Environmental, social and governance review

Our ESG review sets out our approach to our environment, customers, employees and governance. It explains how we aim to achieve our purpose, deliver our strategy in a way that is sustainable, and build strong relationships with all of our stakeholders.

42 Environmental
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How we present our TCFD disclosures
Our overall approach to TCFD can be found on page 18 and additional information is included on pages 444 to 450. Further details have been embedded in this section and the Risk review section on pages 219 to 228. Our TCFD disclosures are highlighted with the following symbol: TCFD

Shanghai, China, 1870s. Waterfront View.

Environmental TCFD

Transition to net zero

We aim to support the transition to net zero and a sustainable future in partnership with our customers and other stakeholders

At a glance

Supporting the transition to net zero is a key priority for HSBC. In 2020, we set an ambition to become a net zero bank by 2050. We continue to develop our capabilities, products and services to support our customers' transition, reduce emissions in our own operations and partner for systemic change.

We believe supporting our customers' transition both benefits their business and helps generate long-term financial returns for our shareholders. Since we set our net zero ambition, we have seen promising progress in some vital areas of the decarbonisation challenge. Yet while the transition has progressed, the global pace of change remains insufficient. We are limited by, and cannot on our own overcome, the present lag in policy measures and the overall slower pace of the transition.

In our net zero transition plan published in January 2024 we committed to continually calibrate our approach to take into consideration the latest scientific methodologies, climate-related policies, and developments in the real world, given that our sector portfolios reflect progress in the regional economies where we operate. As we near the mid-point towards our own 2030 targets, it is important to take stock of our own progress so far. We have made good progress in reducing the emissions from our own operations but more uneven progress towards our ambitions for our financed emissions footprint.

Financed emissions

Our strategy is to support emissions reductions in the wider economy by working with our portfolio of customers to facilitate the emissions reductions they are seeking to make. We continue to focus on engaging with our customers on their transition plans, managing the products and services that we offer, and adapting the financing choices we make to help move the world towards a resilient, net zero economy.

We have set 2030 targets that combine financed and facilitated emissions for the oil and gas sector on an absolute emissions reduction basis, and for the power and utilities sector using an emissions intensity metric. We have also set a target for on-balance sheet financed emissions for thermal coal mining.

For demand-side sectors, we have set 2030 emissions intensity targets to reflect the need to scale up low-emissions technologies while transitioning away from existing high-emitting technologies in transport and industry. As part of our financial reporting, we present the progress for these sectors against our published financed emissions baselines and targets.

As we have set out in our net zero transition plan, we must acknowledge that there are fundamental prerequisites, outside of our control, which impact our ability to meet our 2030 interim financed emissions targets. These include technological advancements, diversification of the energy mix, market demand for climate solutions, evolving customer preferences, and government leadership and effective policy.

At the current pace of decarbonisation, a combination of the above factors has led to the transition being slower than envisaged by recent Paris-aligned net zero scenarios. Against this background, we have begun a review of our interim 2030 financed emission targets and associated policies as part of the annual net zero transition plan review referenced in our 3Q24 earnings release in October.

As we calibrate our approach for the latest context, we will seek to balance being ambitious on net zero while recognising the present near-term global challenges and the associated impact of the transition playing out differently across the regions and sectors we serve. In doing so we plan to draw on the latest scientific evidence and credible industry-specific pathways, while, at the same time, maintaining our commitment under our 2021 Climate Resolution.

Own operations and supply chain

In 2020, we set an ambition to reach net zero in our operations and supply chain by 2030. Our approach is to reduce emissions from consumption, replace consumption with low-emissions alternatives, and remove remaining emissions with high-quality carbon credits, in line with external guidance.

We continue to make good progress in driving down our direct emissions. However, progress in reducing scope 3 emissions in our supply chain is proving slower than we anticipated, driven mainly by the slower pace of the transition across the real economy.

While we remain committed to our approach, it has become clear that we would need to rely heavily on carbon offsets to achieve net zero in our supply chain by 2030. As such, we have revisited our ambition to take into account latest best practice guidance on carbon offsets. We are now focused on achieving net zero across our operations, travel and supply chain by 2050.

In this section

Understanding our climate reporting		We continue to evolve our disclosures taking into consideration data limitations and other challenges, and provide an overview of key changes for 2024.	Page 43
Supporting our customers	Sustainable finance and investment	We seek to support our customers' transition to net zero, including through the provision and facilitation of sustainable finance and investment solutions.	Page 45
Partnering for systemic change	Supporting systemic change to help deliver net zero	We focus on building partnerships that help support an enabling environment for scaling net zero solutions in the geographies most impacted by climate change.	Page 47
Embedding net zero	Financed emissions	We aim to align our financed emissions to achieve net zero by 2050.	Page 48
	Net zero in our own operations	We aim to achieve net zero in our own operations, travel and supply chain by 2050, in line with our overarching net zero ambition.	Page 58
	Managing climate risk	We manage climate risk across our businesses in line with our Group-wide risk management framework and continue to enhance our stress testing and scenario analysis capability to identify and understand climate-related risks.	Page 60
	Sustainability risk policies	Our sustainability risk policies help to set out our appetite for financing and advisory activities in certain sectors.	Page 61

Understanding our climate reporting

Continuing to evolve our climate disclosures
We engage with standard setters to support the development of transparent and consistent climate-related industry standards in areas such as product labelling, sustainability disclosures, sustainable finance taxonomy and emissions accounting. In 2025, we will continue to review and enhance our approach to disclosures.

Internal and external data challenges
The effective measurement, governance and reporting of progress against our climate ambitions relies heavily on the availability and quality of both internal and external data. Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation. Our internal data on customer groups that was used to source financial exposure and emissions data, is based on credit and relationship management factors and is not always aligned with the need to analyse emissions across sector value chains. This can result in inconsistencies in our financed emissions calculations.

We continue to invest in the development of data and analytics capabilities to support our transition. This includes sourcing more reliable data from external providers. We are also developing our processes, systems, controls and governance to meet the demands of future ESG reporting.

Given our dependency on collecting emissions data from our clients and the manual nature of the process, enhanced verification and assurance procedures are performed on a sample basis over this data, including the first and second lines of defence. Our climate models undergo independent review by an internal model review group, and we obtain limited assurance on our financed emissions and sustainable finance disclosures from external parties, including our external auditors.

Policies and implementation
We continue to review and enhance implementation of sustainability risk policies as we apply them in practice. They are reviewed and, where appropriate, updated based on factors including risk materiality, implementation experience, evolving scientific guidance, updated climate scenarios, policy and regulatory requirements and evolving industry practices.

Lack of consistency across sustainable finance taxonomies
Sustainable finance metrics, taxonomies and practices currently lack global consistency. As standards develop and regulatory guidance evolves across jurisdictions, our targets, methodologies and disclosures may also need to adapt. Recognising these challenges, we have developed and disclosed our Sustainable Finance and Investment Data Dictionary to accompany reporting against our sustainable financing and investment ambition. For further details, see page 45.

The evolution of the dictionary could lead to differences in year-on-year reporting. We continue to engage with standard setters in different regions to support the development of transparent and consistent taxonomies to encourage science-based decarbonisation, particularly in high transition risk sectors.

Impact on our reporting and financial statements
We have assessed the impact of climate risk on our balance sheet and have concluded that no incremental adjustments were needed to capture climate impacts in our financial statements for the year ended 31 December 2024. The effects of climate change are a source of uncertainty. We capture known and observable potential impacts of climate-related risks in our asset valuations and balance sheet calculations. These are considered in relevant areas of our balance sheet, including expected credit losses, classification and measurement of financial instruments, goodwill and other intangible assets; and in making the long-term viability and going concern assessment. As part of assessing the impact on our financial statements we conducted scenario analysis to understand the impact of climate risk on our business (see pages 60 and 223). For further details of how management considered the impact of climate-related risks on its financial position and performance, see 'Critical estimates and judgements' on page 354.

Progress on our net zero transition plan
We continue to take actions across our organisation to support the implementation of our net zero transition plan. This report provides key updates on our progress in 2024 and our annual TCFD reporting.

For further details of our climate risk exposures, see page 219.

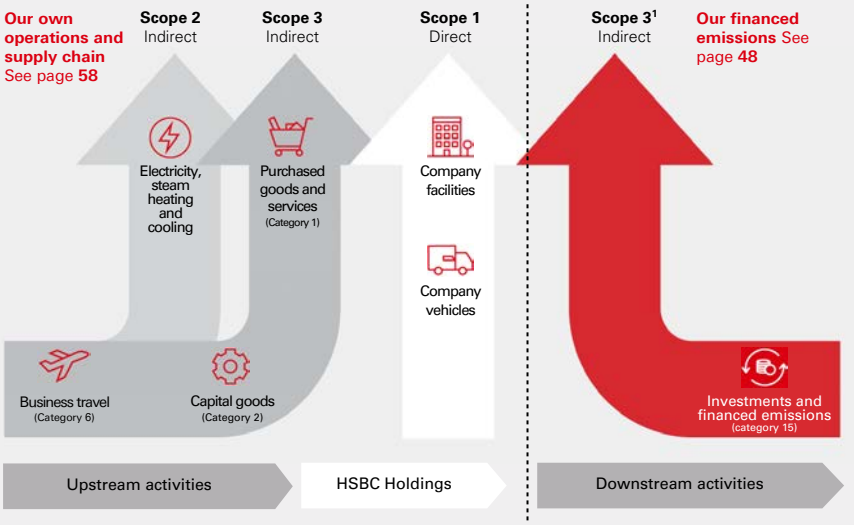
Key changes to our 2024 disclosures
We are committed to timely and transparent reporting. However, we recognise that challenges may result in us having to change certain disclosures. In 2024, there was an impact on certain climate disclosures, including:

- Financed emissions for the automotive, thermal coal mining and aviation sectors: In 2024, we made a methodological change to the way we calculate financed emissions for our automotive clients. In addition, we identified errors in both the thermal coal mining and aviation sectors, including errors in lending product codes. These changes have resulted in a 25% decrease in emissions reported for automotive and a 30% increase in emissions reported for aviation in 2022 figures, and a 18% increase in emissions reported for thermal coal mining in the 2020 baseline figure on an absolute financed emissions basis. For further details, see page 51.
- Thermal coal exposure: we continue to refine our basis of preparation and have made further enhancements in 2024. For further details, see page 62.
- Supply chain emissions: we have restated our supply chain emissions due to revisions in our methodology and an error in the mapping of industry averages. This has resulted in a 25% increase to our 2019 baseline emissions and a 2% increase to our 2023 reported emissions. For further details, see page 59.
- Asset management financed emissions 2019 baseline: we have re-baselined our 2019 intensity figure due to an error in the issuer mapping and is now 124 tCO2e/M$ invested versus 131 tCO2e/M$ invested reported in the Annual Report and Accounts 2022. For further details, see page 57.
- Energy consumption: We have restated our 2019 metric for total energy consumption due to an error. For further details, see page 59

Explaining scope 1, 2 and 3 emissions

To measure and manage our greenhouse gas emissions, we follow the Greenhouse Gas Protocol global framework, which identifies three scopes of emissions. Scope 1 represents the direct emissions we create. Scope 2 represents the indirect emissions resulting from the use of electricity and energy to run a business. Scope 3 represents indirect emissions attributed to upstream and downstream activities. Our upstream activities include business travel and emissions from our supply chain including transport, distribution and waste. Our downstream activities include those related to investments and including financed emissions.

Under the protocol, scope 3 emissions are also broken down into 15 categories, of which we provide reporting emissions data for three related to upstream activities. These are: purchased goods and services (category 1); capital goods (category 2); and business travel (category 6). We also report data on downstream activities for financed emissions (category 15).



For further breakdown of our scope 1, 2 and 3 emissions, see our ESG Data Pack at www.hsbc.com/esg.

1 Our analysis of financed emissions comprises 'on-balance sheet financed emissions' and 'facilitated emissions'.

Assurance relating to ESG metrics TCFD

HSBC Holdings plc is responsible for preparation of the ESG information and all supporting records, including selecting appropriate measurement and reporting criteria, in this Annual Report and Accounts 2024, ESG Data Pack and the additional reports published on our website.

We recognise the importance of ESG disclosures and the quality of data underpinning them. We also acknowledge that our internal processes to support ESG disclosures continue to be developed and that currently they partly rely on manual sourcing and categorisation of data. Certain aspects of our ESG disclosures are subject to enhanced verification and assurance procedures including the first, second and third lines of defence. Assurance assists with reducing the risk of misstatement, although it cannot be fully eliminated given the challenges in data, evolving methodologies and emerging standards. We aim to continue to enhance our approach in line with external regulations and expectations.

For 2024, ESG metrics are subject to stand-alone independent limited third-party assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, on the following specific ESG metrics:

- our use of proceeds from Green Bond issuances 2024 (published in December 2024);
- our cumulative sustainable finance and investment provided and facilitated from 1 January 2020 to 31 December 2024 (see page 45);
- our on-balance sheet financed emissions for 2023 for six sectors, our on-balance sheet financed emissions for 2021 and 2022 for thermal coal mining, and our facilitated emissions for two sectors for 2023 (see page 56);
- our thermal coal financing drawn balance exposures for 2021 and 2022 (see page 62);
- our own operations' scope 1, 2 and 3 (business travel) greenhouse gas emissions data (see page 59), as well as supply chain emissions (purchased good and services, and capital goods) data; and
- our re-baselined 2019 intensity metric and the scope 1 and 2 financed emission intensity achieved by 31 December 2023 for our HSBC asset management business (see page 57).

The work performed for independent limited assurance is substantially less than the work performed for a reasonable assurance opinion, such as that provided for financial statements.

Our data dictionaries and methodologies for preparing the above ESG-related metrics and independent third-party limited assurance reports can be found at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Supporting our customers

Sustainable finance and investment TCFD

We aim to help our customers transition to net zero and a sustainable future by providing and facilitating between $750bn and $1tn of sustainable finance and investment by 2030. Our sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

Since 1 January 2020, we have provided and facilitated a cumulative $352.5bn of sustainable finance and $41.1bn of ESG and sustainable investing, as defined in our Sustainable Finance and Investment Data Dictionary 2024. This included 39% where the use of proceeds was dedicated to green financing, 12% to social financing, and 15% to other sustainable financing. It also included 24% of sustainability-linked financing and 10% of net new investment flows managed and distributed on behalf of investors.

In 2024, our underwriting of green, social, sustainability and sustainability-linked bonds for clients increased over the year, measured on a proportional share basis, in line with the wider bond market environment, although it remained at 15% of our total bond underwriting.

On-balance sheet sustainable lending transactions increased by 11% compared with 2023. In 2024, transactions totalling $0.5bn were identified as no longer fulfilling our eligibility criteria. These were declassified and removed from the cumulative progress total, and reported as a negative entry in 2024. Since 1 January 2020, the cumulative amount declassified from the total is $1.2bn.

Continued progress towards achieving our sustainable finance and investment ambition is dependent on market demand for the products and services set out in our Sustainable Finance and Investment Data Dictionary 2024.

Sustainable finance and investment summary[1]	2024 ($bn)	2023 ($bn)	2022 ($bn)	2021 ($bn)	2020 ($bn)	Cumulative progress since 2020 ($bn)
Balance sheet-related transactions provided[2]	**47.4**	42.7	42.2	26.0	10.4	**168.7**
Capital markets/advisory (facilitated)	**37.3**	33.3	34.5	48.7	30.0	**183.8**
ESG and sustainable investing (net new flows)	**14.5**	7.7	7.5	7.7	3.7	**41.1**
Total contribution[6]	**99.2**	83.7	84.2	82.4	44.1	**393.6**
Sustainable finance and investment classification by theme[1]						
Green use of proceeds[5]	**42.2**	37.1	29.0	27.1	18.9	**154.3**
Social use of proceeds	**9.6**	8.4	6.7	11.3	9.7	**45.7**
Other sustainable use of proceeds[3]	**13.9**	10.7	12.6	11.7	8.3	**57.2**
Sustainability-linked[4]	**19.0**	19.8	28.4	24.6	3.5	**95.3**
ESG and sustainable investing	**14.5**	7.7	7.5	7.7	3.7	**41.1**
Total contribution[6]	**99.2**	83.7	84.2	82.4	44.1	**393.6**

1 The 2024 data in this table has been prepared in accordance with our Sustainable Finance and Investment Data Dictionary 2024, which includes green, social and sustainability activities. The amounts provided and facilitated include: the limits agreed for balance sheet-related transactions provided (including drawn and undrawn amounts), the proportional share of facilitated capital markets/advisory activities and ESG and sustainable investing net new flows of both HSBC-owned (Asset Management) sustainable investment funds and Wealth and Global Private Banking investments.
2 In 2024 only 9 months of WPB green/energy efficient mortgages were included for the first time within Other Qualified Green Lending, future years' reporting will include 12 months of transactions.
3 Sustainable use of proceeds can be used for green, social or a combination of green and social purposes, assessed by HSBC against internal standards and relevant industry guidelines.
4 Sustainability-linked products, where the coupon or interest rate is dependent on whether the borrower achieves certain pre-defined sustainability performance target(s), are assessed by HSBC against internal standards and relevant industry guidelines and can be used for general purposes, which may be sustainable or non-sustainable.
5 Included within the total cumulative contribution towards our ambition are transactions to customers within the six high transition risk sectors (i.e. automotive, chemicals, construction and building materials, metal and mining, oil and gas, and power and utilities) as described on page 221, of which approximately $56bn is defined as green use of proceeds in line with the Sustainable Finance and Investment Data Dictionary 2024.
6 The $393.6bn cumulative progress since 1 January 2020 is subject to independent third-party limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our Sustainable Finance and Investment Data Dictionary 2024 and independent third-party limited assurance report is available at: www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Our sustainable finance and investment data dictionary

We define sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and related activities that support the achievement of the UN SDGs, including but not limited to the aims of the Paris Agreement on climate change.

Our Sustainable Finance and Investment Data Dictionary sets out our approach for classifying financing and investment as sustainable for the purpose of tracking and disclosing our performance against our sustainable finance and investment ambition.

We update our data dictionary annually, including reviewing our product definitions, adding new qualifying products and removing products that no longer qualify, making enhancements to our internal standards, and developing our reporting and governance. This year, we also indicate for the first time the types of eligible environmental and social activities we intend to consider going forward when qualifying certain use of proceeds financing for inclusion towards our sustainable finance and investment ambition including: climate solutions; nature; adaptation and social-related activities.

We engage in industry initiatives to develop our understanding and approach to 'transition finance'. However, we do not currently plan to include transition finance as a product label or stand-alone category in our data dictionary and reporting. We will continue to monitor industry guidance as it develops.

For our 2024 ESG Data Pack and Sustainable Finance and Investment Data Dictionary, see www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Sustainable finance and investment continued TCFD

Leveraging our strengths
We are focused on three key areas that play to our strengths as an organisation and can help deliver an impact on decarbonisation in the global economy, particularly in Asia-Pacific and the Middle East where the need for financing at scale is most critical. In 2024, we were named the world's best bank for sustainable finance in the Euromoney Awards for Excellence.

Transitioning industry
We support our clients in emissions-intensive industries with their transition goals by engaging with them on their transition plans and by providing financing solutions.

In 2024, we refreshed transition plan assessments for major clients in the oil and gas, power and utilities and coal mining sectors, and we began assessing major clients in the automotive, aviation, cement, steel and aluminium sectors, to better understand their objectives and identify opportunities to enable their decarbonisation strategies.

Development of clean power generation is critical to achieving net zero. We supported Abu Dhabi Future Energy Company (Masdar) towards its equity commitments on new greenfield projects in renewable energy and energy efficiency, by acting as joint lead manager and bookrunner in raising $1bn through its second green bond issuance.

Scaling infrastructure finance plays an important role in meeting global decarbonisation objectives. In 2024, we launched HSBC Infrastructure Finance ('HIF'), which brings together our infrastructure finance, export finance, and debt/project finance capabilities to increase our capacity to realise opportunities in the transition to a low carbon economy.

Pentagreen Capital, our joint venture with Singapore investment firm Temasek targets marginally bankable clean energy and adaptation projects in Southeast Asia to support them to commercial scale, with the aim of accelerating the transition to a low carbon economy. Pentagreen Capital completed its second deal in 2024: a green loan for BE C&I Solutions to catalyse the construction of distributed sustainable bioenergy projects across Southeast Asia and India.

To support our WPB customers, HSBC UK launched Energy Efficient Home Cashback Mortgages, to offer cashback incentives to customers taking out our mortgage loans to finance their purchases of residential properties with an A or B EPC rating.

Catalysing the new economy
We aim to support clean industrial development and the scaling of entrepreneurial new economy companies at all stages of financing across the markets we operate in. We do this through direct financing and investment as well as through catalytic partnerships.

We continue to work closely with Breakthrough Energy in developing and deploying critical climate solutions. We are an anchor partner in the Breakthrough Energy Catalyst platform, which provides expertise, resources and capital into first-of-a-kind or first commercial scale projects. Additionally, in 2024 we directly supported a number of Breakthrough Energy Ventures portfolio companies with venture debt and other banking services. We acted as a lead arranger in a $100m credit facility for US-based Electric Hydrogen to support the manufacturing and deployment of the company's electrolyser plants in producing green hydrogen.

In 2024, we launched a partnership with Google Cloud to offer banking support for climate tech companies in the Google Cloud Ready Sustainability programme, and support them to scale up. These companies can now access HSBC products and services that are tailored to their specific growth ambitions, including venture debt financing options and support from our specialist climate tech finance team.

Decarbonising trade and supply chains
We continue to focus on helping to decarbonise trade flows and supply chains through our green trade finance and sustainable trade instruments, sustainable supply chain financing and sustainability-linked lending for trade.

We supported PDS Limited, a global fashion infrastructure platform, on a trade facility to enable deployment of working capital linked to the successful delivery of environmental and social targets across their operations, aligned to their ESG approach.

Mid-market and smaller businesses make up a large proportion of global supply chains. In 2024, we expanded our sustainable finance capabilities with the launch of a sustainability improvement loan ('SIL') for businesses of this size in Hong Kong and Singapore, broadening the sustainable finance options available in the region. We recently completed our first SIL transaction in Asia-Pacific with Opal Cosmetics, a manufacturer and seller of personal care and beauty products headquartered in Hong Kong and with a global supply chain. The proceeds from the facility will support the company's general working capital needs and ongoing research and development activities. We now offer sustainability improvement loans to clients in 11 markets.

For more examples of how we are supporting our customers, see additional case studies on pages 19, 48, 49, 50, 51, and 57.

ESG and sustainable investing

We offer a broad suite of ESG and sustainable investing solutions across asset management, wealth, private banking, and insurance, to help institutional and individual investors generate financial returns, manage risk and pursue ESG-related objectives in line with their preferences.

As at 31 December 2024, HSBC Asset Management managed $179.8bn in ESG and sustainable investing portfolios for internal and external investors. This includes those that are distributed by HSBC Wealth and Private Banking and those HSBC Asset Management manages on behalf of HSBC Life.

HSBC Asset Management recognises that its clients' investment objectives are evolving, and sustainability preferences vary, and offers a broad range of sustainable investing solutions, in both traditional and alternative areas of investment. Our ESG and sustainable investing approach includes impact funds with a clear ESG or sustainable objective, thematic funds that seek to invest in ESG or sustainable trends, and strategies that seek to mitigate ESG risks by investing assets with higher ESG performance and exclusions of those that are lower ESG performing. Considerations across our approach can include, but are not limited to, climate or net-zero transition plans and controversies identified related to UN SDGs.

