impact of material decisions on the different stakeholder groups. Our key stakeholders are:

Clients

As a trusted partner of ambitious entrepreneurs, we aim to accelerate our client's growth and deliver positive impact on the world. It is how we delivery on our purpose of 'Opening up a world of opportunity'.

Employees

Our employees are our greatest asset. As the business continues to grow, the need to retain and attract the highest levels of talent is imperative.

Community

We are proud of the work we do and that is done by colleagues to give back to the communities that we serve and operate within.

Regulators

We foster healthy relationships with our Regulators. Following regulatory Rules, Principles and Guidance enables us to deliver the right outcomes for clients and other stakeholders.

Shareholders

We were a wholly owned subsidiary of Silicon Valley Bank, which was part of the SVB Financial Group group of companies. On 13 March 2023, we became a wholly owned subsidiary of HSBC UK and a member of the HSBC group of companies headed by HSBC UK's ultimate parent company, HSBC Holdings plc. We consider the impact and implication of decisions in relation to our shareholder through Board and executive management engagement and decisions.

Suppliers

We respect the interests of our suppliers and invest in our relationships on key systems and services.

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Section 172

Decisions and Disclosures

a) The likely consequences of any decision in the long term The Board approves our strategic objectives and monitors their implementation through management information. The Board also monitors the ongoing impact of previous decisions to understand their impact in the long-term.

Following the events on 10 March 2023, the Board assessed numerous options for the long-term safety of SVBUK and the protection of clients' deposits. The optimum outcome for our clients, our employees and our stakeholders was achieved in the acquisition of SVBUK by HSBC UK, an arrangement which not only supported us in the short term but also presents new opportunities through HSBC's extensive international network.

For more information refer to page 2 of the Strategic Report.

b) The interests of the company's employees The Board recognises that our success is dependent on the skill, experience and conduct of our employees. A biannual employee engagement survey gives employees an opportunity to formally provide feedback on how they experience working with us, measuring happiness, retention and inclusion sentiment amongst employees. Recognising that employees are at their most effective when they are happy and engaged, the Board regularly meets with employees to obtain feedback and challenges Management on the results of employee surveys and its action plans to address the issues and trends that arise.

The CEO, together with other members of the senior management team, regularly engages with our employees via Company-wide townhalls and all-staff updates. Employee perspectives and sentiments, gathered from question-and-answer sessions, are provided by the CEO to the Board.

For more information refer to page 5 of the Strategic Report.

c) The need to foster the company's business relationships with suppliers, clients and others The Board recognises the importance of listening to and pre-empting the needs of clients. Client sentiment and feedback is regularly obtained and directors review management information on the frequency and quality of client engagement and the client experience. As part of the Board's oversight of new strategic products and initiatives, directors carefully consider client needs and impacts.

During the year the Board oversaw a continuing programme of work and approved enhancements to our processes as a result of Consumer Duty and the FCA's higher expectations of consumer protection.

Following our acquisition by HSBC UK, the Board oversaw the transition of clients from legacy SVB US systems to HSBC systems in August 2023. The focus for the Board was on addressing the significant risks posed to us and our clients due to legacy systems only being provided for a restricted time with limited support. The speed required to complete the transfer caused inevitable client inconvenience and the Board simultaneously sought to minimise the impact to clients by ensuring that the transition experience was as smooth as possible.

The Board maintains oversight of post transition activities as systems and process changes continue to be implemented.

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d) The impact of the company's operations on the community and environment

The Board understands that inclusion ignites innovation. We hold a unique and privileged position within the innovation economy, having oversight and connections to all parts of the technology innovation ecosystem. The Board takes this role very seriously and is passionate about shining a light on some of the many diversity, equity and inclusion issues that the tech industry continues to face and is driven to diversify the innovation tech ecosystem at large. This goal will ultimately help deliver on our purpose of fuelling the innovation economy for a better world.

For more information refer to page 5 of the Strategic Report.

e) The desirability of the company maintaining a reputation for high standards of business conduct

Directors hold regular meetings and maintain an open and ongoing dialogue with our financial regulators, including during the period of the HSBC UK acquisition and the subsequent transition programme.

f) The need to act fairly as between members of the company

Prior to 13 March 2023, we were a wholly owned subsidiary of SVB US and its ultimate former parent company was SVBFG. The UK Board had ultimate legal and regulatory authority for the UK business and SVB Financial Group was consulted on strategic matters and its financial plans. The Group was the service provider for a number of services to the UK business to ensure lower overall costs for the UK business and Group. All services were subject to arms length Service Level Agreements. Formal and informal communication channels between the Board and SVBFG had been established, including via the attendance of a Group Observer at our Board meetings.

Following our acquisition by HSBC UK on 13 March 2023, a transition programme, overseen by the Board was executed. Formal and informal communication channels have been established with HSBC UK, including through Board membership changes and the formation of an executive oversight framework to ensure strong and effective communication. The Board consults and seeks approval where required from HSBC UK in relation to strategic matters