For the avoidance of doubt, products or assets invested pursuant to our ESG and sustainable investing approach do not necessarily qualify as 'sustainable investments' as defined by the EU Sustainable Finance Disclosure Regulation and/or other relevant regulations, and may not qualify as 'sustainable' products for the purposes of the UK Sustainability Disclosure Requirements and European Securities and Markets Authority fund naming guidance and/or any other regulatory standards. The HSBC ESG and sustainable investing approach is an internal classification used to establish our own ESG and sustainable investing standards and to promote consistency across asset classes and HSBC business lines where relevant. Our ESG and sustainable investing approach should not be relied on externally to assess the sustainability characteristics of any given product.

For our private banking and wealth customers, we offer a range of ESG and sustainable investing products across different asset classes, including mutual funds, ETFs, equities, fixed income, discretionary and alternatives. In 2024, we continued to expand our investment offering with the launch of eight ESG and sustainable investing mutual funds and ETFs. We regularly publish insights to help our clients better understand the ESG implications of their investments.

In 2024, we made updates to integrate ESG into our client wealth advisory journey in both Switzerland and Luxembourg, including building capabilities to understand private banking clients' sustainability preferences, rebalance their investment portfolios and monitor portfolios in line with their preferences. We also integrated client sustainability preferences into the investment product filtering process for retail wealth clients in Hong Kong.

In 2024, HSBC Life increased ESG and sustainable investing assets across its insurance manufacturing entities in Asia, Europe, and Latin America. The majority of these newly-deployed assets were green and sustainability-linked bonds, followed by placements into sustainable private credit funds.

For further details of our asset management policies, see page 62.

Partnering for systemic change

Supporting systemic change to help deliver net zero

We focus on building strategic partnerships that can help to create an enabling environment for mobilising finance, and support development and scaling-up of solutions for the net zero transition. For example, in 2024 we made a strategic investment in sustainable aviation fuel ('SAF') through a one-time purchase agreement for approximately 1.2m US gallons of SAF produced by EcoCeres, which will be used to refuel Cathay Pacific aircraft at Hong Kong International Airport.

We continue to participate in several sustainability-related cross-industry alliances and initiatives to help stimulate industry engagement on climate and nature-related issues, encourage the flow of finance for the net zero transition, and improve global financial standards, guidance, and frameworks to mobilise finance and accelerate action.

Through our philanthropy, we partner with a range of non-governmental organisations to develop thought leadership, spur innovation, build capacity and test and scale climate solutions.

Highlights from our net zero and sustainability-aligned partnerships
In 2024 we donated approximately $9m in grant funding to help establish a portfolio of partnerships aligned to the strategic focus areas set out in our net zero transition plan: transitioning industry, catalysing the new economy, and decarbonising trade and supply chains. We are also supporting initiatives focused on driving progress on cross-cutting issues, such as nature and the just transition.

Our collaboration with the Mission Possible Partnership seeks to support decarbonisation of some of the world's hard-to-abate heavy industry and transport sectors. We are funding a joint initiative focused on demand creation for green building materials in the Middle East, fostering collaboration among industry leaders, policymakers, and innovators to unlock projects.

We launched a new partnership with Third Derivative and Founders Factory to support climate tech innovation focused on hard-to-abate sectors, particularly in Asia where there is a significant need and growing market for such technologies. The partnership seeks to provide capacity building and facilitate connections with the investment community to support the development and scaling of key climate technologies.

Our partnership with the Venture Climate Alliance ('VCA') supports venture capital firms to shape and share best practices that help to prepare them for the climate transition at the earliest stages of business creation. Work is underway on developing a climate solutions framework to support portfolio-level climate impact disclosure and expand VCA membership across emerging markets.

We are supporting Apparel Impact Institute's ('Aii') Fashion Climate Fund, which aims to mobilise $2bn in blended finance to halve carbon emissions from the sector by 2030. We have leveraged our trade finance expertise to provide insights and help inform Aii's 'Brand Playbook for Financing Decarbonisation' and the 'Landscape and Opportunities to Finance the Decarbonisation of India's Apparel Manufacturing Sector'.

Climate Solutions Partnership
Our five-year Climate Solutions Partnership with the World Resources Institute, WWF and over 50 local partners, continues to support nature-based solutions and energy transition in Asia.

Since 2020, $105m in funding has been deployed to our NGO partners. The energy programmes have engaged companies across Asia to help set new standards in climate commitments for their industries and mobilised finance to support the uptake of renewables. The nature programmes supported the Asia Sustainable Palm Oil Links programme, focused on promoting sustainable palm oil production, consumption and trade across Asia, and the Nature-based Solutions Accelerator, which supported projects to reach investment readiness.

Through this partnership, we also launched an open-access Environmental Crimes Financial Toolkit to help financial institutions detect and monitor activities related to environmental and financial crimes. The first set of tools focuses on commodity-driven deforestation and land conversion.

Our just transition approach
The transition to net zero is expected to drive social changes on a global scale, presenting risks and opportunities for our clients and our stakeholders. Our net zero transition plan sets out our initial approach to incorporating just transition considerations. We are taking steps to embed just transition principles into our client engagement activities, our own operations, and our financing decisions.

HSBC Asset Management, in line with relevant stewardship activities, encourages companies to identify and address the impacts of their climate strategy on stakeholders, including workers, suppliers, and the communities in which they operate. This may include specific metrics or objectives in relation, but not limited to, employee training and development, green job creation, safeguarding workers' rights and support for affected communities.

We are a founding funder of the Just Transition Finance Lab, hosted at the LSE's Grantham Research Institute, which aims to accelerate solutions to achieve progress on climate and wider environmental goals through a people-centred approach. Since its launch in early 2024, the Lab has produced a range of outputs including: mapping just transition policies to a set of metrics, exploration of the role investors can play in facilitating a just transition in India, a case study of the coal-to-clean shift in Chile, and a detailed examination of the financial path to a just transition in the critical minerals sector.

Our approach to nature

Around one third of the emissions reductions required to limit global warming in line with the Paris Agreement are linked to the land use system and nature.

We have been further developing our approach to nature, which builds on the outline that was set out in our net zero transition plan. This includes considering how to: understand our exposure to nature; manage nature-related risks and impacts; support our customers, including financing and investing in nature-related solutions; and build nature-related skills, data capacities and partnerships.

We are taking steps to embed our approach to nature alongside delivery of our net zero implementation plans. We continue to test and scale approaches to financing and investing in biodiversity and nature, which has included acting as sole bookrunner and structuring bank for an Amazon reforestation-linked outcome bond, the World Bank's largest outcome bond issued to date (see page 19). In 2024, starting with our European clients, we began including nature-related questions in our client transition engagement questionnaire.

Climate Asset Management, HSBC Asset Management's joint venture with climate investment and advisory firm Pollination, has now raised commitments of more than $1bn for natural capital projects around the world, and announced the final close of its Natural Capital and Nature Based Carbon Funds.

Embedding net zero

Financed emissions TCFD

As part of our ambition to become a net zero bank by 2050, we published initial financed emissions targets for 2030. As we near the mid-point towards our 2030 targets, we have begun a review of our interim 2030 financed emissions targets and associated policies as described on page 15. This forms part of our annual net zero transition plan review referenced in our 3Q24 earnings release.

Our analysis of financed emissions comprises 'on-balance sheet financed emissions' and 'facilitated emissions', which we distinguish where necessary in our reporting.

Our on-balance sheet financed emissions include emissions related to on-balance sheet lending, such as project finance and direct lending. Our facilitated emissions include emissions related to financing we help clients to raise through capital markets activities. Our analysis covers financing from Global Banking and Markets, and Commercial Banking.

Financed emissions link the financing we provide to our customers and their activities in the real economy, and provide an indication of the associated greenhouse gas emissions. They form part of our scope 3 emissions, which include emissions associated with the use of a company's products and services.

We have set combined on-balance sheet financed and facilitated emissions targets for two emissions-intensive sectors: oil and gas, and power and utilities. We have also set targets for on-balance sheet financed emissions for the following sectors: cement; iron, steel and aluminium; aviation; automotive; and thermal coal mining.

As part of our financial reporting, we present the progress for these sectors against our published financed emissions baselines and targets.

We have set absolute emissions reduction targets for the oil and gas, and thermal coal mining sectors. For the power and utilities; cement; iron, steel and aluminium; aviation; and automotive sectors, we have set emissions intensity targets that allow us to deploy capital towards decarbonisation solutions.

Supporting India's transition to a greener economy

We acted as sole Export Credit Agency ('ECA') coordinator and sole green structurer for an inaugural $1bn green push export finance facility for Reliance Industries ('RIL'), guaranteed by the Italian ECA, known as SACE. This was RIL's first ever green loan and will be used to primarily finance eligible green projects being developed by RIL's new energy business.

As India's largest private sector company, RIL is seeking to address India's energy challenges – affordability, sustainability and security – with the aim of bridging the green energy divide and supporting clean energy infrastructure demand globally. RIL's new energy proposition is aimed at creating a manufacturing ecosystem including solar photovoltaics, advanced energy storage and green chemical value chains.

Our approach to financed emissions

In our approach to assessing our financed emissions, our key methodological decisions were shaped in line with industry practices and standards. We recognise these are still developing.

Coverage of our analysis

Our analysis focuses on the most carbon-emissive sectors and the parts of the value chain where we believe the majority of emissions are produced, to help reduce double counting of emissions. This is different to the scope of sectors within the wholesale corporate lending portfolio that we use to manage climate risk. These sectors are set out on page 221.

By estimating emissions and setting targets for customers that directly account for, or indirectly influence, the majority of emissions in each of the most carbon-emissive sectors, we can focus our engagement and resources where we believe the potential for change is highest. For each sector, our reported emissions now typically include all the major greenhouse gases, including carbon dioxide, methane and nitrous oxide, among others. These are reported as tonnes of CO_2 equivalent ('tCO_2e').

To calculate annual on-balance sheet financed emissions, we follow guidance from the Partnership for Carbon Accounting Financials ('PCAF') standard. We use drawn balances as at 31 December in the year of analysis related to wholesale credit and lending, including business loans and project finance, as the value of finance provided to customers. We excluded products that were short term by design and typically less than 12 months in duration to reduce volatility, having considered the PCAF guidance and subject matter expert opinions from the business. For facilitated emissions we considered all capital market transactions in scope for the year of analysis. These included debt and equity capital markets, and syndicated loans.

For further details of our financed emissions methodology, exclusions, and limitations, see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Financed emissions continued

The chart below shows the scope of our financed emissions analysis of the seven sectors, including upstream, midstream, and downstream activities within each sector. The allocation of companies to different parts of the value chain is highly dependent on expert judgement and data available on company revenue streams. As data quality improves, this will be further refined.

Sector	Scope of emissions	Value chain in scope				Coverage of greenhouse gases ('GHGs')
Oil and gas	1, 2 and 3	Upstream (e.g. extraction)	Midstream (e.g. transport)	Downstream (e.g. fuel use)	Integrated/ diversified	All GHGs
Power and utilities[1]	1 and 2	Upstream (e.g. generation)	Midstream (e.g. transmission and distribution)	Downstream (e.g. retail)	Diversified utilities - Power generation	All GHGs
Cement	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. clinker and cement manufacturing)		Downstream (e.g. construction)	All GHGs
Iron, steel and aluminium	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. ore to steel)		Downstream (e.g. construction)	All GHGs
Aviation	1 for airlines 3 for aircraft lessors	Upstream (e.g. parts manufacturers)	Midstream (e.g. aircraft manufacturing)		Downstream (e.g. airlines and air lessors)	All GHGs
Automotive	1, 2 and 3	Upstream (e.g. suppliers)	Midstream (e.g. motor vehicle manufacture)		Downstream (e.g. retail)	All GHGs
Thermal coal mining	1, 2 and 3	Upstream (e.g. extraction)	Midstream (e.g. processing)		Downstream (e.g. retail)	All GHGs

Key: **Included in analysis**

1 The power and utilities value chain has been updated to show diversified utilities power generation as a separate part of the value chain. This has always been included in-scope of the power and utilities target.

Setting our targets

Our target-setting approach to date for on-balance sheet financed emissions and facilitated emissions, has been to utilise a single reference scenario – IEA's NZE 2021 – to underpin both energy supply-related sectors (oil and gas; power and utilities; and thermal coal mining), and our published targets for demand-side sectors in transport (aviation and automotive) and heavy industry (cement; and iron, steel and aluminium).

Facilitated emissions included in our combined metrics are weighted at 33%, in accordance with the PCAF standard. To further reduce the inherent volatility in facilitated emissions, we apply a three-year moving average across transactions (i.e. average of 2021, 2022 and 2023 for the 2023 progress numbers) to track progress to our combined target. This means that transactions facilitated in 2028 and 2029 will still have an impact on the 2030 progress number and will need to be taken into consideration as we manage progress towards our target.

Our approach for financed emissions accounting does not rely on purchasing credits to achieve any financed emissions targets we set.

An evolving approach

In the upcoming review of our financed emissions targets, we will seek to balance being ambitious on net zero while recognising present near-term global challenges and the associated impact of the transition playing out differently across the regions and sectors we serve. In doing so, we plan to draw on the latest scientific evidence and credible industry-specific pathways while, at the same time, maintaining our commitment under our 2021 Climate Resolution.

Other sector updates

For the agricultural sector, due to ongoing data challenges, we are not in a position to report our financed emissions or set a target at this time. For commercial real estate, we continue to work towards outlining our financed emissions ambition. For residential real estate, we continue to expect to measure and report our financed emissions in future disclosures.

Supermarket group serves up sustainability incentives across value chain

HSBC UK has collaborated with Asda on its supply chain finance programme for over ten years. In September 2024, as part of this ongoing partnership, we acted as the lead arranger for a new facility, which offers $190m of financing to Asda's suppliers on enhanced pricing terms based on a supplier's ESG performance.

From January 2025, the initiative will extend incentives to over 250 of Asda's suppliers based on their sustainability practices, as assessed by EcoVadis. This initiative showcases how major retailers can engage their supply chains to encourage greater transparency and progress towards wider sustainability goals.

Financed emissions continued

Data and methodology limitations

Our financed emissions estimates and methodological choices are shaped by the availability of data for the sectors we analyse. We are members of the PCAF, which defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standards for Financed Emissions and for Facilitated Emissions provide detailed methodological guidance to measure and disclose financed and facilitated emissions.

- We have found that data quality scores vary across the different sectors and years of our analysis. While we expect our data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be fluctuations within sectors year-on-year, and/or differences in the data quality scores between sectors due to changes in data availability.
- The majority of our clients do not yet report the full scope of greenhouse gas emissions included in our analysis, in particular scope 3 emissions at a subsidiary level. In the absence of client-reported emissions, we estimated emissions using proxies based on company production and revenue figures. Although we sought to minimise the use of non-company-specific data, we applied industry averages in our analysis where company-specific data was unavailable through our third-party datasets. As data improves, estimates will be replaced with reported figures.
- Third-party datasets that feed into our analysis may have up to a two-year lag in reported emissions figures, and we are working with data providers to help reduce this. Mapping external datasets to our internal client entities is challenging due to complex company ownership structures.
- The methodology and data used to assess financed emissions and set targets are new and evolving, and we expect industry guidance, market practice, and regulations to continue to change. As we undertake the review of our 2030 financed emissions targets, we will use appropriate data sources and current methodologies available.
- We remain conscious that the attribution factor used in the financed emissions calculation is sensitive to changes in drawn amounts or market fluctuations, and we plan to be transparent around drivers for change to portfolio financed emissions where possible.
- We calculate sector-level emissions intensity metrics using a portfolio-weighted approach. Due to data limitations, we are unable to obtain production data for all of our clients. We therefore calculate an emissions intensity figure using the 75th percentile of available data points to meet this data gap.
- The classification of our clients into sectors is performed with inputs from subject matter experts, and will also continue to evolve with improvements to data and our sector classification approach. Our internal data on customer groups used to source financial exposure and emissions data is based on credit and relationship management attributes, and is not always aligned to the data needed to analyse emissions across sector value chains. As the sub-sector, and therefore the value chain classification, is based on judgement, this may be revised as better data becomes available. As a consequence, classification changes can result in sectoral movement year-on-year. Emissions are calculated at a counterparty group level, rather than at subsidiary level, mainly due to the availability of emissions data, but this may lead to over-or under-estimation of emissions compared with calculation at the counterparty level. Companies with multiple activities, such as conglomerates with near to equal business activity split across multiple sectors, are excluded as these can have different activities covered by multiple sector targets.
- The operating environment for climate analysis and portfolio alignment is maturing. We continue to work to improve our data management processes.

For further details of our financed emissions methodology, exclusions, and limitations, see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Helping to tackle food waste emissions via innovation

Food waste is a growing issue globally with an estimated one-third of all food produced going to waste, creating significant methane emissions. Mill, a US-based technology company, produces a food recycler for your kitchen that turns food waste into nutrient-rich food grounds. These food grounds can be used in composting processes or picked up and distributed to farm partners as food for soil or animals. These pathways help to keep food out of landfill, reuse resources and reduce emissions.

In August 2024, HSBC Innovation Banking supported Mill by providing $25m of venture debt funding following their successful Series C fundraising. The financing supports Mill to continue to scale its food-recycler business to consumers across the US.

Financed emissions continued

Our approach to emissions re-baselines and restatements

The PCAF recommends that financial institutions should, in line with the Greenhouse Gas Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard requirement, establish a recalculation policy to ensure consistency, comparability and relevance of the reported greenhouse gas emissions data over time. Our emissions re-baseline and restatement policy defines the circumstances for a restatement of previously reported emissions data and targets, including a re-baseline.

In 2024, we reviewed and enhanced our policy by extending the scope to cover additional emissions categories, including scope 1 and 2 emissions in our own operations. We also now include scope or boundary changes as a key driver of change. HSBC Asset Management is covered by a different emissions re-baseline and restatement framework as per page 57.

Emissions data and related processes are continually evolving. Therefore, we do not consider data and process enhancements to be a key driver of change. This may change over time as data and processes mature.

When key drivers, in aggregate, breach our defined significance thresholds, a restatement of previously reported emissions data and targets, including where necessary a re-baseline, is required.

We expect our policy to evolve with further industry guidance.

The table below outlines the key drivers of change and what we expect to disclose when thresholds are breached.

For further details of our emissions re-baseline and restatement policy, see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Key drivers of change	What we expect to disclose
Changes to the emissions methodology including those driven by changes in industry guidance/regulations	– A revised comparative amount for the restatement period that reflects the new information – The difference between the amount disclosed in the previous period and the revised comparative amount – The reasons for revising the comparative amount and why the new information provides reliable and more relevant information – The actions being taken to remediate same or similar errors in the future
Errors, such as those in the internal application or interpretation of methodology, or errors in internal data	
Scope or boundary changes, such as acquisitions or divestments, and inventory boundary and coverage changes	

In 2024, we made the decision to amend the approach for prioritising data sources for automotive clients to utilise production data as opposed to reported third-party data, representing a methodological change. This change was implemented to include tailpipe emissions instead of all scope 3 categories, in order to be consistent with the target scenario reference pathway and industry practice.

For the aviation sector, we restated the 2022 metrics as a lending product code was previously excluded in error; it is now included in our analysis.

For the thermal coal mining sector, we re-baselined the 2020 metric due to three errors: an incorrect product code exclusion, an error in the hierarchy construct of a client, and the incorrect inclusion of a non-thermal coal project. Methodological changes were also applied to align with the refinements to our basis of preparation in our reporting.

We are conducting a review of our controls for population and product codes, and aim to enhance them accordingly.

We have set out in the table below the restated metrics for the automotive and aviation sectors, and the re-baselined metric for the thermal coal mining sector, for applicable years where the significance threshold was breached. The significance threshold was not breached for all other sectors, or for scope or boundary changes.

Re-baselines and restatements		Previously Reported		Restated Metrics		Percentage Change	
Sector	Reporting metrics	2020	2022	2020	2022	2020	2022
Automotive	On-balance sheet financed - tCO_2e/million vkm	-	216.6	-	**170.1**	-	(21)%
	On-balance sheet financed - Mt CO_2e	-	5.5	-	**4.1**	-	(25)%
Aviation	On-balance sheet financed - tCO_2e/million rpk	-	86.5	-	**90.2**	-	4 %
	On-balance sheet financed - Mt CO_2e	-	2.7	-	**3.5**	-	30 %
Thermal coal mining	On-balance sheet financed - Mt CO_2e	4.0	-	**4.7**	-	18 %	-

IFC and HSBC Asset Management partner to improve sustainability in emerging markets

In 2024, International Finance Corporation ('IFC'), a member of the World Bank Group, and HSBC Asset Management ('HSBC AM') announced their intention to establish a specialised fund vehicle targeting corporate bond issuers in emerging markets, with the aim of increasing access to finance and supporting sustainable growth. The fund will be classified as Article 9 under the EU Sustainable Finance Disclosure Regulation.

This announcement furthers collaboration between IFC and HSBC AM, helping to mobilise institutional investment in key areas, such as sustainable technologies and social impact in emerging markets. IFC has committed to invest up to $100m in the fund, which will support an existing HSBC AM global emerging market corporate sustainable bond strategy.

Financed emissions continued

Targets and progress

We have set out in the table below our combined on-balance sheet financed and facilitated emissions targets for the oil and gas, and power and utilities sectors.

In 2023, applying three-year average values weighted at 33%, facilitated emissions for the oil and gas sector total 6.5 Mt CO_2e, and for the power and utilities sector, they total 346.6 tCO_2e/GWh. These values are then combined with the on-balance sheet numbers for the relevant year to track progress to target. We set out the annual figures before the application of the three-year average in the facilitated emissions table on page 56.

We also set out our defined targets for the on-balance sheet financed emissions of the following sectors: cement; iron, steel and aluminium; aviation; automotive; and thermal coal mining. We disclose emissions in 2022 and 2023 and progress achieved in 2023 versus baseline for each sector, except for the thermal coal mining sector, for which we disclose financed emissions figures for 2021 and 2022. We are continuing to work on our 2023 and 2024 figures and expect to report on these in future disclosures. In 2021, thermal coal mining financed emissions totalled 1.38 Mt CO_2e. In 2022, they were down by 69% against the re-baselined 2020 figure of 4.7 Mt CO_2e.

When assessing the changes from 2019 to 2023, it is important to emphasise how changes to exposure and market fluctuations impact yearly updates as we make progress towards our interim targets. Movement from one year to the next may not reflect future trends for the financed emissions of our portfolio.

Sector[1]	Baseline	2022	2023	2023 % change vs. baseline	2030 target	Unit[2]	Target scenario
Combined on-balance sheet financed and facilitated emissions at 33%, with three-year moving average							
Oil and gas	42.6 in 2019	31.9	**23.2**	**(46)%**	(34)%	Mt CO_2e	IEA NZE 2021
Power and utilities	513.4 in 2019	396.8	**349.0**	**(32)%**	138.0	tCO_2e/GWh	IEA NZE 2021
On-balance sheet financed emissions							
Cement	0.64 in 2019	0.71	**0.59**	**(8)%**	0.46	tCO_2e/t cement	IEA NZE 2021
Iron, steel and aluminium	1.8 in 2019	2.5	**2.1**	**17 %**	1.05 (1.43)[3]	tCO_2e/t metal	IEA NZE 2021
Aviation	84.0 in 2019	90.2	**79.6**	**(5)%**	63.0 [4]	tCO_2e/million rpk	IEA NZE 2021
Automotive	191.5 in 2019	170.1	**152.4**	**(20)%**	66.0	tCO_2e/million vkm	IEA NZE 2021
Thermal coal mining	4.7 in 2020	1.44	**N/A**	**N/A**	(70)%[5]	Mt CO_2e	IEA NZE 2021

1 Our absolute and intensity emissions metrics and targets are measured based on the drawn exposures of the counterparties in scope for each sector. Emissions intensity is a weighted average according to the portfolio weight of each investment, as a proportion of the total portfolio value. For oil and gas; and power and utilities, the baseline, progress and target figures represent combined on-balance sheet financed and facilitated emissions. For cement; iron, steel and aluminium; aviation; automotive; and thermal coal mining, the baseline, progress and target figures represent on-balance sheet financed emissions. For the aviation and automotive sectors, the target figure is unchanged while the 2022 figure represents restated on-balance sheet financed emissions. For thermal coal mining, the target is unchanged while the 2020 baseline figure has been re-baselined.

2 For the oil and gas sector, absolute emissions are measured in million tonnes of carbon dioxide equivalent ('Mt CO_2e'); for the power and utilities sector, intensity is measured in tonnes of carbon dioxide equivalent per gigawatt hour ('tCO_2e/GWh'); for the cement sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of cement ('tCO_2e/t cement'); for the iron, steel and aluminium sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of metal ('tCO_2e/t metal'); for the aviation sector, intensity is measured in tonnes of carbon dioxide equivalent per million revenue passenger kilometres ('tCO_2e/million rpk'); for the automotive sector, intensity is measured in tonnes of carbon dioxide equivalent per million vehicle kilometres ('tCO_2e/million vkm'); and for the thermal coal mining sector, absolute emissions are measured in million tonnes of carbon dioxide equivalent ('Mt CO_2e').

3 While the iron, steel and aluminium 2030 target is aligned with the IEA NZE 2021 scenario, we also reference the Mission Possible Partnership Technology Moratorium scenario, whose 2030 reference range is shown in parentheses.

4 Our aviation unit includes passenger and cargo tonnes, converted into revenue passenger kilometre ('rpk'), to align with our target pathway. This is comparable to revenue tonne kilometre ('rtk') using a 100kg per passenger conversion factor as we already include belly and dedicated cargo in our production figures. The conversion factor changed from 95kg per passenger used in the baseline disclosure to align with industry practice.

5 The thermal coal mining scope differs from the other sectors. We include solely emissions from thermal coal production and coal power generation, rather than the total emissions of a counterparty within a sector, to reflect the thermal coal mining absolute financed emissions reduction target.

Financed emissions continued

We plan to report financed emissions and progress against our targets annually, and to be transparent in our disclosures about the methodologies applied and any challenges or dependencies. However, financed emissions figures may not be reconcilable or comparable year-on-year in future, and baselines and targets may require updates or revisions as data, methodologies and reference scenarios develop.

Consistent with the PCAF guidance on financed emissions accounting, we only consider the outstanding drawn financing amount given this has a direct link to real economy emissions.

A number of clients have material undrawn balances that, if drawn, could significantly increase the financed emissions related to those clients. We expect to assess how to manage these exposures on a forward-looking basis as we progress towards our 2030 targets. In addition, for the intensity-based sectors, the emissions intensity is sensitive to material clients and changes to drawn balances year-on-year can therefore influence the trend.

We continue to engage with and support our clients in their decarbonisation journey by providing financing and advisory services.

Oil and gas

For the oil and gas sector, our analysis included scope 1, 2 and 3 emissions, including carbon dioxide and methane, for upstream and integrated companies. Our baseline and progress figures reflect combined on-balance sheet financed and facilitated emissions.

We have set a target to reduce absolute combined on-balance sheet financed and facilitated emissions for our oil and gas portfolio by 34% by 2030 relative to our 2019 baseline. This is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

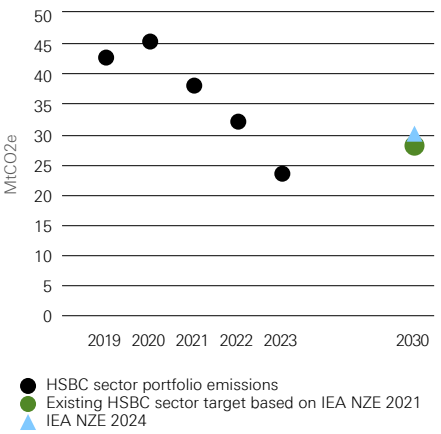
We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure derived from the updated IEA NZE 2024 scenario, which suggests a 30% reduction relative to the 2019 baseline.

In 2023, absolute combined on-balance sheet financed and facilitated emissions in our portfolio decreased by 46% to 23.2 million tonnes of carbon dioxide equivalent ('Mt CO_2e') relative to the 2019 baseline, and by 27% from 2022 to 2023. The reduction was due to divestments and other strategic decisions, and temporary factors such as low loan drawdown levels, and subdued capital markets activity.

A return to market conditions with clients increasing capital markets activity, or other factors that could lead to clients drawing down existing loans, will lead to increased financed emissions in our portfolio. Based on Dealogic data, capital markets activity for the sector increased by more than 15% in 2024 compared with 2023.

Oil and gas
Mt CO_2e

2023 progress from baseline
(46)%



Power and utilities

For the power and utilities sector, our analysis included scope 1 and 2 emissions for upstream power generation, and diversified utilities power generation companies. We focused on power generation companies because they control sector output, which has the most material emissions impact in the real economy. Our baseline and progress figures reflect combined on-balance sheet financed and facilitated emissions.

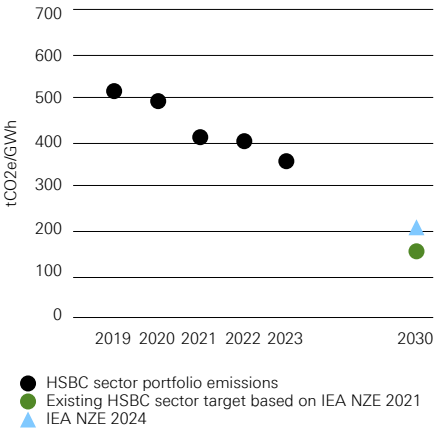
We target a combined on-balance sheet financed and facilitated emissions intensity of 138 tonnes of carbon dioxide equivalent per gigawatt hour ('tCO_2e/GWh') by 2030. We have chosen an intensity-based target as electricity demand is expected to more than double by 2050, due to both population growth and electrification required to decarbonise mobility, buildings and industry. Our target is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 194.6 tCO_2e/GWh derived from the updated IEA NZE 2024 scenario.

In 2023, the combined on-balance sheet financed and facilitated emissions intensity in our portfolio decreased by 32% to 349.0 tCO_2e/GWh relative to the 2019 baseline, and by 12% from 2022 to 2023. This reduction was driven by an increase in the financing of renewable energy projects and companies, and a decrease in the financing of high emissions intensity clients.

Power and utilities
tCO_2e/GWh

2023 progress from baseline
(32)%



Financed emissions continued

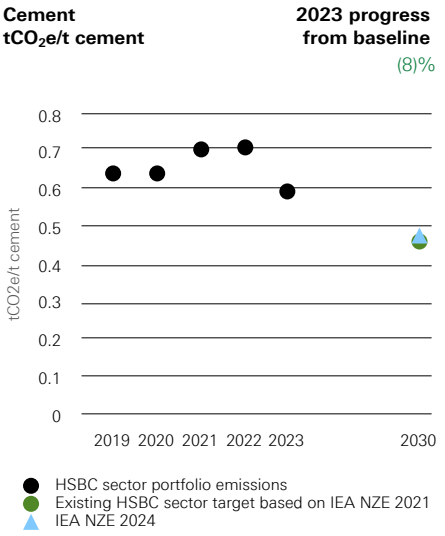
Cement
For the cement sector, our analysis included scope 1 and 2 emissions for midstream companies with clinker and cement manufacturing facilities.

We target an on-balance sheet financed emissions intensity of 0.46 tonnes of carbon dioxide equivalent per tonne of cement ('tCO_2e/t cement') by 2030, using 2019 as our baseline. Our target is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 0.47 tCO_2e/t cement derived from the updated IEA NZE 2024 scenario.

While some emissions reductions can be achieved through energy efficiency, we believe that to significantly reduce fuel and process emissions from cement manufacturing, and to meet our targets, large-scale investments are required in new production processes and technologies, including clinker substitution, alternative fuel use such as bioenergy, and carbon capture use and storage. Carbon capture use and storage is a nascent technology and is currently applied at around 45 facilities worldwide with a capture capacity of roughly 50 $MtCO_2$ per year. This is short of IEA NZE scenarios, which lay out a pathway of around 1 Gt CO_2 per year captured and stored by 2030. Several cement sector customers are making progress in carbon capture use and storage and are launching their first carbon capture use and storage pilot projects.

The 2023 emissions intensity of our portfolio, at 0.59 tCO_2e/t cement, was 8% lower than the 2019 baseline. It was also down by 17% in 2023 from 2022. The decline in 2023 was mainly attributable to improvements in the availability of emissions and production data across a number of emissions-intensive clients. Emissions intensity trends are highly sensitive to material client exposures and changes to drawn balances year-on-year.

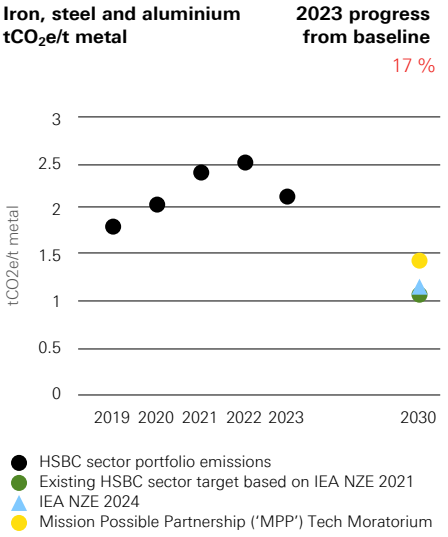


Iron, steel and aluminium
For the iron, steel and aluminium sector, we covered scope 1 and 2 for midstream iron, steel and aluminium production in our analysis. We intend to address our coverage of aluminium in future disclosures due to the low materiality in our portfolio, as well as volatility caused by the greater emissions intensity of aluminium production, compared to iron and steel.

We target an on-balance sheet financed emissions intensity of 1.05 tonnes of carbon dioxide equivalent per tonne of metal ('tCO_2e/t metal') by 2030, using 2019 as our baseline. Our target is consistent with a global 1.5°C-aligned pathway for iron and steel, as defined by the IEA NZE 2021 scenario. Meeting the 2030 target will be technologically challenging as this is a particularly hard-to-abate sector.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 1.29 tCO2e/t metal derived from the updated IEA NZE 2024 scenario, and of 1.43 tCO2e/t metal from the MPP Tech Moratorium scenario. The MPP Tech Moratorium scenario confines investments to near zero emissions technologies from 2030 onwards, and assumes no assets are prematurely retired. It projects a slower transition than IEA NZE scenarios in the near term due to the use of different assumptions for steel production, steelmaking technology mix, steel emissions intensity, and use of hydrogen in steelmaking.

The emissions intensity of our portfolio in 2023 rose by 17% to 2.1 tCO_2e/t metal against our 2019 baseline, due to aluminium sector exposures impacting the overall sector's emissions intensity in 2023, and a low baseline figure resulting from a higher mix of low emissions-intensive steel clients. Emissions intensity dropped by 16% in 2023 versus 2022 due to the reduced exposure to aluminium clients, and a larger mix of low emissions-intensive clients.



Financed emissions continued

Aviation

For the aviation sector, we included passenger airlines' scope 1 and aircraft lessors' scope 3 downstream emissions. We excluded military and dedicated cargo flights as the emissions intensity of such cargo flights is different to that of passenger airlines. This approach is in line with industry practice to ensure consistency of financed emissions measurement and target setting.

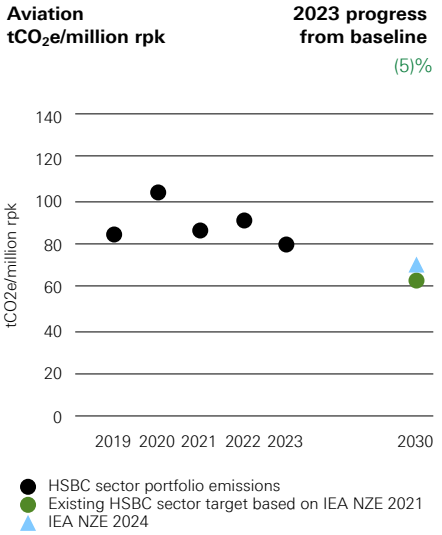
We target an on-balance sheet financed emissions intensity of 63 tonnes of carbon dioxide equivalent per million revenue passenger kilometres ('tCO_2e/million rpk') by 2030, using 2019 as our baseline. Our target is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 70.3 tCO_2e/million rpk derived from the updated IEA NZE 2024 scenario.

To meet our target, we believe the sector needs significant policy support, investments in alternative fuels, such as sustainable aviation fuel, and new efficient aircraft to reduce emissions. The adoption of sustainable aviation fuel is in its infancy, currently accounting for an estimated 0.3% of global jet fuel production. Sustainable aviation fuel use needs to increase to 15% by 2030 to be in line with the IEA NZE 2021. This requires a significant ramp-up of investment in production capacity and supportive policies, such as fuel taxes and low carbon fuel standards.

The industry is also adopting the unit of revenue tonne kilometre ('rtk') to take into account the transport of cargo for airlines in-scope of the target. We plan to consider this unit change to rtk in future disclosures to better reflect the industry standard. We already include passenger and cargo tonnes in our production figures.

In 2023, the emissions intensity of our portfolio fell by 5% to 79.6 tCO_2e/million rpk relative to the 2019 baseline and was down by 12% from the 2022 restated emissions intensity. This decline was largely driven by improved data quality, higher exposure to lower emissions-intensive airlines compared with the sector average, and improved operational efficiency with the return to pre-Covid air traffic activity levels.



Automotive

For the automotive sector, we looked at scopes 1 and 2 for midstream manufacturing of vehicles, and scope 3 for tank-to-wheel exhaust pipe emissions for light-duty vehicles. We excluded heavy-duty vehicles from our analysis as the target pathway derived from the IEA excludes them, as they have a different decarbonisation pathway relative to light-duty vehicles. This approach reflects a change from previous disclosures to only include tailpipe emissions instead of all scope 3 categories, in order to be consistent with the target scenario reference pathway and industry practice. We will consider including heavy-duty vehicle manufacturers as well as heavy-duty vehicle production at a later stage of our analysis, as data and methodologies develop.

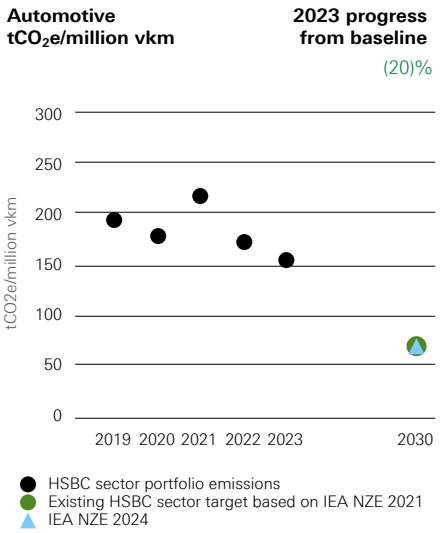
We target an on-balance sheet financed emissions intensity of 66 tonnes of carbon dioxide equivalent per million vehicle kilometres ('tCO_2e/million vkm') by 2030 using 2019 as our baseline. This is in line with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario, modified to match the share of new in-year vehicle sales for light-duty vehicles.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 66.2 tCO_2e/million vkm derived from the updated IEA NZE 2024 scenario, which remains close to the 2030 target figure of 66.0 under the 2021 scenario.

Meeting our target is heavily dependent on the share of new electric vehicle sales our clients will achieve in 2030, including battery and plug-in electric vehicles. BloombergNEF estimates that the electric vehicle share of sales in 2024 exceeded 20%, however this is below the 27% implied by the IEA NZE 2021 scenario based on HSBC analysis.

Achieving our 2030 financed emissions target will be challenging unless there is a strong acceleration in the share of electric vehicle sales. This will require large-scale investments in new electric vehicle and battery manufacturing plants, alongside widespread charging infrastructure, and government policies to support electric vehicles.

The 2023 emissions intensity of our portfolio dropped by 20% to 152.4 tCO_2e/million vkm against our 2019 baseline, and by 10% versus the restated emissions intensity of our portfolio for 2022, which excludes non-tailpipe scope 3 emissions. The decline against baseline was driven by changes in our loan book resulting primarily from credit-led business decisions. From 2022 to 2023, the reduction was driven by a portfolio mix with lower emissions intensity clients, and lower exposures to carbon-intensive clients.



Financed emissions continued

Thermal coal mining

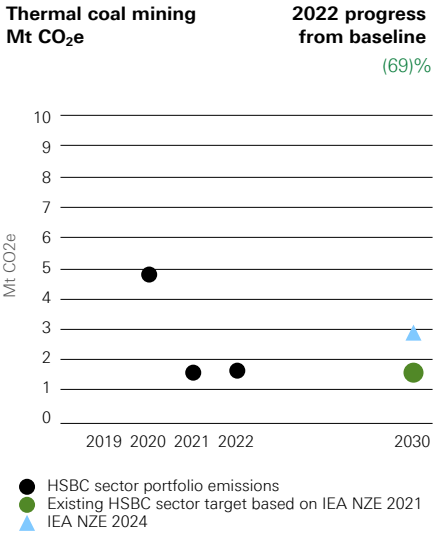
For the thermal coal mining sector, our analysis focused on scope 1, 2 and 3 emissions in upstream companies, including those involved in extraction. When calculating our financed emissions from thermal coal mining, we focused on thermal coal extraction and processing companies, and diversified mining companies. The majority of our reported financed emissions relate to scope 3 emissions associated with coal mining, representing financing provided to large conglomerates that own diversified business interests including coal.

We have set a target to reduce our absolute on-balance sheet financed emissions by 70% by 2030, relative to the re-baselined 2020 figure of 4.7 million tonnes of carbon dioxide equivalent ('Mt CO_2e'). We used 2020 as a baseline to align with the baseline used for our drawn balance exposure targets in our thermal coal phase-out policy. Our target is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

We show in the chart our progress to date against our 2030 target. We also indicate the 2030 figure of 2.7 Mt CO_2e derived from the updated IEA NZE 2024 scenario, which suggests a 42% reduction relative to the re-baselined 2020 figure.

In 2021, absolute on-balance sheet financed emissions decreased by 71% to 1.38 Mt CO_2e relative to the re-baselined 2020 figure. In 2022, the absolute on-balance sheet financed emissions of our portfolio decreased by 69% to 1.44 Mt CO_2e relative to the re-baselined 2020 figure, and they rose by 4% from 2021 to 2022. The reduction from the 2020 re-baselined figure was due to strategic decisions and temporary factors, such as low loan drawdown levels.

A return to normal market conditions with clients drawing down existing loans will lead to increased financed emissions in our portfolio.



On-balance sheet financed emissions

The table below summarises the results of our assessment of on-balance sheet financed emissions using 2022 and 2023 data. For thermal coal mining, we disclosed in 2023 our 2020 baseline, which has been re-baselined as described on page 51, and we now present figures for 2021 and 2022. The PCAF data quality scores across most sectors improved in 2023 due to better data availability.

		On-balance sheet financed emissions – wholesale credit lending and project finance[1,2]				
					PCAF data quality score[3]	
Sector	**Year**	**Scope 1–2 (Mt CO_2e)**	**Scope 3 (Mt CO_2e)**	**Emissions intensity**	**Scope 1 and 2**	**Scope 3**
Oil and gas	2022	1.3	16.2	N/A	3.2	3.2
	2023†	1.6	15.2	N/A	2.4	2.7
Power and utilities	2022	7.6	N/A	401.7	3.3	N/A
	2023†	7.3	N/A	349.6	3.1	N/A
Cement	2022	4.5	N/A	0.71	2.9	N/A
	2023†	6.3	N/A	0.59	2.3	N/A
Iron, steel and aluminium	2022	2.7	N/A	2.5	3.0	N/A
	2023†	1.8	N/A	2.1	2.9	N/A
Aviation	2022	3.3	0.15	90.2	3.2	2.4
	2023†	2.6	0.21	79.6	3.1	2.6
Automotive	2022	0.11	4.0	170.1	2.7	3.4
	2023†	0.12	6.0	152.4	2.2	3.2
Thermal coal mining	2021†	0.05	1.33	N/A	3.1	3.1
	2022†	0.07	1.37	N/A	3.1	3.1

Facilitated emissions

The table below summarises the results of our assessment of facilitated emissions using 2022 and 2023 data for the oil and gas, and the power and utilities sectors.

Applying a 100% weighting, the oil and gas values for scope 1 to 3 emissions decreased from 15.2 Mt CO_2e in 2022 to 9.0 Mt CO_2e in 2023. For the power and utilities sector, the values for scope 1 and 2 emissions rose from 3.8 Mt CO_2e in 2022 to 4.6 Mt CO_2e in 2023. For all 100%-weighted facilitated values, please refer to the ESG Data Pack[4].

		Facilitated emissions – ECM, DCM and syndicated loans (33% weighting)				
					PCAF Data quality score[3]	
Sector	**Year[4]**	Scope 1-2 (Mt CO_2e)	Scope 3 (Mt CO_2e)	Emissions intensity	Scope 1 and 2	Scope 3
Oil and gas	2022	0.36	4.7	N/A	3.3	3.3
	2023†	0.27	2.7	N/A	2.1	2.5
Power and utilities	2022	1.2	N/A	358.7	2.9	N/A
	2023†	1.5	N/A	322.2	2.6	N/A

1 The total amount of short-term finance excluded for the thermal coal mining sector was 0.04% and 0.1% of total loans and advances to customers at 31 December 2021 and 31 December 2022 respectively; in 2023, for all other sectors, it was 0.7% of total loans and advances to customers at 31 December 2023.
2 The total loans and advances analysed for the thermal coal mining sector were 0.1% of total loans and advances to customers at 31 December 2021 and 31 December 2022, respectively. For all other sectors in 2023, the total loans and advances analysed were 2.7% of total loans and advances to customers at 31 December 2023. The total loans and advances analysed for the purpose of the financed emissions calculation and reporting have not been adjusted for assets held for sale.
3 PCAF scores where 1 is high and 5 is low. This is a weighted average score based on financing for on-balance sheet financed emissions.
4 The total capital markets activity analysed applying a 100% weighting in 2023 was $10.4.bn, representing 3.3% of capital markets activity at 31 December 2023.
† Data is subject to independent third-party limited assurance in accordance with ISAE 3000 / ISAE 3410. For further details, see our Financed Emissions and Thermal Coal Exposures Methodology and the independent third-party limited assurance report, which are available at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Financed emissions continued

Reducing emissions in our assets under management

HSBC Asset Management continues to work towards its interim target[1] of reducing scope 1 and 2 financed emissions intensity by 58% between 2019 and 2030 for its in scope assets under management (AUM), consisting of listed equities and corporate fixed income managed within its major investment hubs. As of 31 December 2019, in scope assets amounted to $193.9bn, equating to 38% of global AUM.

2019 re-baselined metrics

In 2024, we improved our methodology for calculating financed emissions intensity, including a revised mapping logic for issuers' carbon intensity and EVIC (enterprise value including cash) data. We have re-baselined our 2019 intensity figure due to an error in the data mapping and it is now 124 tCO_2e/M$ invested versus 131 tCO_2e/M$ invested reported in the Annual Report and Accounts 2022, representing a decrease of 5.6%.

The Partnership for Carbon Accounting Financials (PCAF)[2] recommends that financial institutions should, in line with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard requirement, establish a restatement policy to ensure consistency, comparability and relevance of the reported greenhouse gas emissions data over time. HSBC Asset Management has defined an internal financed emissions re-baseline and restatement framework which adapts HSBC Group's approach and defines relevant circumstances for HSBC Asset Management.

Our financed emissions metrics

As at 31 December 2023, the scope 1 and 2 financed emissions intensity of HSBC Asset Management's in scope assets stood at 69.8 tCO_2e/M$ invested. The PCAF data quality score for our 31 December 2023 financed emissions intensity was 2.63.

Reported metrics[3]	2019	2023	Unit
Scope 1 and 2 financed emissions intensity	124.0*	**69.8**	tCO_2e/M$ invested
AUM in scope	193.9	**223.0**	Billions $
PCAF Data Quality Score	2.63	**2.63**	

*indicates that this metric has been re-baselined

1 Our targets remain subject to consultation with stakeholders including investors and fund boards on whose behalf we manage the assets. The 58% target is based on assumptions for financial markets and other data, including the IEA Net Zero emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO_2e/M$ invested), where emissions are scaled by enterprise values including cash.

2 PCAF defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standard for Financed Emissions provides detailed methodological guidance to measure and disclose financed emissions. PCAF Standards are available at: https://carbonaccountingfinancials.com/standard.

3 The re-baselined 2019 financed emissions intensity metric, and 2023 metrics were subject to independent third-party limited assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', and with respect to the greenhouse emissions, in accordance with the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. For the independent third-party's limited assurance report, see http://www.assetmanagement.hsbc.com/net-zero. The methodology used is available at: http://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/creating-a-new-climate-for-change/financed-emissions-disclosures-reporting-criteria.pdf.

Boosting the offshore wind industry in the UK

SeAH Wind Ltd is developing a new offshore wind technology manufacturing facility in Teesside, North-East England. The factory is seeking to make a significant contribution to the offshore wind industry and play an important role in addressing the growing global demand for renewable energy.

Building on previous financing in 2023, we acted as mandated lead arranger and lender for a $282m loan to SeAH Wind Ltd, with guarantees provided by UK Export Finance and the Korea Trade Insurance Corporation, bringing total financing arranged by HSBC for the project to $740m.

The proceeds will be used to support the ongoing construction and expansion of the new UK manufacturing facility, helping the company grow through its extended product range for offshore wind.

Net zero in our own operations TCFD

As described on page 15, we have revisited our ambition to achieve net zero in our own operations and supply chain by 2030 and are now focused on actions to cut emissions across these areas as part of our overall ambition to become net zero by 2050.

Reduce, replace and remove
Our guiding approach is, and will continue to be to reduce, replace and remove emissions from our own operations and supply chain. We plan to first focus on reducing carbon emissions from consumption, and then replace remaining emissions with low-carbon alternatives in line with the Paris Agreement. We will reduce emissions through the purchase of 100% renewables and plan to add investments in sustainable aviation fuel to replace traditional fuel and reduce emissions from our travel over time. Altogether, across our operations, business travel and supply chain, we expect to achieve a reduction of around 40% in emissions by 2030. In line with current guidance, we expect to only use carbon credits to remove emissions when it is not possible to directly reduce or replace. However, recognising the importance of high quality carbon removals in limiting global temperature rises, we have started to explore some high integrity carbon removal projects.

Our energy consumption
In 2024 we achieved a 30.5% reduction in our energy consumption compared with 2019 (2023: 26.3%).This has been achieved through optimising the use of our real estate portfolio and carrying out a reduction in our office space and data centres. We continue to optimise our assets to ensure greater efficiency and capitalise on new energy technologies. In 2024 we increased our purchase of electricity from renewable sources to 75.4% from 58.4% in 2023. This included increasing our coverage of green tariffs in India and mainland China. Renewable electricity can help unlock our emissions reduction potential, and we aim to achieve 100% renewable electricity across our own operations by 2030.

Our biggest challenge continues to be the limited availability of power purchase agreements and green tariffs in some of our markets due to regulations. We continue to expand our network of experts in the renewables space to help us identify opportunities globally.

Business travel
We have analysed our travel patterns to identify areas where we can continue to reduce emissions. For example, we have introduced internal regional reduction targets and emission information at the point of booking to encourage ownership and flexibility in decision making.

Engaging with our supply chain
Our supply chain contributes c.81% of our operational emissions and is the area in which we face the most significant decarbonisation challenge. When we set our ambition in 2020, we did so without detailed supply chain data.

It has become clear that progress in reducing emissions in our supply chain is proving slower than we anticipated, mainly driven by the slower pace of the transition across the real economy. Many suppliers are still in the early phase of their decarbonisation journey, do not have sufficient insight into their own emissions footprint, and have not set decarbonisation targets. We have stepped up targeted efforts to support decarbonisation across our supply chain.

We aim to deepen collaboration with suppliers and increase our focus on those without public disclosures or emissions reduction plans, supporting them through education and incentivisation. We will build partnerships with larger suppliers to drive change in shared supply chains through scaled solutions, including through industry initiatives.

In 2024 we incorporated an additional supply chain data source to complement data from CDP (formerly the Carbon Disclosure Project). We continue to improve the measurement, quality and reporting of our supply chain emissions data to generate insights to drive targeted reduction activities. We have engaged with our 300 highest-emitting suppliers to collaborate and identify emissions reduction opportunities based on supplier maturity levels.

In October 2024 we convened our first Supply Chain Decarbonisation Day to facilitate in-depth discussion and the development of joint action plans with some of our largest suppliers in the technology, professional services and real estate sectors, to help drive emissions reduction. In 2025, we will hold a similar event with different suppliers.

Focus on natural resources
We aim to be a responsible consumer of natural resources across our operations and supply chain. Wherever possible, through our procurement choices, design and construction, or operations, we aim to protect the environment and mitigate our impact on the depletion of natural resources. Our main focus areas are waste, paper and sustainable diets.

Our presence in environmentally sensitive areas
Our global portfolio of buildings supports customers and communities in areas that may be of high or very high water stress, and/or protected areas of biodiversity.

About 50% of our global offices, branches and data centres are located mainly in urban or city centre locations with large, concentrated populations. These areas have been identified as being subject to high and very high water stress, accounting for 49% of our annual water consumption and about 0.8% are in protected areas of biodiversity. We have implemented consumption reduction measures, including installation of water efficient taps, flow restrictors, auto-taps and low or zero flush sanitary fittings.

Our environmental and sustainability management policies

Our buildings policy recognises that regulatory and environmental requirements vary across geographies and may include environmental certification. The policy is supported by Corporate Services procedures on environmental and sustainability management, seeking to ensure that HSBC's properties continually reduce their overall direct impact on the environment.

Detailed design considerations documented in our global engineering standards aim to reduce or avoid depletion of critical resources, such as energy, water, land and raw materials. Suppliers are required to comply with our Supplier Code of Conduct and have in place environmental policies appropriate to the size and nature of their operations to reduce environmental impacts.

Net zero in our own operations continued

2024 Emissions performance

We are making progress towards our updated 2050 net zero ambition. In 2024 we achieved a reduction in absolute operational greenhouse gas emissions (energy and business travel) of 66.1% from our 2019 baseline. Overall, including supply chain emissions, we achieved a 30.7% reduction against 2019 and 5.5% compared with 2023.

Emissions from our energy

We are currently on track to reduce our scope 1 and 2 emissions by more than 90% by 2030 compared with our 2019 baseline. In 2024, we reduced these emissions (including energy and road fleet) to 98,785 tonnes CO2e, representing a 76.2% reduction from our 2019 baseline and a 46.3% reduction from 2023, helped by further efficiency measures and portfolio reductions, and an increase in renewable electricity procurement to 75.4%, up from 58.4% in 2023.

Emissions from travel

We reduced our emissions from scope 3 business travel by 50.8% compared with 2019 with travel volumes remaining well below pre-pandemic levels, although emissions increased by 22.6% compared with 2023 as travel behaviours normalise gradually across the bank.

Emissions from our supply chain

In 2024, we reduced our supply chain emissions by 8.4% against the restated 2019 baseline emissions, while compared with 2023, they remained relatively stable, with a small reduction of 1.0%. This was mainly driven by suppliers providing real estate-related services and financial services, while emissions from suppliers of technology-related goods and services have increased, due to an increase in their investments (e.g. data centres), growth of new services (e.g. cloud and AI) and increase in our spend.

In 2024 we also expanded the calculation scope by including two additional markets with third party spend. We continue to widen our reporting as more emissions and spend data are added to the procurement scope.

Emissions calculations approach

Our emissions report adheres to the Greenhouse Gas ('GHG') Protocol, which incorporates the scope 2 market-based emissions methodology. We report GHG emissions associated with the energy used in our premises and employees' business travel and our supply chain in tonnes of CO2 equivalent. As a financial services organisation, carbon dioxide is the main type of GHG applicable to our operations, however, our current reporting also incorporates methane and nitrous oxide for completeness, although deemed immaterial.

Based on our operational control boundary, in 2024 we collected data on energy use and business travel for our operations in 34 countries and territories out of the 58 markets we operate in, which accounted for approximately 97.7% of our full-time equivalent staff ('FTEs'). To estimate the emissions of our operations in entities where we have operational control and a small presence, we scale up the emissions to 100%.

Energy and travel greenhouse gas emissions in tonnes CO2e[3]

		2024	2023	2019 baseline
Scope 1[1]	▼	**15,025**	16,918	22,066
Scope 2 (market-based)[1]	▼	**83,760**	167,174	392,270
Scope 3	▲	**1,127,909**	1,113,498	1,356,631
Category 1: Purchased goods and services[1,2]	▼	**866,873**	880,494	1,033,972
Category 2: Capital goods[1,2]	▲	**127,158**	123,763	50,651
Category 6: Business travel[1]	▲	**133,878**	109,241	272,008
Total	▼	**1,226,693**	1,297,590	1,770,967
Included Scope 1 and 2 of UK	▼	**5,887**	5,909	10,432

1 Data in 2024 is subject to an independent third-party limited assurance in accordance with the International Standard on Assurance engagements 3410 (Assurance Engagements on Greenhouse Gas Statements). For further details, see GHG Reporting Guidance 2024 and third-party limited assurance report at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre. In respect of data in 2019 and 2023, see our relevant Annual Report and Accounts.
2 Supply chain emissions are calculated using a combination of supplier emissions data and industry average emissions factors. A data quality score is applied to this calculation where 1 is high and 4 is low, based on the quality of emissions data. This is a weighted average score based on HSBC supplier spend. Data quality scores can be found in the ESG Data Pack.
3 Data is based on the 12-month period to 30 September.
For further details of our methodologies, our independent third-party limited assurance reports and relevant environment key facts, see our ESG Data Pack at www.hsbc.com/esg.

Greenhouse gas emissions in tonnes CO2e per FTE

		2024	2023	2019
Scope 1, 2 and 3 (Category 6)	▼	**1.1**	1.3	2.9
Scope 1, 2 and 3 (Category 1, 2 and 6)	▼	**5.7**	5.9	7.8

Energy consumption in kWh in 000s

		2024	2023	2019
Total	▼	**728,890**	772,736	1,049,072
UK only	▼	**206,028**	209,939	281,271

Revisions	Reporting metrics	Previously reported		Restated metrics		Percentage change	
		2019	2023	2019	2023	2019	2023
Category 1: Purchased Goods and Services	tonnes CO2e	829,635	859,256	**1,033,972**	**880,494**	25 %	2 %
Category 2: Capital Goods	tonnes CO2e	37,617	121,783	**50,651**	**123,763**	35 %	2 %
Total Supply chain	tonnes CO2e	867,252	981,039	**1,084,623**	**1,004,257**	25 %	2 %
Energy consumption	kWh in 000s	913,556	n/a	**1,049,072**	**n/a**	15 %	n/a

We apply reviewed and updated emission uplift rates to reflect uncertainty concerning the quality and coverage of emission measurement and estimation. This approach is consistent with both the Intergovernmental Panel on Climate Change's Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories and our internal analysis.

Our calculation methodology for supply chain emissions follows the spend-based method under the GHG protocol; a combination of supplier emissions data and industry averages. We source actual data via CDP, or direct engagement with suppliers, and in the absence of this we use estimations from a new data provider and then industry average carbon intensities from CDP to estimate supply chain emissions.

As more of our suppliers report their emissions, we should be able to include more accurate data and fewer industry averages in the calculation. We have applied a data quality score to the sources of data we used to determine counterparty emissions. For further details, see our GHG Reporting Guidance at www.hsbc.com/esg

In 2024 we conducted a materiality assessment on upstream scope 3 categories, and we have identified categories 1 (purchased goods and services), 2 (capital goods), and 6 (business travel) as material.

Our approach to re-baselines and restatements

We re-baselined our 2019 and restated our 2023 supply chain metrics in line with our emissions re-baseline and restatement policy (see page 51). As referenced above, in 2024, we made the decision to amend the methodology. We also identified an error in the mapping of industry averages. In addition, we have identified an error in our 2019 metric disclosed in our ARA 2023 for total energy consumption, which we have now restated.

We are conducting a review of our controls related to these items and aim to enhance them accordingly.

Managing climate risk TCFD

Climate risk relates to the financial and non-financial impacts that may arise as a result of climate change and the move to a net zero economy. We manage climate risk across all our businesses and are incorporating climate considerations within our traditional risk types in line with our Group-wide risk management framework.

Our material exposure to climate risk relates to wholesale and retail client financing activity within our banking portfolio. We are also exposed to climate risk in relation to asset ownership by our insurance business and employee pension plans. Our clients are exposed to climate-related investment risk in our asset management business.

In the table below, we set out our duties to our stakeholders in our four most material roles.

For further details of our approach to climate risk, see 'ESG risk' on page 133 and 'Climate risk' on page 219.

Climate risk

Banking	Employee pensions	Asset management	Insurance
We manage the climate risk in our banking portfolios through our risk appetite and policies for financial and non-financial risks.	Our pension plans have fiduciaries to manage climate risk in line with their duties towards members under local regulatory requirements.	Climate risk management is a key feature of our investment decision making and portfolio management approach.	We consider climate risk in the management of our shareholder and policyholder portfolio of assets.
This enables us to identify opportunities to support our customers, while continuing to meet stakeholder expectations.	We monitor climate risk exposure internally for our largest plans based on asset sector allocation and carbon emissions data where available.	We also engage with companies on topics related to climate change.	ESG factors are incorporated into investment analysis to evaluate climate risk impacts, as well as the ongoing monitoring during the investment cycle.

Banking
Our banking business is well positioned to support our customers managing their own climate risk through financing. For our most material wholesale customers, we use our transition engagement questionnaire to understand clients' climate strategies and risks. We have set out a suite of policies to guide our management of climate risk. We continue to develop our climate risk appetite and metrics to help manage climate exposures in our wholesale and retail portfolios. We use climate scenario analysis to gain insights into the long-term effects of transition and physical risks across our wholesale and retail portfolios (for further details, see page 223).

Asset management
HSBC Asset Management recognises that climate-related risks may impact the operational and financial performance of investee companies. The impact of these risks will vary depending on characteristics such as asset class, sector, business model and geography. HSBC Asset Management continues to integrate climate analysis into its actively managed product offerings and seeks to assess climate-related risks that could impact investment performance, where applicable and relevant.

As part of its stewardship activities, HSBC Asset Management engages on climate change issues with investee companies on a priority list, as defined in its Stewardship Plan. HSBC Asset Management makes independent engagement decisions in the interests of its clients.

Employee pensions
The Trustee of the HSBC Bank (UK) Pension Scheme ('the Scheme'), our largest plan with $34bn of assets under management, aims to achieve net zero greenhouse gas emissions across its defined benefit and defined contribution assets by 2050. To help achieve this, it is targeting an interim emissions reduction of 50% by 2030, from 2019 levels, for its equity and corporate bond mandates. This commitment was made in the context of wider efforts to manage the impact of climate change on the Scheme's investments and the consequent impact on the financial interests of members.

The Scheme reports its carbon emissions for its equity and corporate bond mandates in its annual TCFD Report and will seek to widen the coverage of its assessment and reporting over time. In line with the Trustee's commitment to good stewardship, the Trustee engages its asset managers to ensure that financially material ESG risks are explicitly considered in the investment process.

Insurance
In 2024, our Insurance business enhanced our stress testing modelling capability to assess the solvency resilience of our Insurance entities under prescribed climate scenarios.

For further details of the HSBC Asset Management's Stewardship Plan, see: www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/-/media/files/attachments/uk/policies/stewardship-plan-uk.pdf

For further details of the HSBC Bank (UK) Pension Scheme's annual TCFD statements and UK Stewardship Code submission, see https://futurefocus.staff.hsbc.co.uk/active-dc/information-centre/search-documents

Sustainability risk policies TCFD

Our sustainability risk policies form part of our broader risk management framework and are important mechanisms for managing risks, including delivering our net zero ambition.

These policies focus on mitigating reputational, credit, legal and other risks related to our customers' environmental and social impacts.

Our policies
Our sustainability risk policies comprise our core net zero-aligned policies – thermal coal phase-out and energy – and our broader sustainability risk policies covering: agricultural commodities, forestry, mining and metals, and World Heritage Sites and Ramsar-designated wetlands. We also apply the Equator Principles when financing relevant projects.

These policies aim to provide clear signals to our customers on our risk appetite for certain activities.

We continue to review policy implementation as we apply our sustainability risk policies in practice, and our operationalisation of such policies continues to be enhanced. We take a risk-based approach when identifying transactions and clients to which our sustainability risk policies apply and, where relevant, when reporting on relevant exposures, adopting approaches proportionate to risk and materiality. This helps to focus our efforts on areas where we believe we can help drive meaningful change, while taking into account experience from policy implementation over time.

We regularly review our policies, incorporating feedback and building on experience from policy implementation over time. We have begun a review of our interim financed emissions targets and associated policies as part of the annual review of our net zero transition plan that we referenced in our 3Q24 earnings release in October.

For clients in scope of our sustainability risk policies, where we identify activities that could cause material negative impacts, we expect clients to demonstrate that they are identifying and mitigating risks responsibly and will look to take required actions as outlined in our policies. This may, as appropriate, include conducting enhanced due diligence or applying financing restrictions. Such instances may require additional review and approval by our sustainability risk specialists and risk committees.

For further details of how we manage sustainability risk, as well as our full policies, see www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk

Governance and implementation
Our Group Risk and Compliance function has specialists who review and support implementation of our sustainability risk policies. Our relationship managers are primarily responsible for assessing relevant considerations under our risk management framework, including whether our clients may be in scope of applicable sustainability risk policies. They are supported by sustainability risk managers for management of risks as outlined in the policies. Where considered appropriate, policy matters are escalated to relevant governance committees. Oversight of the development and implementation of policies is the responsibility of relevant governance committees comprising senior members of the Group Risk and Compliance function and global businesses.

Biodiversity and natural capital-related policies
Our sustainability risk policies impose restrictions on certain financing activities that may have material negative impacts on nature. Our forestry and agricultural commodities policies focus specifically on the upstream impacts of key agricultural commodities including palm oil, timber, soy and cattle. We also require palm oil customers to obtain certification under the Roundtable on Sustainable Palm Oil.

Our energy policy
Our energy policy covers the broader energy system, including upstream oil and gas, fossil fuel power generation, hydrogen, renewables and hydropower, nuclear, biomass and waste-to-energy sectors.

The policy seeks to balance three objectives: driving down global greenhouse gas emissions; enabling an orderly transition that builds resilience in the long term; and supporting a just and affordable transition, recognising the local realities in all the communities we serve.

The energy policy was first published in December 2022, and is reviewed annually, with the most recent update in February 2025.

For further details of our oil and gas, and power and utilities financed emissions targets, see the 'Targets and progress' section in 'Financed emissions on page 52.
For further details of our energy policy, see www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk.

Sustainability risk policies continued

Our thermal coal phase-out policy
As set out in the thermal coal phase-out policy, we are committed to phasing out the financing of thermal coal-fired power and thermal coal mining in EU and OECD markets by 2030, and globally by 2040.

Our policy aims to support thermal coal phase-out aligned to science-based timeframes, recognising the different pace between advanced and emerging economies. In turn, our policy supports progress towards our financed emissions targets for the power and utilities and thermal coal mining sectors.

The policy was first published in December 2021 and is reviewed annually, with the most recent update in February 2025.

For further details of our oil and gas, power and utilities financed emissions target, see the 'Targets and progress' section in 'Financed emissions' on page 52.

For our thermal coal phase-out policy, see www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/240125-hsbc-thermal-coal-phase-out-policy.pdf.

Thermal coal financing exposures
We aim to reduce thermal coal financing drawn balance exposure from a 2020 baseline by at least 25% by 2025, and aim to reduce it by 50% by 2030.

Our basis of preparation for reporting on thermal coal financing drawn balance exposures is aligned with our thermal coal phase-out policy and applies a risk-based approach to reporting on relevant exposures. This includes the use of globally recognised third-party data sources to screen clients and applies materiality considerations to product type, customer type and exposure type, which informs inclusion and exclusion requirements.

Specifically, for product types, short-term lending exposures are excluded from our thermal coal financing exposures reporting, in line with our financed emissions methodology. For customer types, exclusions are applied for certain customer types such as sovereigns and individuals. For exposure types, a threshold of $15m for drawn balances is applied for thermal coal financing exposures reporting.

We recognise that we provide financing to groups of connected companies where the wider group has thermal coal exposures, and this introduces additional complexities when estimating thermal coal exposure. In such cases, we consider the nature and the extent of the connections and any restrictions on use of financing proceeds to fund the thermal coal activities.

We continue to refine our basis of preparation and have made further enhancements in 2024 while taking into account experience from policy implementation over time.

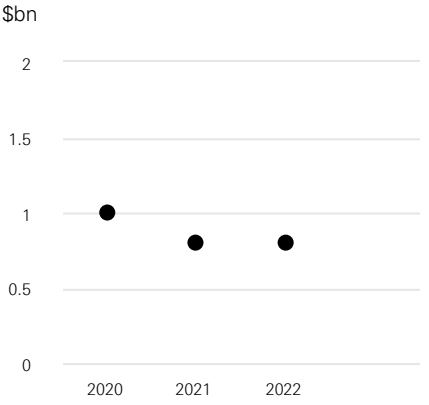
Applying our refined basis of preparation did not have a material impact on the thermal coal financing drawn balance exposure as of 31 December 2020.

For further details of our Financed Emissions and Thermal Coal Exposures Methodology, see www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

The chart below sets out our thermal coal financing drawn balance exposure for the 2020 baseline as well as the exposure figures for 2021[†] and 2022[†], which were $1bn (rounded).

We continue to work on our 2023 and 2024 numbers and expect to report on these in future disclosures.

Thermal Coal Financing drawn balance exposure[1]



1 The reduction is based on estimated underlying numbers aligned to our refined basis of preparation.

† Data is subject to independent third-party limited assurance, in accordance with ISAE 3000/ISAE 3410. For further details, see our Financed Emissions and Thermal Coal Exposures Methodology and independent third-party limited assurance report, which are available at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

For further details of our approach to financed emissions, see 'Our Approach to financed emissions' on page 48.

Asset Management policy

HSBC Asset Management's Energy and Thermal Coal Policies have been developed in support of HSBC Group's net zero ambition. In its capacity as a discretionary investment manager and under its Energy Policy, HSBC Asset Management engages and assesses the transition plans of oil and gas, and power and utilities issuers responsible for around 70 per cent of relevant emissions based upon all listed equity and corporate fixed income managed within its major investment hubs.

Its Thermal Coal Policy is developed in support of the transition from thermal coal-fired power and thermal coal mining (collectively 'thermal coal') within the 2030/40 timelines set out in the HSBC Thermal Coal Phase-Out Policy, and is intended to help meet the dual objectives of phasing out thermal coal within science-based timeframes and of energy transition in more coal-reliant economies.

The Energy Policy and Thermal Coal Policy complement one another and are reviewed at least annually.

For further details of the energy policy, see www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/energy-policy-en.pdf.

For further details of the thermal coal policy, see www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/coal-policy-en.pdf.

Social
Building inclusion and resilience

We play an active role in opening up a world of opportunity for our customers, colleagues and communities by connecting across our international networks to help build a more inclusive and resilient society.

At a glance

Inclusion is key to opening up a world of opportunity. It involves a commitment to identifying and addressing barriers that may stop people from accessing opportunities because of who they are or where they are from.

Inclusion goes hand in hand with resilience. We aim to help people build the capabilities they need to achieve their goals and to deal with the challenges they face, so we are focused on delivering products, services and education that support our colleagues, customers and communities.

Colleagues
We believe that an inclusive, healthy and rewarding workplace helps the whole Group succeed. We are focused on inclusive hiring so we can help ensure our colleagues – and particularly our leadership – are representative of the communities we serve.

Employee well-being is essential. We offer all colleagues a wide range of resources that help support their mental, physical and financial well-being so they can thrive in and out of work. We are working to ensure that our offices, branches and digital spaces are accessible.

Customers
We are committed to helping our customers access the financial services they need. They should not find it more difficult to access finance because of their gender, ethnicity, sexual orientation, neurodiversity or disability. Our ambition is to create a welcoming, inclusive and accessible banking experience for all our customers.

We build resilience by creating products and services that simplify the banking experience, so customers can manage their wealth more easily. We also provide financial education for our customers.

Communities
In 2024, we updated our global philanthropy strategy to align with our ESG areas of focus – 'transition to net zero' and 'building inclusion and resilience', allowing us to work alongside the communities we operate within to help create change.

We believe that fostering inclusion and building resilience helps us to create long-term value and growth. By removing unnecessary barriers and striving to be a fair and equitable organisation, we can attract and retain the best talent, support a wider customer base to achieve their goals and stimulate growth in our communities.

In this section

Our commitment to inclusion	Our approach to inclusion	We value diversity of thought and we are building an inclusive environment that reflects our customers and communities.	Page 64
	Fostering a diverse environment		Page 65
	Fostering an inclusive culture		Page 66
Building a healthy workplace	Listening to our colleagues	We run a Snapshot survey and report insights to our Group Operating Committee and the Board.	Page 67
	Being a great place to work	We aim to create a great workplace that will help in attracting, retaining and motivating our colleagues so they can deliver for our customers across countries and territories.	Page 68
Developing skills, careers and opportunities	Learning and skills development	We energise our colleagues for growth and build resilience by equipping them with skills that they need today and preparing them to meet future challenges.	Page 70
Building customer inclusion and resilience	Our approach to customer inclusion and resilience	We aim to support financial well-being and remove barriers customers can face in accessing financial services.	Page 71
Engaging with our communities	Helping to build a more inclusive and resilient society	We focus on a number of priorities where we can make a difference to the community and support sustainable growth.	Page 72

Our commitment to inclusion

Our approach to inclusion

Our purpose, 'Opening up a world of opportunity', explains why we exist as an organisation and is the foundation of our global inclusion strategy.

We have identified specific Group-wide priorities, which we track and monitor progress against. Embracing our unique international footprint, we adapt implementation of our global inclusion strategy to help ensure it remains locally relevant and compliant with local laws.

How we hold ourselves to account

We set strategic priorities
Our strategic priorities are aligned to three public aspirational ambitions, which have been created to increase representation of under-represented groups. In 2024, we continued to make progress against our priorities by:

- achieving a 34.6% representation of women in senior leadership roles, with an ambition of achieving 35% by 2025[1];
- attaining a 3.0% representation of Black heritage colleagues in senior leadership in the UK and US combined, against an ambition to achieve 3.4% by 2025[1]; and
- increasing our Inclusion index as measured in our Snapshot survey, to 78% against a 2024 target of 75%.

[1] These numerical ambitions do not form part of any US-based senior leader performance or other objectives, or in other jurisdictions where application of such should not apply under local law.

We monitor progress
We consistently track and measure performance against our priorities, utilising our data capabilities to accurately monitor progress through:

- an inclusion dashboard, which monitors progress against ambitions and is reported to the Group Operating Committee on a quarterly basis; and
- review meetings between our Head of Inclusion and each Group Operating Committee member to discuss progress against aspirational ambitions and to support further progress.

We are transparent
We are transparent in sharing our data through external disclosures and we participate in benchmarking to measure our progress across the industry. In 2024, we:

- ranked as a Top 75 employer in the UK Social Mobility Index, improving 30 places to number 37;
- ranked number 3 in the Stonewall Workplace Equality Index in the UK and maintained our Stonewall Gold standard; and
- were awarded an Ambassador Status by Carers UK.

We are evidence-led
Our priorities are informed by data, and we continue to enable our colleagues to self-identify across a range of data points that reflect their personal identity, including ethnicity, sexual orientation, gender identity and ability.

We have enabled our colleagues to self-identify through our systems and our Snapshot survey, helping us to understand the diverse composition of our global workforce.

Data availability enables us to embrace our international footprint, set locally-relevant priorities, support under-represented groups and improve outcomes for our colleagues. In countries and territories where we are able to do so, we invite colleagues to share their data with us. In 2024, we enabled 93% of our colleagues to disclose their ethnic background, with 67% of colleagues currently choosing to do so, where this is legally permissible. In certain markets we invite colleagues to share additional characteristics with us, for example, disability or socio-economic background.

For further details of our representation data, pay gap data, and actions, see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg.

Parker Review UK disclosures

The history of our organisation is rooted in multiculturalism, and we remain focused on embracing the different cultures and perspectives in the communities we serve while enabling our customers to realise their global ambitions.

HSBC has supported the aims and objectives of the Parker Review and participated in annual reporting since its formation in 2016.

We are committed to building a diverse workforce that reflects the communities we serve. 98.5% of our UK-based senior leadership population (including our Executive Committee and their direct reports) have made self-disclosures regarding their ethnic heritage. A total of 17.1% of our senior leadership identify as coming from an ethnic minority background, broadly aligned to the UK Census representation of 18%.

Our ambition is to ensure we remain reflective of UK Census data.

Fostering a diverse environment

Women in senior leadership
Increasing female representation in our senior leadership roles is one of our longest-standing strategic priorities. Since achieving our ambition of having 30% of senior leadership positions held by women in 2020, we set a new ambition to reach 35% by 2025[1]. We are on track to meet our 2025 ambition, with 34.6% of senior leadership roles held by women at the end of 2024. Our hiring practices are merit-based, and we seek to ensure that every candidate, regardless of their identity and background, has an equal opportunity to demonstrate their skill and potential. A total of 36.8% of all external appointments into senior positions were female, compared with 37.7% in 2023. Women represented 38.0% of all promotions into senior leadership roles in 2024.

In 2024, we relaunched our Accelerating Women's Leadership programme, developed in partnership with Cranfield Business School. The programme aims to strengthen our talent pipeline by improving the representation of women in senior leadership roles. It is designed to increase the visibility, career advocacy and network of our high-performing senior women, ultimately driving engagement and enhancing leadership capability. In 2024, we ran two pilot sessions held in the UK and Hong Kong. We also launched a modified version of the programme in a US pilot called Accelerating Enterprise Leaders, which also welcomes our male colleagues.

Our Coaching Circles programme, which matches senior leaders with a small group of colleagues to provide advice and support on the development of leadership skills and network building, welcomed 4,052 women and 4,103 men in 2024.

Black colleagues in senior leadership
Having a workforce that better reflects the communities we serve remains one of our strategic priorities. We have an ambition to increase our Black heritage senior leader representation in both the UK and US combined to 3.4% by 2025[1]. In 2024 we maintained our position at 3.0%.

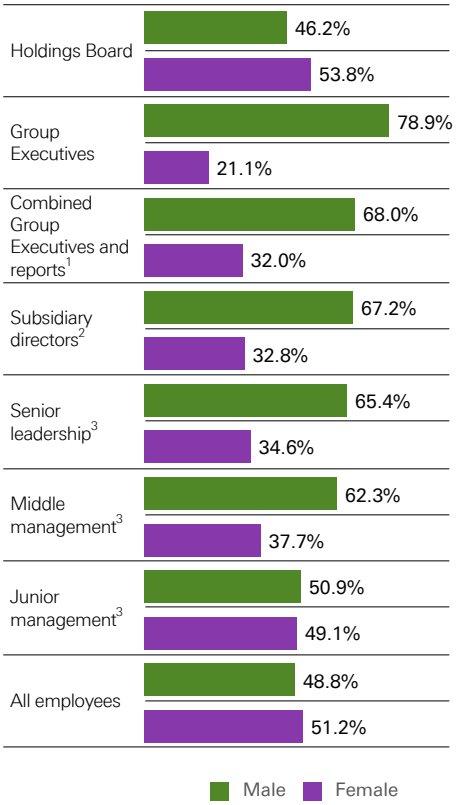
Previously in 2020, we set our initial ethnicity ambition to double the number of Black colleagues in senior leadership roles globally by 2025[1]. While this ambition was not tracked through our senior leadership performance scorecards, it remained a strategic priority. Since 2020, we have increased the representation of our Black colleagues in senior leadership by 60%. We have seen a number of changes to the global footprint of our business since setting this ambition, and despite our efforts so far, we are not making the progress towards our ambition as quickly as we would like and we are unlikely to achieve our 2020 ambition by 2025.

We remain committed to focusing on the development of our Black heritage colleagues. To address this, we use the Solaris programme as a development initiative for our UK-based Black heritage women. To date, 41 women have completed the programme, with 20% of participants securing a promotion.

Our immersive development programme, 'In Their Shoes' was designed to bring to life the lived experiences of minority ethnic colleagues, including the challenges they face. In 2024, the programme was recognised as an Outstanding Innovation at the Learning Excellence Awards and was highly commended in the Global Diversity Initiative of the Year category at the British Diversity Awards. Since its launch,12,707 colleagues have completed the programme.

1 These numerical ambitions do not form part of any US-based senior leader performance or other objectives, or in other jurisdictions where application of such should not apply under local law.

Gender representation



1 Combined Group Executives and direct reports includes HSBC Group Executives and their direct reports (excluding administrative staff) as of 31 December 2024.
2 Directors (or equivalent) of subsidiary companies that are included in the Group's consolidated financial statements, excluding corporate directors.
3 In our leadership structure, we classify senior leadership as those at global career band 3 and above; middle management as those at global career band 4; and junior management as those at global career bands 5 and 6.

Representation and pay gaps
We publish this data annually to ensure both transparency and a maintained focus on addressing representation gaps within the organisation. Our gender and ethnicity pay gap reporting shows the difference in average pay between these two groups of people and the wider workforce, regardless of role or seniority.

We have reported our UK gender representation and pay gap data since 2017 in line with reporting regulations, and have voluntarily extended this to include the US, mainland China, Hong Kong, India, Mexico, Singapore, Malaysia, and the UAE, alongside ethnicity data for the UK and US. In 2024, we have also extended this to include our colleagues with a disability in the UK. This now covers approximately 81% of our workforce. In 2024, our mean aggregate UK-wide gender pay gap was 40.6% compared with 43.2% in 2023, and the ethnicity pay gap was 7.7% compared with 4.5% in 2023. Our UK gender pay gap is driven by several factors, including the shape of our workforce, where there are more men than women in senior higher-paid roles and more women than men in junior roles. While we are confident in our approach to pay equity, until women and ethnic minority colleagues are proportionately represented across all areas and levels of the organisation we will continue to see gaps in average pay.

We are committed to paying colleagues fairly regardless of their gender or ethnicity and have processes to review that remuneration is free from bias. We also review our pay practices and undertake a pay equity review annually. If pay differences are identified that are not due to objective, tangible reasons such as performance, skills or experience, we make adjustments.

For further details of our representation data, pay gap data, and actions, see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg.

Fostering an inclusive culture

Looking to the future and beyond our public commitments, we refreshed our global inclusion strategy to refocus our ambitions against our strategic priorities, and set out our approach to inclusion over the next three to five years. We have established key principles that enable us to pivot towards building a more inclusive culture for all of our colleagues.

Our colleagues' personal sense of belonging and psychological safety are two key measures captured as part of our Inclusion Index in the annual Snapshot survey, which we monitor and review by various identities that comprise our global workforce. In 2024 we achieved a score of 78%, which is three percentage points ahead of our annual aspirational goal, and on par with the financial services industry benchmark.

Analysis of our Inclusion index allows us to measure engagement levels of specific colleague groups in greater detail, in particular different personal identities, to better understand the experiences of our colleagues globally. We found that scores from colleagues who identify as male and female were comparable, at 79% and 77% respectively, remaining unchanged from 2023. From an ethnicity perspective, our Black heritage colleagues were two percentage points below the Group-wide average, while our Asian heritage colleagues' results were on a par with the overall score, at 78%. From a sexual orientation perspective, colleagues who identified as LGB+ were one percentage point above the Group-wide result.

Our employee resource groups
Bringing together the shared identities, values and interests of our colleagues allows us to build an inclusive culture across the organisation and our volunteer-led employee resource groups ('ERGs') enable this. Our ERGs provide insight on key societal issues.

Through sponsorship by our non-executive directors and our Group Operating Committee, we bring together our senior leaders and colleagues, bringing to life our values of 'valuing difference' and 'succeeding together'.

In 2024, our ERGs led numerous initiatives and events including our Pride ERG for LGBTQ+ colleagues, who worked with our Group Benefits team to expand Gender Dysphoria healthcare benefits in India.

Our Ability ERG, for our colleagues with a disability, created a framework called 'Know me Better', as a tool to help facilitate conversations between colleagues and line managers regarding a colleague's disability.

Our focus on disability
We are dedicated to creating an inclusive culture where all employees, including those with disabilities can thrive. Our progress is guided by our Global Disability Council, sponsored by our HSBC UK Chief Executive Officer, with senior leaders across the business meeting every two months.

We have launched the second cohort of our Career Development Programme for our colleagues in middle and junior management with a disability, in partnership with an external coaching provider. In 2024, we launched an international pilot of the programme in Hong Kong.

In 2024, stories from our colleagues were showcased globally as part of our Disability Confidence series. The series leveraged the power of our colleagues sharing their experiences, the support they receive, and how this has helped them empower others to do the same.

We have also expanded our workplace adjustments programme through our provider Microlink, with services now available to over 44,000 colleagues in India, a 17 percentage point increase compared with 2023.

Socio-economic diversity
To better support our colleagues from lower socio-economic backgrounds, we have partnered with the London School of Economics and Progress Together to produce a comprehensive framework targeting socio-economic mobility in 2024.

The 'VOICE' is designed to support individuals, people managers, and organisations in retaining and advancing colleagues from lower socio-economic backgrounds within the UK financial services sector. The blueprint was developed through extensive input from professionals across the industry who come from a lower socio-economic background, and they shared their experiences as part of our qualitative research. It highlights the biases that can impact retention and progression and offers actionable, evidence-based strategies rooted in behavioural science to drive meaningful change.

Through our Strive ERG for colleagues who come from a lower socio-economic background we have developed internal mentoring programmes pairing junior and senior colleagues for coaching and development sessions.

We have enabled our colleagues in Singapore to share their socio-economic background.

In 2023, we entered the Social Mobility Index for the first time and gained recognition as a top 75 employer. We continue to be recognised as a top 75 employer, improving our rank by 30 places to number 37 in 2024.

Supporting our colleagues with caring responsibilities

We have found that many of our colleagues are often involved in both their careers and significant caring responsibilities outside work, and are finding managing both responsibilities increasingly challenging. In our Snapshot survey nearly 16% of colleagues self-identified as having caring responsibilities.

In 2024 we launched the Global Carers Charter, which comprises a series of tools, policies and support available for colleagues with caring responsibilities. Following its launch in the UK, HSBC's Global Carers Charter was awarded Ambassador Status by Carers UK.

Building a healthy workplace

Listening to our colleagues

We value difference at HSBC, and we do this by seeking out different perspectives and listening. Our colleagues succeed together by being connected across the organisation, and they take responsibility by speaking up. These activities are core to our values and we capture regular feedback from our colleagues to help improve HSBC and the employee experience.

How we listen

Our annual employee engagement survey is called 'Snapshot' and runs every September. It is an opportunity for all employees to share feedback on what it is like to work at HSBC.

Our 2024 survey achieved a response rate of 88%, up from 85% in 2023, with more than 182,000 colleagues choosing to share their views. This high level of participation enables us to share results confidentially across all levels of the organisation. Insights from our Snapshot survey are shared with the Group Operating Committee and the Board, and are provided directly to more than 11,000 people managers with 10 or more responses from their teams. We support teams to have good conversations about their feedback through the provision of interactive dashboards, action planning tools and discussion guides.

Our Employee Engagement Index, our key measure of how people feel about HSBC, has increased to 80%, up three percentage points compared with 2023. This was the largest increase seen across the Snapshot indices, and puts us six points ahead of the global financial services benchmark that we measure against.

Key driver analysis shows engagement is most influenced by a clear understanding of HSBC's strategic objectives, confidence in the future and our strategy, positivity towards career and development, and trust and confidence in leadership.

Following significant increases last year, the career index remained stable at 71% and is six points ahead of the global financial services benchmark. The proportion of colleagues stating a preference to remain with HSBC for five or more years increased to 70%, up three percentage points from 2023. Our inclusion index, a key measure of building an inclusive culture at HSBC, remained unchanged at 78%, against an ambition of maintaining 75%.

We have found that 75% of colleagues have said that working conditions enable them to be productive, which is up two percentage points compared with 2023. Despite this, 62% of colleagues report that work processes allow them to work efficiently, which is down three percentage points compared with 2023. This remains one of the lowest scoring items across the Snapshot survey, particularly across our senior leadership population. There are a number of initiatives underway to make it easier for colleagues to work efficiently.

We also run an annual Pay and Benefits survey, which in 2024 helped to evaluate changes to our performance approach, as well as capturing ongoing feedback about colleague expectations on compensation and development in support of our employer value proposition. We complement these large surveys with continuous lifecycle feedback from new joiners, internal movers and voluntary leavers.

We are committed to building on our high levels of engagement and feedback throughout 2025.

For further details of our Snapshot data, see the ESG Data Pack at www.hsbc.com/esg.

Employee conduct and harassment

We expect all our employees to treat each other with respect and dignity, and we do not tolerate or condone discrimination, harassment or bullying in any form, as outlined in our Global Anti-Bullying and Harassment Code. This is supported by our Global Code of Conduct, which helps us to maintain high standards across the Group.

We encourage our colleagues to speak up about poor behaviour or things that do not seem right. At times, we know it can be difficult to raise concerns, so regular communication and tracking is important to us. We measure confidence to speak up via our Snapshot Speak Up Index, which is at 77% in 2024, up by one percentage point from 2023. We recognise that our speak up culture requires continued focus to ensure we create the right environment for our people. Our Snapshot survey revealed an increase in colleagues able to state their opinion without fear of negative consequences, with 73% of colleagues feeling able to do so, up by one percentage point from 2023.

We strive to improve awareness and education around poor behaviours and strengthen our understanding and response to these issues across all levels of the organisation. In 2024, to ensure continued high-quality investigations into conduct concerns, we introduced six new investigator training modules aimed at the Human Resources investigator community.

Our colleagues continue to receive training on bullying, harassment, discrimination and retaliation at least every other year in our Global Mandatory Training curriculum and as part of other learning resources, including in People Manager training.

We have mandatory procedures for handling and investigating employee concerns, which include those for bullying and harassment. Cases are continually monitored from our speak-up channels, and data is reported to management committees to ensure there is visibility at leadership level.

In 2024 the bank received a total of 624 concerns raised relating to bullying and harassment. Where the concerns were substantiated following an investigation, appropriate action was taken, which included termination of services where appropriate. In 2024, 26% of concerns raised were either partly or fully substantiated and 34 colleagues were dismissed in relation to bullying, harassment, discrimination or retaliation.

We are committed to addressing this type of behaviour and will continue to take action where we find that an employee has breached our values and high standards of conduct.

Delivering accessible learning

We are committed to fostering an inclusive workplace for all colleagues, regardless of technology or ability.

In 2024, our Global Mandatory Training received Gold at the Brandon Hall Awards for Best Training Program for Global Accessibility Standards.

To uphold these standards we collaborate closely with our accessibility experts, ensuring our digital learning aligns with the high benchmarks set for our customer-facing websites. Our Global Mandatory Training assigned to all colleagues undergoes an external audit to identify any gaps affecting the experience of colleagues, such as those with visual impairments or those who are neurodiverse. We also conduct inclusive user testing to incorporate learner feedback into the design, helping to ensure a seamless experience for everyone.

Being a great place to work

To fulfil our purpose and drive our strategy, we need the best people, performing at their best. Focusing on opportunities for colleagues, making them a part of something bigger and being clear on what they can expect when they deliver on our strategy, is fundamental to delivering for our customers.

Our workforce proposition strengthens our ability to attract, retain and energise our colleagues and is driven by three key reward principles of rewarding colleagues' responsibly, recognising colleagues' success and supporting our colleagues to grow.

Rewarding colleagues responsibly
Our pay and benefits proposition aims to reward colleagues responsibly, helping to ensure financial security for all. We remain committed to providing a competitive total compensation package with an appropriate mix of fixed pay and variable pay. In our Snapshot survey, 52% of colleagues feel they are paid fairly for what they do, the sentiment remaining unchanged from 2023.

Following our accreditation as a global living wage employer in 2024 we have continued to work with the Fair Wage Network, which provides an independent source of wage levels. HSBC has achieved accreditation as a global living wage employer in 2025 in respect of the next two years. A living wage should be sufficient to cover an adequate standard of living given the cost of goods and services in each country in which we operate. We will continue to review all wages globally against local living wage benchmarks.

For our UK suppliers that have staff working within the UK, we seek to encourage them to pay at least the living wage.

For further details of our approach to workforce reward, see page 301.

Recognising colleagues' success
We believe in recognising our colleagues' success and have a number of mechanisms to help enable colleagues to be rewarded for their work.

In 2024, we introduced performance routines, to encourage our colleagues to talk about their ambitious goals throughout the year. This is complemented with improving the exchange of feedback, so colleagues know how they are doing and how they can improve. These activities are brought together through performance check-in conversations at the year-end, with a simplified approach to performance assessments.

These changes were communicated to over 215,000 colleagues in 59 markets at the beginning of the year. Our Pay and Benefits survey measures several factors, including our colleagues' understanding of performance routines, with 76% reporting a 'good understanding' of how to practice them. In our Snapshot survey, 87% of colleagues reported that they had a clear understanding of what is expected of them and 94% of colleagues said they have had at least one performance check-in conversation with their manager.

Variable pay allows us to recognise the performance and behaviours of our colleagues. In 2024 we introduced 'Target Variable Pay' to 150,000 colleagues in 47 markets.

We have supported managers in their understanding of the changes, with nearly 18,000 people managers attending training. Changes to our pay structure provide more clarity and transparency on how we make pay decisions and how performance impacts variable pay, helping colleagues understand how they contribute to the performance of the organisation.

Our 'At Our Best' recognition platform offers employees the opportunity to recognise their peers for role model behaviours linked to our values. In 2024, our colleagues recognised one another over 1.5 million times, up three percentage points from 2023. Managers are also encouraged to recognise colleagues' service anniversaries every five years up to 30 years of service, and at 40 years. In 2024 over 28,000 anniversaries were celebrated.

Share plans are another way to empower colleagues to participate in the Group's success. In 2024, we invited 194,000 colleagues to participate in our share plans and 93% of colleagues globally now have access to a share plan.

Supporting our colleagues to grow
To help our colleagues to grow personally and professionally, we are committed to supporting their mental, physical and financial well-being, offering flexibility and helping colleagues develop new skills.

We use colleague feedback, benchmarking from industry experts and we work with external partners across business, civil society and academia. As a founding member of the World Wellbeing Movement, we are working with the associated Wellbeing Research Centre at the University of Oxford to shape our approach to well-being. In Snapshot, a record 78% of our colleagues said, 'my organisation cares about my well-being', up nine percentage points from 2023.

We further detail our approach to supporting our colleagues to grow on the following page. We further detail our approach to skills and career development on page 70.

Our first ever global activity challenge

We launched our first ever global activity challenge designed to help colleagues increase their activity levels and well-being over a four-week period. With over 70 activities to choose from, we supported colleagues with a new global internal community group on our intranet, two expert speaker events, tailored content given on the Virgin Pulse app and motivational videos filmed by colleagues. During the challenge, colleagues collectively logged physical activity equivalent to 478,000 miles, which is equivalent to 19 times around the equator. After the challenge, two thirds of the participants surveyed responded positively to joining the next challenge.

One in four global colleagues with the Virgin Pulse app joined the challenge, with Asia-Pacific accounting for 77% of all participation.

Being a great place to work continued

Flexible working
Flexible working remains one of the top reasons colleagues say they would recommend HSBC to someone else, with 74% of colleagues saying flexible working is the aspect of our well-being programme they value the most. In 2024, 85% of our colleagues practised some form of flexible working arrangement, with 75% of colleagues working in a hybrid way.

We acknowledged that not all our colleagues had the right balance between working at home or in the office. In 2024, we have found that a better balance has been achieved, with colleagues attending the office between 2-3 days per week on average. This was achieved by our senior leadership reinforcing their expectations on office attendance.

To further support flexibility and work-life balance we have improved family leave policies. We now offer 94% of employees at least 18 weeks of parental leave on full pay for primary caregivers, and 74% of employees have at least two weeks of paid leave for secondary caregivers. We also provide five fully paid days of carers leave and of compassionate leave, to 67% and 79% of colleagues, respectively.

Mental well-being
In 2024 we continued to retain number one status in the CCLA Corporate Mental Health Benchmark for the third year running. While we are pleased with the progress made in 2024, mental health did decline with 79% of colleagues saying they have positive mental health, compared with 83% in 2023. This decline aligns with broader societal trends, with younger generations in particular experiencing lower levels of mental health.

We have continued to make the meditation app Headspace available to our colleagues globally, with over 35,000 enrolled, and we have extended access to family and friends. In 2024, we upgraded our Employee Assistance Programme in over 30 countries to support the mental health of colleagues and their families. We have lowered the age threshold on paediatric counselling support, and in some countries this is now available from age five years. More countries will aim to enhance support for children in 2025.

We have sought third-party assurances and benchmarking to ensure our approach remains relevant and effective. In 2024, we used the 2023 MindForward Alliance's Thriving at Work Benchmark, for which we received a global score of 91 points, 14 points ahead of the global average.

In 2024, mental health awareness training was completed by more than 227,000 colleagues as part of Global Mandatory Training. Our voluntary mental health education modules have been completed over 37,000 times, with 74% being managers. We have also expanded the global reach of mental health champions in our Mindfulness Network by nearly 27%.

Physical well-being
The Snapshot survey also revealed that 72% of colleagues rate their physical health as positive, compared with 74% in 2023. In 2024, we continued to make the Virgin Pulse app available to colleagues, supporting them to increase their physical activity. Over 21,000 colleagues have now downloaded the app, up 260% from 2023. More than 1,000 personal and team activity challenges were run and nearly 5,000 health checks were completed.

We have continued to provide access to private medical insurance for 99% of permanent employees and telemedicine healthcare services in the majority of our countries and territories. In certain countries and territories, we also provide on-site medical centres that the majority of colleagues can access. We have also increased the number of colleagues who have access to company paid health assessments. In 2024, eligibility for a personalised health assessment was extended to all UK employees. Health assessments are provided in 43 countries and we are working to extend availability in 2025.

Financial well-being
Financial challenges remain a concern for many colleagues, caused by increases in the cost of living globally. In 2024, 62% of colleagues said they felt positive about their financial health and 57% of colleagues said they have at least three months of essential outgoings saved, both up one percentage point from 2023.

We launched a five-part financial well-being series covering key career milestones. The series had over 4,000 attendees during the live events, with 93% of participants saying the events were useful or very useful. Recordings of the events have since been watched more than 15,000 times across 37 countries. Since the launch of the series, 65% of colleagues said they know where to find financial well-being support at HSBC, up five percentage points from 2023.

In our Pay and Benefits survey one in three colleagues said that they want more support with financial well-being. In 2025 we aim to trial a new financial well-being platform with 5,000 colleagues in the UK and Asia to help our colleagues improve their financial literacy, money skills and planning.

For further details of our Snapshot well-being data see the ESG Data Pack at www.hsbc.com/esg.

Supporting our colleagues in the Middle East

In the wake of regional conflicts we made promotion and support of mental health a priority. We held regular on-site Critical Incident Support across our MENAT region, covering Egypt, UAE, Kuwait, Türkiye and Qatar.

Across the region, belief that HSBC genuinely cares about its colleagues was at 66%, up 12 percentage points from 2023. We also found that awareness of mental health support at HSBC was at 74%, up six percentage points from 2023.

To support broader well-being across the region we increased paid maternity leave to a consistent 18 weeks. Family friendly enhancements were also made to the medical plan with the introduction of fertility treatment coverage and new coverage for Applied Behaviour Analysis in Bahrain, Kuwait, Oman, Qatar and the UAE.

We also held on-site breast screening and flu immunisation appointments in the UAE. Following increased demand for these services, more appointments and longer hours have been made available.

Awards

CCLA Global 100 Mental Health Benchmark

– Ranked number 1 global employer for the third consecutive year

Developing skills, careers and opportunities

Learning and skills development

Employee development energises our colleagues for growth and helps equip them with the skills they need today while also preparing them to meet future challenges.

Enabling future skills
We have adapted our skills development platforms and learning resources, to help prepare our workforce for future challenges and enable skills building at scale. In 2024, we:

- increased the number of active users and participation in learning programmes via our learning experience Degreed. This aims to address skills gaps through internal and external learning content and courses, enabling colleagues to share, collaborate and learn individually or in groups through structured learning pathways;
- unlocked over 250,000 hours of skills development through our Talent Marketplace. To date more than 46,000 colleagues have created a profile helping them match their interest in developing specific skills or career goals with on-the-job projects and networking;
- accelerated the use of digital badging to acknowledge skill-building achievements. We have launched over 150 badges and issued over 12,000 badging credentials associated with priority skills such as sustainability, AI and data analytics; and
- enabled our colleagues to learn via a range of channels, reflected in an increase of total training hours by our colleagues to 6.2 million hours.

Maintaining our risk management culture
Our Risk Academy delivers and deploys comprehensive learning opportunities for all employees, including foundational training in traditional areas of risk management, such as financial crime risk, and specialised development for senior leaders and those in high-risk roles. The Academy also addresses issues like ESG risk, AI and cybersecurity.

For senior leaders, we have introduced new programmes centred on Enterprise Leadership through a risk lens. These programmes are designed to support HSBC's strategic priority of sustainable growth by equipping leaders with the skills needed to navigate an evolving risk environment. We launched and concluded a new Financial Crime masterclass series for our senior leader population, focusing on the importance of risk management and protecting the bank from financial crime.

Building responsible AI expertise
As we continue to enhance our AI capabilities across the organisation, our new AI Academy helps to support advanced skills development aligned with HSBC's AI strategy. This was launched in response to the growing global interest in AI and focuses on fostering AI literacy and promoting responsible AI use throughout the bank.

Our Global Mandatory Training covers key principles and foundational concepts of AI usage and we have developed foundational and intermediate pathways to raise awareness of AI principles, ethics, risks and governance. We have also developed specific courses tailored for our senior leadership population that focus on understanding AI and exploring its use cases for business and decision making.

Skilling the transition to net zero
Our Sustainability Academy continues to support our net zero ambitions and strategy. As the Academy has evolved, we have increased our focus on building capabilities beyond foundational skills, specifically targeting priority groups that support both our customers and our operations in the transition to net zero. In 2024, our key focus has been on:

- providing on-demand learning tailored to the specific roles, regions, and client bases of colleagues involved in supporting customers through the transition;
- facilitating external certifications and qualifications, as needed, to deepen colleagues' expertise in areas such as Sustainability Climate Risk through providers like GARP and Fitch;
- delivering a three-month Sustainability Leadership Programme in collaboration with Imperial College London and our own Sustainability Centre of Excellence experts for over 200 colleagues; and
- offering net zero learning opportunities to the Board and 100 of our most senior leaders.

We have leveraged our internal experts from the Sustainability Centre of Excellence to provide advanced skills training in key transition areas, such as power systems and storage, carbon removal, transition in Asia-Pacific, steel and cement industries, road transport systems, hydrogen and agriculture.

Training at HSBC

6.2 million

Training hours by our colleagues in 2024.
(2023: 5.3 million)

29.6 hours

Training hours per FTE in 2024.
(2023: 23.9 hours)

Energising our colleagues for growth

We aim to provide our colleagues with the opportunity to develop critical skills while creating a pipeline of talent to support our strategic ambitions. It is essential that we promote effective leadership and foster an environment that inspires our colleagues to grow. In 2024, our focus has been on:

- Our Digital Acceleration Programme, which aims to create dynamic working methods and simplify our technology landscape. This will enable us to work faster and smarter, enhancing our ability to develop better products and services for our customers while embracing innovative technologies;
- Our 'CARE' programme, which embodies the principles of being connected, accountable, responsive and empathic. It outlines the behaviours that reflect these values, guiding our colleagues in delivering exceptional service to our customers. The programme has also been integrated into our customer experience objectives, with progress tracked through our Customer Centricity Index, which is included in our 2024 Snapshot survey.
- The Managing Director Leadership Programme, which was expanded in 2024. It combines immersive in-person sessions on leadership with virtual deep dives on key issues and all-hands strategy sessions, alongside an enterprise risk leaders programme and a series focused on doing business in key locations. To support our leadership pipeline we have refreshed our development offering for the next layer of leaders to be delivered in 2025; and
- Our Emerging Talent proposition, supporting HSBC in a future-focused way, supplying the organisation with diverse and capable talent pools to anticipate and address existing future skill shortages.

Building customer inclusion and resilience

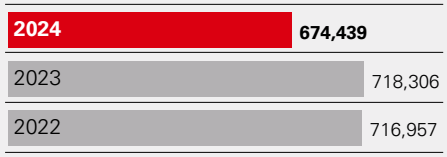
Our approach to customer inclusion and resilience

We believe that financial services, when accessible and fair, can reduce inequality and help more people access opportunities. We play an active role in opening up a world of opportunity for customers and communities, by supporting their financial well-being, and removing barriers to accessing financial services.

Access to products and services
We provide innovative solutions to help improve customer access to products and services. For those in need of additional support due to social or financial vulnerabilities or for those customers who do not qualify for a standard account, the UK and Hong Kong offer a No-cost Account with no minimum balance and no account opening fees, to help with basic banking needs.

In the UK, we continue to offer our groundbreaking 'No Fixed Address' service, working in partnership with housing and homelessness charity Shelter UK, providing access to financial services to help rebuild lives and increase financial resilience. Since its launch in November 2019, this service has supported over 7,000 individuals, with over 1,400 of these in 2024 alone.

Making banking accessible
Number of no-cost accounts held for customers, in the UK and Hong Kong, who do not qualify for a standard account or who might need additional support due to social or financial vulnerability.



The reduction in no-cost accounts between 2023 and 2024 is due to bulk closure of inactive accounts in the UK.

Supporting financial knowledge and education
We continue to invest in financial education content and tools across different channels to help customers, colleagues and communities be confident users of financial services, for example by offering programmes focused on improving resilience and basic money management skills.

Customers
Since 2020, we received over 8.8 million unique visitors to our global digital financial education content, which helps customers expand their financial capabilities through our personal financial management tools.

HSBC UK further enhanced capabilities that help customers to establish healthy savings habits through the launch of 'Savings Goals'. Customers have used this mobile banking feature, since launch in April 2024, to set up over 125,000 goals, with 'Rainy Day' as one of the most popular categories. We have also seen that over 10% of goals have already been achieved showing how this capability is helping support customers to build financial resilience.

Well+, our flagship health and wellness-based reward programme on our HSBC HK mobile banking app had another successful year with over 267,000 new customers in this year alone. More than 400,000 customers are now engaged, earning points by taking part in activities aimed at improving their holistic health covering physical, mental and financial well-being.

Communities
In the UK we continued to support the development of children and young people's financial capability, including those with special education needs, through our Money Heroes Programme – winner of the 2024 Third Sector Business Charity Partnership Award (supported by Young Enterprise). In addition, we launched a new partnership with Girlguiding UK in November 2024, introducing the Money Skills – 'I'm Money Confident' badge.

For schools, colleges and youth groups we offer the 'Smart Money' programme, where training is delivered by HSBC colleagues to help improve financial capability and employability. In 2024, we trained over 1,000 colleagues, and working with our dedicated Financial Education Team, over 280,000 children and young people were engaged in the programme across the UK.

In Hong Kong we launched a face-to-face training programme for teenagers with special education needs on how to make healthy financial choices and build essential financial skills for day-to-day living.

Creating an inclusive banking experience
We endeavour to ensure that our banking products and services are designed to be accessible for customers experiencing either temporary or permanent challenges, such as disability, impairment or a major life event. In Hong Kong we introduced a simplified mobile banking app designed to improve digital inclusion for seniors, offering a more accessible and intuitive user experience. The app features an enhanced interface with easy-to-understand buttons, increased use of visuals, and streamlined access to essential banking services. As the first initiative of its kind among Hong Kong banks, the app has been successful in engaging over 663,000 unique users since its launch in October 2022.

We are committed to improving accessibility across our digital channels and continuously review our browser-based websites and mobile banking services against the Web Content Accessibility Guidelines 2.1 AA standards. We promote digital accessibility by offering educational resource. In 2024 we launched the Accessibility Hub, a multi-award winning accessibility awareness e-learning content, promoting digital accessibility to the general public, attracting circa 150,000 views as of September 2024. Also since launch, more than 1,000 individuals across 140 companies globally have participated in our specialised digital accessibility Training 1000 Programme.

Supporting customers extends beyond our digital channels and we recognise that not all disabilities are visible. We rolled out our Hidden Disabilities Sunflower Lanyard Scheme to two additional markets this year – Singapore and the UAE – expanding it beyond the UK, Hong Kong, the Channel Islands and Australia. The lanyard indicates that an individual may need a little more help, support or time.

In 2024 two UK branches, Loughborough and Sheffield, received awards for their accessible and inclusive branch design. We are proud to be recognised by the Financial Times Diversity in Finance Awards, the Construction Industry Council and the Business Disability Forum for our work to improve accessibility, equity and inclusion in UK financial services.

We continue to introduce accessibility features and designs (e.g. a curved notch and braille dots) to our card products across the globe to support people with visual impairments, learning difficulties, and colour blindness. In 2024, we introduced accessibility features in India, Philippines and Indonesia resulting in a total of 20 markets where those features are now available.

For the second year HSBC sponsored and hosted the annual AbilityNet's Techshare Pro Conference, Europe's largest event for the accessibility and disability inclusion community, at our Group Head Office in London. Over 1,600 individuals attended the event (in person or online) globally.

Supporting women
UK CMB launched a Women's Business Growth Initiative Programme to support women in scaling their businesses and provide access to funding, making £250m available for lending, education and networking opportunities. The aim of the support is to help narrow the credit gap for women-led businesses, which is estimated to be valued at $1.7tn globally.

In Mexico and Uruguay, our Mujeres Al Mundo programme helps to address gender gaps by providing businesswomen access to funding, education and networking. In 2024 we provided over $190m in sustainable financing to support women-owned enterprises in both countries. We also won the 2024 Financial Alliance for Women's 'Outstanding Contributor' award for enabling full financial access for women and unlocking huge value in the Female Economy.

Engaging with our communities

Helping to build a more inclusive and resilient society

We have a long-standing commitment to support the communities in which we operate. We aim to empower people and communities to develop the skills and knowledge needed to thrive in the future.

Through the global reach of our charitable partnerships we bring together diverse people, ideas and perspectives that help us open up opportunities and build a more inclusive world.

Building community and future skills
We work with charity partners to initiate programmes that help people and communities respond to opportunities and challenges as global economies transition towards a low-carbon future. In 2024, these included:

- Continuing a partnership with the British Council in Brazil, Mexico, India, Indonesia and Vietnam, and in Australia, India and Malaysia with The King's Trust Group, to empower young, marginalised people with the skills needed to excel in the green economy.
- In India, HSBC collaborated with two charities to help enhance sustainability in the handloom and apparel sectors, benefiting 10,000 weavers. Our initiatives focused on adopting energy-efficient practices, reducing water pollution, promoting natural fibre products, and increasing the use of natural dyes.
- HSBC Continental Europe collaborated with Junior Achievement Europe to launch the Climate Resilience Programme, which aims to provide educational opportunities related to innovations in climate resilience for young people in France, Italy and Malta.

We also work with our charity partners to help strengthen the resilience of communities where we operate. Initiatives launched in 2024 included:

- 'Saving for Good', in partnership with INJAZ Al Arab, which teaches financial literacy fundamentals to 2,386 low-income workers and the large migrant worker population in the MENA region.
- A new financial literacy curriculum in Hong Kong that aims to strengthen the financial management knowledge of elderly learners and provide a better understanding of fintech applications and awareness of online fraud.
- We responded to disaster relief appeals to support efforts in Bangladesh, Central Europe, Mexico, the Middle East, Spain, Taiwan, Thailand, the USA and Vietnam.

Community engagement and volunteering
We offer paid volunteering days, and encourage our people to offer their time, skills and knowledge to causes within their communities. In 2024, our colleagues gave over 254,000 hours to community activities during work hours. Examples of volunteering efforts in 2024 included:

- around 260 employees supported Waterkeeper, a US-based environmental non-profit, with 700 hours volunteered across 16 events in the country; and
- more than 200 employees acted as mentors for marginalised youth in support of the Strive and Rise Programme in Hong Kong.

Charitable giving in 2024 (%)

- Social, including Future Skills: **29%**
- Environment, including the Climate Solutions Partnership: **40%**
- Local Priorities: **21%**
- Disaster relief and other giving: **10%**

Total cash giving towards charitable programmes
$94.7m

Hours volunteered during work time
>254,000

People projected to be reached through our social and future skills programme
>928,000

Resilient Community Environment Initiative helps to build bio-diverse Beijing Palace Museum

Established in October 2023, the HSBC Philanthropy Foundation Beijing aims to build inclusive and resilient communities by focusing on the development of children, support for disabled elderly people, promoting employability and livelihoods, and building a resilient eco-environment in communities.

In 2024, the Foundation's 'HSBC Resilient Community Environment Initiative' was extended to include the Palace Museum in Beijing's Forbidden City. Altogether 2,243 square metres of green space and a 118-square-metre pond in the Museum's Cining Garden were renovated and populated with diverse local species to form a healthy and resilient ecosystem. Visitors to the Forbidden City have benefited from the enhanced scenery since the second half of 2024.

Governance
Acting responsibly

We remain committed to high standards of governance. We work alongside our regulators and recognise our contribution to building healthy and sustainable societies.

At a glance

Our relationship
We act on our responsibility to run our business in a way that upholds high standards of corporate governance.

Customer experience is at the heart of how we operate. It is imperative that we treat our customers well, that we listen, and that we act to resolve complaints quickly and fairly. We measure customer satisfaction through net promoter scores across each of our global businesses, listen carefully to customer feedback so we know where we need to improve, and take steps to do this. Our customer satisfaction performance improved in many markets in which we operate, although we still have work to do to improve our rank position against competitors.

We are committed to working with our regulators to manage the safety of the financial system, adhering to the spirit and the letter of the rules and regulations governing our industry.

We strive to meet our responsibilities to society, including through being transparent in our approach to paying taxes. We also seek to ensure we respect human rights in our workplace and our supply chains, and continually work to improve our compliance management capabilities.

For further details of our corporate governance, see our corporate governance report on page 236.

In this section

Setting high standards of governance	How ESG is governed	We expect that our approach to ESG governance is likely to continue to develop, in line with our evolving approach to ESG matters and stakeholder expectations.	Page 74
Human rights	Our respect for human rights	We have continued to develop our understanding of our salient human rights issues and associated risk management.	Page 75
Customer experience	Customer satisfaction	While we are positioned among the top three banks in 58% of our key markets within WPB and CMB, we recognise the need to improve our customer experience further to enhance our competitive ranking.	Page 77
	How we listen	We aim to be open and transparent in how we track, record and manage complaints.	Page 78
Integrity, conduct and fairness	Safeguarding the financial system	We have continued our efforts to combat financial crime and reduce its impact on our organisation, customers and the communities that we serve.	Page 80
	Whistleblowing	Our global whistleblowing channel, HSBC Confidential, allows our colleagues and other stakeholders to raise concerns confidentially.	Page 80
	A responsible approach to tax	We seek to pay our fair share of tax in all jurisdictions in which we operate.	Page 81
	Conduct: Our product responsibilities	Our conduct approach guides us to do the right thing and to focus on the impact we have on our customers and the financial markets in which we operate.	Page 82
	Our approach with our suppliers	We require suppliers to meet our third-party risk compliance standards and assess them to identify any financial stability concerns.	Page 82
Safeguarding data	Data privacy	We are committed to protecting the data we process, in accordance with the laws and regulations of the markets in which we operate.	Page 83
	Cybersecurity	We invest in our business and technical controls to help prevent, detect and mitigate cyber-threats.	Page 84

Setting high standards of governance TCFD

How ESG is governed

The Board takes overall responsibility for ESG strategy, overseeing executive management in developing the approach, execution and associated reporting. Progress against our ESG ambitions is reviewed through Board discussion and review of key topics, such as updates on sustainability infrastructure finance and employee sentiment. The Board is regularly provided with specific updates on ESG matters, including the sustainability execution programme, human rights and workforce engagement. Board members receive ESG-related training as part of their induction and ongoing development, and seek out further opportunities to build their skills and experience in this area. For further details of Board members' ESG skills and experience, see page 237. For further details of their induction and training in 2024, see page 250.

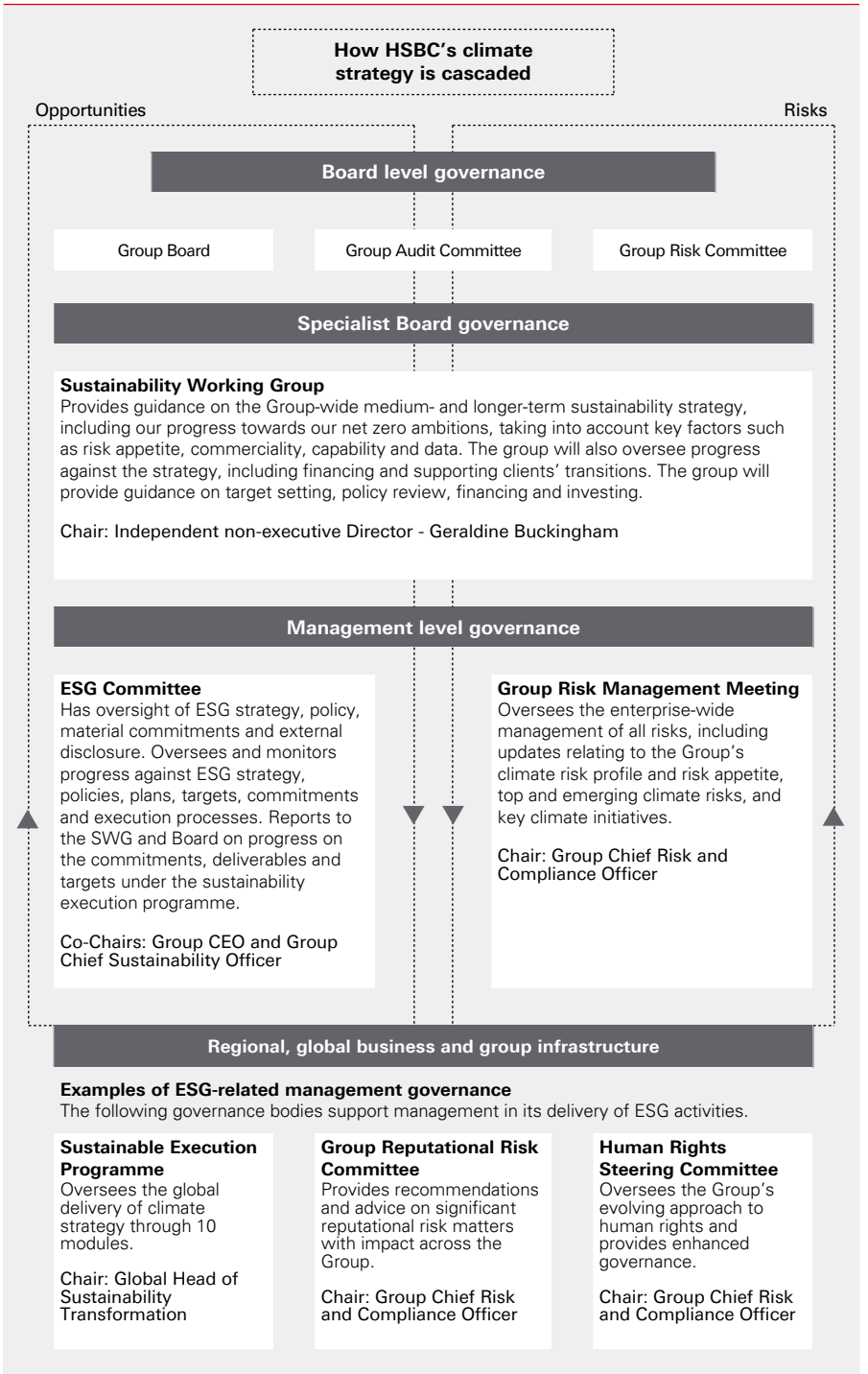
In October 2024, we enhanced our ESG governance with the establishment of a new Sustainability Working Group ('SWG') of the HSBC Holdings Board, with an initial duration of 12 months. The SWG is comprised of five non-executive Directors, along with attendance by other executives. At the executive level, the governance activity was streamlined with the removal of the Sustainability Execution Committee, with its activity managed within the project team. We expect that our approach to ESG governance is likely to continue to develop, in line with our evolving approach to ESG matters and stakeholder expectations.

The diagram on the right provides an illustration of our ESG governance process, including how the Board's strategy on climate is cascaded and implemented throughout the organisation. It identifies examples of forums that manage both climate-related opportunities and risks, along with their responsibilities and the responsible chair. The structure of the process is similar for the escalation of problems, with issues either resolved in a given forum or raised to the appropriate level of governance with appropriate scope and authority.

Given the wide-ranging remit of ESG matters, the governance activities are managed through a combination of specialist governance infrastructure and regular meetings and committees, where appropriate. These include the Group Disclosure and Controls Committee and Group Audit Committee, which provide oversight for the scope and content of ESG disclosures, and the Group People Committee, which provides oversight support for the Group's approach to performance management.

For some areas, such as climate where our approach is more advanced, dedicated governance activities exist to support the wide range of activities.

The Group Chief Risk and Compliance Officer and the chief risk officers of our PRA-regulated businesses are the senior managers responsible for climate financial risks under the UK Senior Managers Regime. Climate risks are considered in the Group Risk Management Meeting and the Group Risk Committee, with scheduled updates provided, as well as detailed reviews of material matters, such as climate-related stress-testing exercises.



Human rights

Our respect for human rights

As set out in our Human Rights Statement, we recognise the role of business in respecting human rights. Our approach is guided by the UN Guiding Principles on Business and Human Rights ('UNGPs') and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Our salient human rights issues
We continue to develop our understanding of our salient human rights issues. These are the human rights at risk of the most severe negative impact through our business activities and relationships.

An extensive review of our salient human rights issues conducted in 2022 identified five human rights risks inherent to HSBC's business globally, and five types of activity through which such risks might arise. These are represented in the adjacent table.

In 2023, building on this assessment, we provided practical guidance and training, where relevant, to our colleagues across the Group on how to identify and manage human rights risk.

In 2024, we focused on our approach to human rights risk management relating to the goods and services we buy from third parties and in respect of our business customers. We issued human rights due diligence good practice guidance tailored to procurement and corresponding high-level guidance for staff who manage our relationships with our business customers.

Managing risks to human rights
In 2024, we continued the process of adapting our risk management procedures to reflect what we learned from the work on salient human rights issues and began embedding the related guidance documents described above.

We developed a human rights due diligence operating procedure for procurement globally. The procedure describes the due diligence process undertaken to identify suppliers where the risk of adverse human rights impact is considered higher and the process to be followed to review and mitigate the risk. We built on the human rights supplier audit pilots undertaken in 2023 in our Asia-Pacific and Latin America regions with an expanded programme of human rights audits in 11 countries across Asia-Pacific, Latin America, the Middle East and North Africa.

Our salient human rights issues
Illustration of HSBC Group's inherent human rights risks mapped to business activities.

		HSBC activities				
				Provider of products and services		
Inherent human rights risks		Employer	Buyer	Personal customers	Business customers	Investor
Right to decent work	Freedom from forced labour		◆		◆	◆
	Just and favourable conditions of work	◆	◆		◆	◆
	Right to health and safety at work	◆	◆		◆	◆
Right to equality and freedom from discrimination		◆	◆	◆	◆	◆
Right to privacy		◆		◆		◆
Cultural and land rights			◆		◆	◆
Right to dignity and justice		◆	◆	◆	◆	◆

We continued to develop our in-house capability on human rights with the launch of further online resources for all staff and bespoke human rights training for key colleagues, including those managing relationships with suppliers and business customers, and those with responsibility for overseeing risk management processes.

For further details of the actions taken to respect the right to decent work, see our 2024 Annual Statement under the UK Modern Slavery Act at www.hsbc.com/who-we-are/esg-and-responsible-business/modern-slavery-act.

For further details of the actions taken to respect the right to equality and freedom from discrimination, see 'Our approach to inclusion' on page 64.

Sustainability risk policies
Some of our business customers operate in sectors in which the risk of adverse human rights impact is considered greater. Our sustainability risk policies consider human rights issues such as forced labour, harmful or exploitative child labour, workers' rights and land rights.

Through our membership of international certification schemes, such as the Forestry Stewardship Council, the Roundtable on Sustainable Palm Oil and the Equator Principles, we recognise standards aimed at respecting human rights.

We regularly review our sustainability risk policies and policy implementation as we apply our policies in practice.

For further details, see our sustainability risk policies at www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk.

Financial crime controls
Our financial crime risk framework also helps to mitigate the risk of being associated with adverse human rights impacts, by helping to identify and assess the financial crime risk associated with our customers, employees and third parties.

For further details of how we fight financial crime, see www.hsbc.com/who-we-are/esg-and-responsible-business/fighting-financial-crime.

Other principles
HSBC's Principles for the Ethical Use of Data and Artificial Intelligence include how we seek to respect the right to privacy while making use of these technologies.

For further details see www.hsbc.com/-/files/hsbc/our-approach/risk-and-responsibility/pdfs/240715-hsbc-principles-for-the-ethical-use-of-data-and-ai.pdf?download=1.

Our respect for human rights continued

Supporting change
We continued to participate in industry forums, including the Thun Group of Banks, which is an informal group that seeks to promote understanding of the UNGPs within the sector, and the UN Global Compact Human Rights Working Group.

HSBC has been a member of the Mekong Club since 2016. We are a participant in their financial services working group, and we use their informative typological toolkits, infographics, and other multimedia resources covering current and emerging issues. Our compliance teams regularly collaborate and engage with the Mekong Club in designing Group-wide knowledge sharing and training sessions.

Investments
HSBC Asset Management acknowledges the important role that business plays in respecting human rights. If mismanaged or left unaddressed, human rights violations may materialise as business risks, negatively impacting investee companies' operations, supply chain or brand. These may in turn present risk both to client investments and reputation.

HSBC Asset Management engages with companies prioritised for purposeful engagement under its Stewardship Plan on core themes material to investee companies, including human rights. Engagements may be on a one-on-one basis, or collaboratively with other investors. In 2024, it has developed engagement guidelines, highlighting its expectations of good practice for companies, where human rights may be a material issue. Further details can be found in its Stewardship Plan. The Global Voting Guidelines provide an overview of its approach to exercising its shareholder rights in respect of ESG issues, including human rights.

In 2024, HSBC Asset Management joined the Investor Initiative on Human Rights Data ('II-HRD'), a collaborative engagement initiative that aims to improve the depth and breadth of corporate human rights data available to investors and the transparency of human rights assessment criteria. This initiative seeks to address the industry-wide challenges commonly cited, including lack of transparent ESG ratings methodologies by commercial data providers and insufficient inclusion of human rights data.

For HSBC Asset Management's Stewardship Plan, see: www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/-/media/files/attachments/uk/policies/stewardship-plan-uk.pdf.

Supporting those impacted and those potentially at risk
We continued to expand our Survivor Bank programme, which has now supported over 3,500 (a more than 15% increase since last year) survivors of modern slavery and human trafficking in the UK.

Our Wealth and Personal Banking team continues to deliver training to raise awareness of modern slavery, enabling employees to spot signs of abuse and escalate their concerns through established channels. In addition, our customer-facing employees globally are trained to identify and support vulnerable customers as part of their induction training.

For further details of our work to support vulnerable communities, see page 71.

Effectiveness
The table below includes some indicative metrics we use to measure year-on-year improvement to our human rights processes.

Measuring effectiveness

Metric	2024	2023
Contracted suppliers who either confirmed adherence to the code of conduct or provided their own alternative that was accepted by our Global Procurement function	**96.7%**	95%
Employees who have received training on one or more aspects of human rights	**11,884**	8,176

For further inclusion metrics, see page 64 in this ESG review.

Customer experience

We remain committed to improving customers' experiences. In 2024, we gathered feedback from over one million customers across our three global businesses to help us understand our strengths and the areas we need to focus on. We were ranked among the top three banks or improved our ranking against our competitors in 58% of our six key markets across WPB and CMB[1] in line with 2023.

Customer satisfaction

Listening to drive improvement
We have continued to embed our feedback system so we can better listen, learn and act on customer feedback. We use the net promoter score ('NPS') and customer satisfaction to provide a consistent measure of our performance. NPS is measured by subtracting the percentage of 'detractors' from the percentage of 'promoters'. 'Detractors' are customers who provide a score of 0 to 6, and 'promoters' are customers who provide a score of 9 to 10 to the question: 'On a scale on 0 to 10, how likely is it that you would recommend HSBC to a friend or colleague'.

We run studies that allow us to benchmark ourselves against other banks. We try to make it as easy as possible for customers to give us feedback, leveraging our use of digital real-time surveys to capture insight. By sharing this and other feedback with our front-line teams, and allowing them to respond directly to customers, we are improving how we address issues and realise opportunities.

We continue to run dedicated global forums to provide oversight of our retail and business customers' experiences and promote continuous improvement. This helps ensure we use feedback in all aspects of how we run our business, and prioritise initiatives that matter most to our customers.

How we fared
In WPB, we were ranked among the top three banks against our competitors in Hong Kong and mainland China. In Hong Kong, we remained first overall against our competitors, and improved our NPS score. This was driven by improved scores across all customer segments.

Our NPS rank improved in the UK and Singapore. This was largely driven by improved scores among our affluent customers. In Mexico our rank remained stable, and in India our rank declined, largely driven by our personal banking customers.

In our private bank, our global NPS increased to 48 points, compared with 42 points in 2023. All the existing markets included in the programme increased their scores from 2023 and we have included India and UAE for the first time this year.

In CMB, we were ranked among the top three banks against our competitors in three of our six key markets. We ranked first in Hong Kong and as a top three bank in Singapore and India. In mainland China, we ranked outside the top three but ranked first among international banks. In Mexico, we have dropped from 3rd to 4th position due to improved competitor performance in business banking.

After an improved rank position in 2023, our overall performance in the UK has stabilised in 2024. Even though we sit outside of the top 3 in business banking, we are still ranked in the top 3 among mid-market enterprise and large corporates in the UK. We remain committed to improving our NPS performance across markets, with action plans developed centrally and locally.

In GBM, we have one of the highest satisfaction scores against our international competitors. We were ranked in the top three banks globally, with high satisfaction scores based on our digital capabilities.

Number of markets in top three or improving rank[1,2]

	2024
WPB	**4 out of 6**
CMB	**3 out of 6**

1 The six markets comprise: the UK, Hong Kong, Mexico, mainland China, India and Singapore. Rank positions are provided using data gathered through third-party research agencies.
2 We benchmark our NPS against our key competitors to create a rank position in each market. This table is based on the number of markets where we are in the top three or have an improved rank from the previous year.

Acting on feedback

In 2024, we have continued to focus on developing our products and services, and enhancing our digital capabilities to improve customer experience.

Wealth and Personal Banking
We continue to redesign our international products and services to make it quicker and easier to bank internationally. This year we have improved the way our customers make international payments. Customers can send funds directly to mobile wallets from their banking app, with customers now able to send international payments with just the recipients' name alongside their phone number or email address.

Commercial Banking
Global Payments Solutions ('GPS') implemented a new globally aligned client service model focused on delivering an enhanced front-to-back client experience. We leverage data to improve our engagements with customers and are investing in technology to drive process efficiencies, reduce query volumes and drive automation. Our new Trade Solutions platform ('HTS') lets us quickly deploy new capabilities (like TradePay) across multiple markets. It helps provide a consistent user experience and enables easy connectivity to other platform ecosystems.

In sustainability we continue to build an end-to-end customer journey through launching new propositions that incentivise and reward customers for improving their ESG performance, such as the HSBC Buildings Sustainability Assessment Tool in the UK and Sustainability Improvement Loan. In our Customer Channels division, we have deployed AI and personalisation solutions to improve proactive engagement and the speed of query resolution. We have increased adoption of customer digital capabilities to improve fulfilment turnaround times. We have also increased the resilience of our digital channels and further reduced customer fraud risk. These actions are helping to build greater digital trust with our customers and thereby improving customer experience.

Global Banking and Markets
We continued our efforts to support our clients in their sustainability and transition journey by maintaining our Top 5 book-runner position globally in green, sustainable and social bonds, and by extending the sustainability-focused product and solutions range beyond the labelled products suite. We have refined our priority and core coverage model, including piloting a range of priority client squads to drive specific client goals. We continue to invest in our coverage enablement strategy, including thought leadership and transaction banking solutions.

How we listen

To improve how we serve our customers, we must be open to feedback and acknowledge when things go wrong. We continue to adapt at pace to provide support for customers facing new challenges, new ways of working and those that require enhanced care needs.

We aim to be open and consistent in how we track, record and manage complaints, although as we serve a wide range of customers – from personal banking and wealth customers to large corporates, institutions and governments – we tailor our approach in each of our global businesses. As the table on the right demonstrates, we have a consistent set of principles that enable us to remain customer-focused throughout the complaints process.

For further details of complaints volumes by geography, see our ESG Data Pack at www.hsbc.com/esg.

How we handle complaints

Our principles	Our actions
Making it easy for customers to complain	Customers can complain through the channel that best suits them. We provide a point of contact along with clear information on next steps and timescales.
Acknowledging complaints	All colleagues welcome complaints as opportunities and exercise empathy to acknowledge our customers' issues. Complaints are escalated if they cannot be resolved at first point of contact.
Keeping the customer up to date	We set clear expectations and keep customers informed throughout the complaint resolution process through their preferred channel.
Ensuring fair resolution	We thoroughly investigate all complaints to address concerns and ensure the right outcome for our customers.
Providing available rights	We provide customers with information on their rights and the appeal process if they are not satisfied with the outcome of the complaint.
Undertaking root cause analysis	Complaint causes are analysed on a regular basis to identify and address any systemic issues and to inform process improvements.

Wealth and Personal Banking

In 2024, we received approximately 887,000 complaints from customers in eight priority markets, and the ratio of complaints per 1,000 customers per month in these markets decreased from 2.2 to 2.0. We had a reduction in complaints in our top three markets (the UK, Hong Kong and Mexico), which comprise 86% of complaints globally.

In the UK, complaints fell 9%. During 2024, our two key priorities continued to be complaints prevention, and improving the quality of resolution of the complaints we received. We made good progress in both areas, driven by targeted intervention in priority areas and ongoing regular oversight. This has included identifying prominent complaint themes – such as telephony customer experience, transaction disputes and international payment processing – and allocating them to individual executives as accountable 'owners' to remedy the root cause.

The decrease in complaints in Hong Kong was primarily driven by improvements in capabilities that make banking with HSBC easier for customers. A deeper customer-centric culture, regular reviews, root cause analysis of customer feedback and greater collaboration across business lines to address emerging customer pain points, also contributed to the fall in complaints.

In Mexico, there was a 5.3% fall in the volume of total complaints in 2024 compared with 2023, with unrecognised debit card charges down by 9% despite an increase in transaction volumes. This was achieved through targeted actions, including improving fraud processes and the introduction of enhancements to the way customers receive purchase authorisations.

In our private bank, we received 647 complaints, an increase of 140 compared with 2023. This was largely due to the inclusion of complaint data for the private banking operation in India, which received 128 complaints in 2024. Complaint data for this business was reported in WPB figures in 2023. Banking products and service issues represented the largest volume of complaints overall, a high proportion of which were attributable to issues with payment processing and credit cards. Overall, the private bank resolved 646 complaints.

WPB complaint volumes[1]
(per 1,000 customers per month)

		2024	2023
Total[2]		**2.0**	2.2
UK[3]	▼	**1.0**	1.1
Hong Kong[3]	▼	**0.7**	0.9
Mexico[3]	▼	**5.0**	5.2

1 A complaint is any expression of dissatisfaction about WPB's activities, products or services where a response or resolution is explicitly, or implicitly, expected.
2 Priority markets in 2024 included: the UK, Hong Kong (excluding Hang Seng), Mexico, mainland China, India, UAE, Singapore and Australia, selected based on complaints volume, customer base and strategic importance among other factors. The 2023 total has been revised from 2.3 to 2.2 due to a change in the composition of these eight priority markets.
3 The UK, Hong Kong and Mexico make up 86% of total complaints.

Acting on feedback

In 2024, we continued to improve our capabilities and tools across the business to enhance the customer experience globally. By consistently measuring customer experience, we actively listen, learn and take action based on what our customers share with us. Additionally, we introduced a customer experience behavioural framework across the bank, aligned with HSBC's core values. This framework supports our colleagues in meeting minimum service standards and prioritising customer experience in their daily routines. These efforts enable us to identify opportunities to continue to improve our customer experience and systematically track and measure our progress.

Commercial Banking

In 2024 we received 46,276 customer and client complaints, an increase of 0.8% from 2023. Of the overall volume, 32,748 came from HSBC UK, 8,779 from Asia-Pacific and the remainder from the rest of our global markets.

The most common complaint related to servicing and transactions, with the largest volume of complaints globally coming from business banking customers, representing 68.2% of our total complaints.

Although we have seen a minor increase in complaint volumes, this reflects improvements in the quality of our logging process and we have increased our understanding of the root cause of many complaints. In 2024, we enhanced training for our front-line colleagues to ensure they can accurately identify the differences between a complaint, query and feedback and upgraded our complaint reporting tools. For 2025, our focus will be on addressing the root cause of complaint trends, as well as improvements to our systems, processes and customer advice.

CMB complaint volumes
(000s)

		2024	2023
Total		**46.2**	45.9
UK[1]	▼	**32.7**	33.8
Hong Kong[1]	▲	**7.7**	6.5

1 The UK and Hong Kong (excluding Hang Seng) account for 87% of total complaints.

Acting on feedback

In 2024, we have further invested in comprehensive training programmes for our staff to ensure they are equipped with the skills and knowledge needed to manage complaints effectively. This includes training on active listening, empathy, identification and treatment of customers in financial difficulty and conflict resolution. All of our front-line teams globally went through this training to ensure that conduct and the customer are at the heart of our management of client feedback. We have implemented advanced complaint reporting tools that enable us to capture customer feedback more accurately and efficiently. These tools allow us to identify and address issues promptly. Within our Business Banking segment, we continue to work with front-line teams to identify and manage complaints better.

Global Banking and Markets

In 2024, we received 1,838 customer complaints in Global Banking, an increase of 18.4% from 2023. Of the overall complaint volumes, 37.6% came from Europe and 28.9% came from Asia-Pacific. The most common complaint, at 34.2% of total complaints, related to transactions.

In Markets and Securities Services ('MSS') complaints decreased by 13.6% to 306. The majority of complaints were operational in nature and resolved in a timely manner. Of the overall MSS complaints, 49% came from Europe and 33.9% from Asia-Pacific, our two largest markets.

GBM complaint volumes[1]

		2024	2023
Total		**2,144**	1,906
Global Banking[2]	▲	**1,838**	1,552
Global Markets and Securities Services[3]	▼	**306**	354

1 Globally, a complaint is any expression of dissatisfaction, whether justified or not, relating to the provision of, or failure to provide, a specific product or service or service activity. Within the UK, a complaint is any expression of dissatisfaction – whether justified or not – about our products, services or activities, which suggests we have caused (or might cause) financial loss, material distress or a material inconvenience.
2 Global Banking also includes Global Payments Solutions (previously known as Global Liquidity and Cash Management) and complaints relating to payment operations.
3 Contains Global Research complaint volumes.

Acting on feedback

In 2024, our focus has been to increase the capture and quality of complaints received within GBM. Our focus has been on doing deep dives into the quality of complaints received and delivering bespoke training on the complaint themes that we see. We have defined robust feedback loops allowing us to learn continuously from customer experiences and embed these into our processes. We regularly review and analyse complaint data to identify trends and implement improvements in our services. Although we have seen growth in complaint volumes, we are seeing higher levels of compliant quality and better decisions to address them in the first instance.

Integrity, conduct and fairness

Safeguarding the financial system

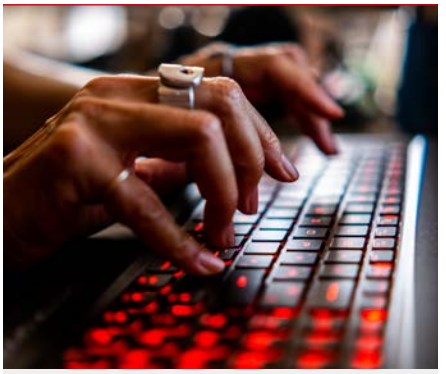
We have continued our efforts to combat financial crime and reduce its impact on our organisation, customers and the communities that we serve. Financial crime includes fraud, bribery and corruption, tax evasion, sanctions and export control violations and evasion, money laundering, terrorist financing and proliferation financing.

We manage financial crime risk because it is the right thing to do to protect our customers, shareholders, staff, the communities in which we operate, as well as the integrity of the financial system on which we all rely. We have a financial crime risk management framework that is applicable across all global businesses and functions, and in all countries and territories in which we operate. The financial crime risk framework, which is overseen by the Board, is supported by our financial crime policy that is designed to enable adherence to applicable laws and regulations globally. Annual global mandatory training is provided to all colleagues, with additional targeted training tailored to certain individuals. We carry out regular risk assessments to identify where we need to respond to evolving financial crime threats, as well as to monitor and test our financial crime risk management programme.

We continue to invest in new technology; we are enhancing our fraud monitoring capability and our trade screening controls, and investing in the application of machine learning to improve the accuracy and timeliness of our detection capabilities.

These new technologies should enhance our ability to respond effectively to unusual activity and be more granular in our risk assessments.

Our anti-bribery and corruption policy
Our global financial crime policy requires that all activity must be: conducted without intent to bribe or corrupt; reasonable and transparent; considered to be neither lavish nor disproportionate to the professional relationship; appropriately documented with business rationale; and authorised at an appropriate level of seniority. Our global financial crime policy requires that we identify and mitigate the risk of our employees, customers and third parties committing bribery or corruption. Among other controls, we use risk assessments, due diligence and ongoing monitoring following a risk-based approach, to identify and help mitigate the risk that our customers are involved in, or use HSBC's products or services, to commit bribery or corruption. In 2024, two former employees of an HSBC subsidiary in China were convicted of bribery-related offences and each received a fine and suspended sentence. The HSBC subsidiary in China self-reported this matter to the police and was not a subject of the police investigation or charges.



The scale of our work

Each month in 2024 we monitored approximately 900 million transactions for signs of financial crime. We performed daily screening of approximately 121 million customer records for sanctions exposure. In 2024, we filed over 113,000 suspicious activity reports to law enforcement and regulatory authorities where we identified potential financial crime.

99%

Total percentage of permanent and non-permanent employees who received financial crime training, including on anti-bribery and corruption.

Whistleblowing

We want colleagues and stakeholders to have confidence in speaking up when they observe unlawful or unethical behaviour. We offer a range of speak-up channels to listen to the concerns of individuals and have a zero tolerance policy for acts of retaliation.

Listening through whistleblowing channels
Our global whistleblowing channel, HSBC Confidential, is one of our speak-up channels, which allows colleagues and other stakeholders to raise concerns confidentially and, if preferred, anonymously (subject to local laws). In most of our markets, HSBC Confidential concerns are raised through an independent third party, offering 24/7 hotlines and a web portal in multiple languages. We also provide and monitor an external email address for concerns about accounting, internal financial controls or auditing matters (accountingdisclosures@hsbc.com). Concerns are investigated proportionately and independently, with action taken where appropriate. This can include disciplinary action, such as dismissal and adjustments to variable pay and performance ratings, or operational actions including changes to policies and procedures.

We continue to actively promote our full range of speak-up channels to colleagues to help ensure their concerns are handled through the most effective route. In 2024, 13% fewer concerns were raised through HSBC Confidential compared with 2023. Of the concerns investigated through the HSBC Confidential channel in 2024, 66% related to individual behaviour and personal conduct, 21% to security and fraud risks, 12% to compliance risks and less than 1% to other categories.

The Group Audit Committee has oversight of the Group's whistleblowing arrangements, and the Chair of the Group Audit Committee acts as HSBC's Whistleblowers' Champion with responsibility for ensuring and overseeing the integrity, independence and effectiveness of the Group's policies and procedures.

Regulatory Compliance sets the whistleblowing policy and procedures, and provides the Group Audit Committee with periodic updates on their effectiveness. Specialist teams and investigation functions own whistleblowing controls, with monitoring in place to determine control effectiveness.

For further details of the role of the Group Audit Committee in relation to whistleblowing, including updates received in 2024 on operational effectiveness, see page 267.

HSBC Confidential concerns raised in 2024:

1,527

(2023: 1,746)

Substantiation rate of concerns investigated through HSBC Confidential in 2024:

35%

(2023: 41%)

A responsible approach to tax

We seek to pay our fair share of tax in all jurisdictions in which we operate, and to minimise the likelihood of customers using our products and services to evade or inappropriately avoid tax. We also abide by international protocols that affect our organisation. Our approach to tax and governance processes is designed to achieve these goals.

Through adoption of the Group's risk management framework, we seek to ensure that we do not adopt inappropriately tax-motivated transactions or products, and that tax planning is scrutinised and supported by genuine commercial activity. HSBC has no appetite for using aggressive tax structures.

With respect to our own taxes, we are guided by the following principles:

- We are committed to applying both the letter and spirit of the law. This includes adherence to a variety of measures arising from the OECD Base Erosion and Profit Shifting initiative including the 'Pillar Two' global minimum tax rules that apply to the Group from 2024. These rules seek to ensure that the Group pays tax at a minimum rate of 15% in each jurisdiction in which it operates. We have identified 14 jurisdictions that may have an effective tax rate below 15% in 2024. We continually monitor the number of active subsidiaries within each jurisdiction as part of our ongoing entity rationalisation programme.
- We seek to ensure that our entities active in nil or low tax jurisdictions have clear business rationale for why they are based in these locations and appropriate transparency over their activities.
- We seek to have open and transparent relationships with all tax authorities. Given the size and complexity of our organisation, which operates across 58 jurisdictions, a number of areas of differing interpretation or disputes with tax authorities exist at any point in time. We cooperate with the relevant local tax authorities to mutually agree and resolve these in a timely manner.

With respect to our customers' taxes, we are guided by the following principles:

- We have made considerable investments to support external tax transparency initiatives and reduce the risk of banking services being used to facilitate customer tax evasion. Initiatives include the US Foreign Account Tax Compliance Act, the OECD Standard for Automatic Exchange of Financial Account Information ('Common Reporting Standard'), and the UK legislation on the corporate criminal offence of failing to prevent the facilitation of tax evasion.
- We implement processes that aim to ensure that inappropriately tax-motivated products and services are not provided to our customers.

Our tax contributions

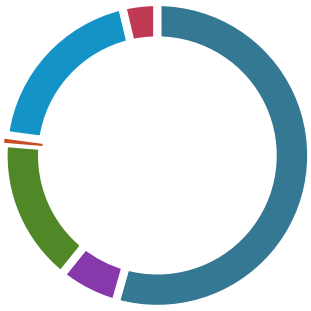
The Group effective tax rate for the year of 22.6% was higher than in the previous year (2023: 19.1%). The effective tax rate for the year increased by 4.8% due to the non-deductible loss in respect of the sale of our business in Argentina, and decreased by 3.6% due to the non-taxable gain on the disposal of HSBC Canada. Further details are provided on page 380.

Tax paid in 2024 is higher than in 2023 mainly because the Hong Kong Inland Revenue Department did not issue HSBC's corporation tax assessments for 2023 until January 2024, at which time they were paid. The equivalent assessments for 2024 were received and paid in December 2024.

The UK bank levy charge for 2024 of $249m was lower than the charge of $339m in 2023, as the charge for 2023 was increased by adjustments arising upon filing prior year returns.

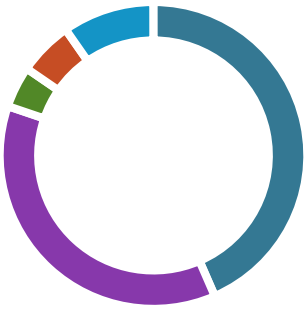
As highlighted below, in addition to paying $9.2bn (2023: $6.8bn) of our own tax liabilities during 2024, we collected taxes of $10.1bn (2023: $10.8bn) on behalf of governments around the world. A more detailed geographical breakdown of the taxes paid in 2024 is provided in the ESG Data Pack.

Taxes paid – by type of tax



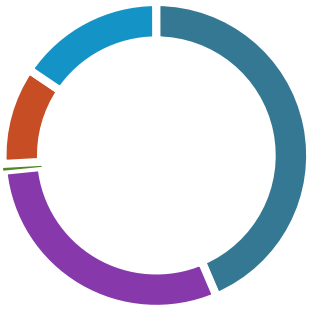
- Tax on profits **$6,080m** (2023: $3,685m)
- Withholding taxes **$667m** (2023: $432m)
- Employer taxes **$1,003m** (2023: $1,052m)
- Bank levy **$135m** (2023: $57m)
- Irrecoverable VAT **$1,098m** (2023: $1,298m)
- Other duties and levies **$229m**[1] (2023: $249m)

Taxes paid – by region



- Europe **$2,780m** (2023: $2,945m)
- Asia-Pacific **$5,020m** (2023: $2,488m)
- Middle East, North Africa and Türkiye **$421m** (2023: $296m)
- North America **$291m** (2023: $389m)
- Latin America **$700m** (2023: $655m)

Taxes collected – by region



- Europe **$4,214m** (2023: $4,714m)
- Asia-Pacific **$3,223m** (2023: $3,226m)
- Middle East, North Africa and Türkiye **$118m** (2023: $77m)
- North America **$1,025m** (2023: $1,119m)
- Latin America **$1,483m** (2023: $1,680m)

1 Other duties and levies includes property taxes of $76m (2023: $91m).

Conduct: Our product responsibilities

Our conduct approach guides us to do the right thing and to focus on the impact we have for our customers and the financial markets in which we operate. It is embedded into the way we design, approve, market and manage products and services, with a focus on five clear outcomes:

- We understand our customers' needs.
- We provide products and services that offer a fair exchange of value.
- We service customers' ongoing needs and put it right if we make a mistake.
- We act with integrity in the financial markets we operate in.
- We operate resiliently and securely to avoid harm to customers and markets.

We train all our colleagues on our approach to customer and market conduct, helping to ensure our conduct outcomes are part of everything we do.

Designing products and services
Our approach to product development is set out in our policies and provides a clear basis on which informed decisions can be made. Our policies require that products must be fit-for-purpose throughout their existence, meeting regulatory requirements and associated conduct outcomes.

Our approach includes:

- designing products to meet identified customer needs;
- managing products through governance processes, helping to ensure they meet customers' needs and deliver a fair exchange of value;
- periodically reviewing products to help ensure they remain relevant and perform in line with expectations we have set; and
- improving, or withdrawing from sale, products which do not meet our customers' needs or no longer meet our high standards.

Meeting our customers' needs
Our policies and procedures set standards to help ensure that we consider and meet customer needs. These include:

- enabling customers to understand the key features of products and services;
- enabling customers to make informed decisions before purchasing a product or service; and
- ensuring processes are in place for the provision of advice to customers.

They help us provide the right outcomes for customers, including those with enhanced care needs. This enables us to support customers who are more vulnerable to external impacts.

Financial promotion
Our policies help to ensure that in the sale of products and services, we use marketing and product materials that support customer understanding and fair customer outcomes. This includes providing information on products and services that is fair, clear and not misleading. We also have controls in place to help ensure our cross-border marketing complies with relevant regulatory requirements.

Product governance
Our product management policy covers the entire lifecycle of the product. This helps ensure that our products meet our requirements before we sell them and allows continued risk-based oversight of product performance against the intended customer outcomes.

When we decide to withdraw a product from sale, we aim to consider the implications for our existing customers and agree actions to help them achieve a fair outcome where appropriate.

Our approach with our suppliers

We maintain global standards and procedures for the onboarding and use of third-party suppliers. We require suppliers to meet our third-party risk compliance standards and assess them to identify any financial stability concerns.

Sustainable procurement
Supporting and engaging with our supply chain is vital to the development of our sustainable procurement processes. In 2024:

- We continued gathering carbon emission data from our suppliers through CDP (formerly the Carbon Disclosure Project) and introduced a new data collection method to simplify and improve our supplier outreach for scope 3 data collection.
- We began implementing decarbonisation plans for our three highest emitting procurement categories: technology; real estate; and professional services. We engaged suppliers on their emissions disclosure plans and carbon reduction targets. We outlined what we expect of our suppliers on these aspects and explored joint opportunities.
- We hosted a Supply Chain Decarbonisation Day with senior managers at HSBC and suppliers to facilitate collaboration and discuss innovative decarbonisation solutions with some of our largest suppliers.
- We have started developing a biodiversity strategy that aims to integrate biodiversity considerations into our procurement practices and define a clear set of requirements for our suppliers.
- Since its launch in 2023, the Supplier Diversity Portal is now live in a number of jurisdictions. Further expansion is planned for 2025 to reach a wider demographic of diverse-owned suppliers (at least 51% owned, managed or controlled by a historically and locally under-represented group). For further details, see www.hsbc.com/who-we-are/esg-and-responsible-business/working-with-suppliers.
- To increase engagement with diverse-owned suppliers, we introduced a development programme. The programme is designed to empower diverse-owned suppliers to effectively engage with large corporations, including HSBC, and supports our ambition to further diversify our supply chain, to represent the communities that we operate in.

Supplier code of conduct
Our supplier code of conduct ('the code') was refreshed in 2024, setting out our ambitions and areas of focus on the environment, diversity and human rights, and outlines the minimum standards we expect of our suppliers on these issues. We continue to formalise adherence to the code with clauses in our supplier contracts, which support the right to audit and act if a breach is discovered. At the end of 2024, 96.7% of approximately 10,200 contracted suppliers had either confirmed adherence to the code or provided their own alternative that was accepted by our Global Procurement function.

For further details of the number of suppliers in each geographical region, see the ESG Data Pack at www.hsbc.com/esg.

Safeguarding data

Data privacy

We are committed to protecting the data we process, in accordance with the laws and regulations of the markets in which we operate.

Our approach rests on having the right talent, technology, systems, controls, policies and processes to ensure appropriate management of privacy risk. Our Group-wide data risk policy and principles provide a consistent global approach to managing data privacy risk, and must be applied by all our global businesses and functions. Our privacy principles are available at www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/operational-risk.

We conduct regular employee training and awareness sessions on data privacy and security issues throughout the year. This includes mandatory training that is updated regularly for all our global colleagues, with additional training sessions where needed to keep up to speed with new developments. Where relevant, we encourage our data privacy employees to obtain external accreditation.

We provide transparency to our customers and stakeholders on how we collect, use and manage their personal data, and their associated rights. Where relevant, we work with third parties to help ensure adequate protections are provided, in line with our data risk policy and as required under applicable data privacy laws. We offer a broad range of channels in the markets where we operate, through which customers and stakeholders can raise concerns about the privacy of their data.

Our dedicated privacy teams report to senior management on data privacy risks and issues, and provide oversight for global data privacy programmes. We review data privacy regularly at multiple governance forums, including at Board level, to help ensure there is appropriate oversight by senior executives. Data privacy laws and regulations continue to evolve globally. We continually monitor the regulatory environment to ensure we respond appropriately to any changes.

As part of our three lines of defence model, our Global Internal Audit function provides independent assurance as to whether our data privacy risk management approaches and processes are designed and operating effectively. In addition, we have established data privacy governance structures and continue to embed accountability across all businesses and functions.

We continue to implement industry practices for data privacy and security. Our privacy teams work closely with our data protection officers, industry bodies and research institutions to drive the design, implementation and monitoring of privacy solutions. We conduct regular reviews and privacy risk assessments and continue to develop solutions to strengthen our data privacy controls.

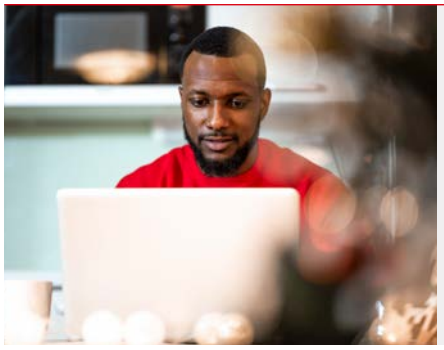
We have procedures to articulate the actions needed to deal with data privacy considerations. These include notifying regulators, customers or other data subjects, as required under applicable privacy laws and regulations, in the event of a reportable incident occurring.

Intellectual property rights practices
We have a Group intellectual property risk policy, supported by controls and guidance, to manage risk relating to intellectual property. This is to help ensure that commercially and strategically valuable intellectual property is identified and protected appropriately, including by applying to register trademarks and patents and enforcing our intellectual property rights against unauthorised use by third parties. Our intellectual property framework also helps us avoid infringement of third-party intellectual property rights, supporting our consistent and effective management of intellectual property risk in line with our risk appetite.

Data Privacy Day

In February 2024, we held a global online event for our colleagues to mark International Data Privacy Day. The event was hosted by our Global Head of Data Legal, in collaboration with the International Association of Privacy Professionals.

The discussion focused on key developments in the data privacy landscape for 2024 and beyond, including the impact of digital entropy and rapidly evolving AI-related advancements. This was followed by a Q&A with the audience to encourage further dialogue.



Responsible AI

Artificial intelligence ('AI') and other emerging technologies provide the opportunity to process and analyse data at a depth and breadth not previously possible. While these technologies offer significant potential benefits for our customers, they also pose potential ethical risks for the financial services industry and society as a whole. We have a set of principles to help ensure we consider and address the ethical issues that could arise. HSBC's Principles for the Ethical Use of Data and Artificial Intelligence are available at www.hsbc.com/ai.

We continue to develop and enhance our approach to, and oversight of, AI, taking into consideration the fast-evolving regulatory landscape, market developments and best practice.

Cybersecurity

The threat of a cyber incident remains a concern for our organisation, as it does across the financial sector and other industries. As cyber-threats continue to evolve, failure to protect our operations may result in disruption for our customers and our business, cause financial loss or loss of sensitive data, and can have a negative impact on our customers' and our own reputation, among other risks.

We continue to monitor ongoing geopolitical events and changes to the cyber-threat landscape and take proactive measures with the aim of reducing any impact on our customers.

Prevent, detect and mitigate
We invest in business and technical controls to help prevent, detect and mitigate cyber threats. Our cybersecurity controls follow a 'defence in depth' approach, leveraging multiple security layers, and recognising the complexity of our environment. Our ability to detect and respond to attacks through round-the-clock security operations centre capabilities is intended to help reduce the impact of attacks.

Our cyber intelligence and threat analysis team proactively collects and analyses internal and external cyber information to continuously evaluate threat levels for the most prevalent attack types and their potential outcomes. We actively participate in the broader cyber intelligence community, including by sharing technical expertise in investigations, alongside others in the financial services industry and government agencies around the world.

In 2024, we continued our programme of continual improvement to further strengthen our cyber defences and enhance our cybersecurity capabilities to help reduce the likelihood and impact of unauthorised access, security vulnerabilities being exploited, data leakage, third-party security exposure and advanced malware. One key area of focus is the increasing use of AI, which could be used to facilitate sophisticated cyber-attacks. We are enhancing governance processes to manage potential cybersecurity risks, along with accelerating the potential this technology brings.

We work with third parties, including suppliers, financial infrastructure bodies and other non-traditional third parties, in an effort to help reduce the threat of cyber-attacks impacting our business services.

We have a third-party security risk management process in place to assess, identify and manage the risks associated with cybersecurity threats with supplier and other third-party relationships. The process includes risk-based cybersecurity due diligence reviews that assess third parties' cybersecurity programmes against our standards and requirements.

Policy and governance
We have a robust suite of cybersecurity policies, procedures, and key controls to help with the effective oversight and management of the organisation. This includes but is not limited to defined information security responsibilities for employees, contractors and third parties, as well as standard procedures for cyber incident identification, investigation, mitigation and reporting. We operate a three lines of defence model, aligned to the enterprise risk management framework, to help oversight and challenge of our cybersecurity capabilities and priorities. Within the first line of defence, risk owners within global business and functions are accountable for identifying and managing cyber risk. They work with cybersecurity control owners to apply risk treatment in line with our risk appetite. Our controls are designed to be executed in line with our policies and are reviewed and challenged by our risk stewards representing the second line of defence. They are independently assured by the Global Internal Audit function, the third line of defence.

The assessment and management of our cybersecurity risk is led and coordinated by a Global Chief Information Security Officer ('CISO'). Our Global CISO has extensive experience in financial services, security and resilience as well as strategy, governance, risk management and regulatory compliance. The Global CISO is supported by regional and business-level CISOs. In the event of incidents, the Global CISO and relevant supporting CISOs are informed and are engaged in alignment with our cybersecurity incident response protocols.

Key performance indicators, control effectiveness and other matters related to cybersecurity, including significant cyber incidents, are presented on a regular basis to various management risk and control committees including to Board committees, the Group Risk Management Meeting and across global businesses, functions and regions. This is done to help ensure ongoing awareness and management of our cybersecurity position.

Our cybersecurity capabilities are periodically assessed against standards issued by the National Institute of Standards and Technology and by independent third parties, and we proactively collaborate with regulators to participate in regular testing activities. In addition, HSBC engages external independent third parties to support our penetration and threat-led penetration testing.

Cyber training and awareness
We understand the important role our people play in protecting against cybersecurity threats. Our aim is to equip every colleague with the appropriate tools and behaviours they need to keep our organisation and customers' data safe. We provide cybersecurity training and awareness to all our people, ranging from our top executives to IT developers to front-line branch staff around the world, and we deliver targeted training to staff that are identified as having elevated cyber risk exposure.

Boosting gender representation in cybersecurity

To help address barriers to opportunity, HSBC Cybersecurity has been working to increase the representation of women in emerging talent via a variety of initiatives across 2024. These include:

- Sponsoring the CyberFirst Girls Competition for the second consecutive year, aimed at inspiring girls interested in technology to pursue a career in cybersecurity.
- Providing cybersecurity work-shadowing opportunities to undergraduates who are part of the UK-based Women in Technology programme.
- Cybersecurity colleagues have hosted a range of events with university students in Poland, Mexico, mainland China, India and the UK.

We host an annual Cyber Awareness Month for all colleagues, covering topics such as online safety at home, social media safety, safe hybrid working, and cyber incidents and response. Our dedicated cybersecurity training and awareness team also provides a wide range of education and guidance to both customers and our colleagues about how to spot and prevent online fraud.