

HSBC Holdings plc

Employee Share Plans 30 June 2023

Employee Share Plans

In accordance with the terms of a waiver granted by the Hong Kong Stock Exchange on 30 December 2022, full details of share options and share awards under Employee Share Plans required pursuant to Listing Rules 17.07 and 17.09 are disclosed below. These disclosures are also available on the Hong Kong Stock Exchange's website at www.hkex.com.hk and can be obtained upon request from the Group Company Secretary and Chief Governance Officer, 8 Canada Square, London E14 5HQ.

Employee share plans

Share options and discretionary awards of shares are granted under HSBC share plans to help align the interests of employees with those of shareholders.

The following are particulars of share options and share awards, including those held by, or to be granted to, employees working under employment contracts that are regarded as 'continuous contracts' for the purposes of the Hong Kong Employment Ordinance, or former employees. The options and share awards were granted for nil consideration. No options or share awards have been granted to substantial shareholders, suppliers of goods or services or those with an amount in excess of the 1% individual limit for each share plan. No options or share awards were cancelled by HSBC during the six months to 30 June 2023. The options and share awards were granted only to employees. Particulars of options and share awards held by Directors of HSBC Holdings are set out on page 141 in the *Interim Report 2023*.

The number of shares available for the grant of options or share awards under each limit set out in the HSBC share plans at the beginning of 1H23 were 1,038,335,768 and 290,981,959. At the end of 1H23, the number of shares available were 1,017,612,461 and 272,087,852 under each limit. The number of shares that may be issued in respect of options or awards granted under all HSBC share plans divided by the weighted average number of shares of the relevant class in issue for 1H23 is 5.02% and 1.34% under each limit set out in the HSBC share plans.

The options and share awards granted, exercised/vested or lapsed during 1H23 are shown in the tables below.

All-employee share plans

The HSBC Holdings Savings-Related Share Option Plan (UK) is an all-employee share option plan under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. The HSBC International Employee Share Purchase Plan was introduced in 2013 and now includes employees based in 31 jurisdictions. No options are granted under this plan but matching share awards are granted in the form of conditional awards that vest after three years. During 2022, approximately 189,000 employees were offered participation in these plans. During 1H23, no employee was offered participation in the plans. No options or awards under these plans are subject to performance targets.

For options granted under the HSBC Holdings Savings-Related Share Option Plan (UK) employees may make contributions of up to £500 each month over a period of three or five years. The contributions may be used within six months following the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. Alternatively, the employee may elect to have the savings, plus (where applicable) any interest or bonus, repaid in cash. In the case of redundancy, ceasing employment on grounds of injury or disability, retirement, death, the transfer of the employing business to another party, or a change of control of the employing company, options may be exercised before completion of the relevant savings contract. In certain circumstances, the exercise period of options awarded under the all-employee share option plans may be extended; for example, on the death of a participant, the executors may exercise the option up to six months beyond the normal exercise period or, if a participant has chosen to defer up to 12 contributions, the start of the normal exercise period will be delayed by up to 12 months.

Under the HSBC Holdings Savings-Related Share Option Plan (UK) the option exercise price is determined by reference to the average market value of the HSBC Holdings ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20%. The HSBC Holdings Savings-Related Share Option Plan (UK) has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

Under the HSBC International Employee Share Purchase Plan, shares are purchased on behalf of participants (using their own funds) in the market each quarter up to a maximum annual value of £3,000, or equivalent in local currency, per participant. No options are granted under the HSBC International Employee Share Purchase Plan. However, matching awards in the form of conditional share awards are granted to participants for nil consideration at a ratio of one free share for every three purchased. Matching awards vest subject to continued employment and the retention by the participant of the purchased shares for a maximum period of two years and nine months. The HSBC International Employee Share Purchase Plan has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

HSBC Holdings Savings-Related Share Option Plan (UK)

Date of award	Exercise price (£)	Usually exercisable		HSBC Holdings ordinary share options					
		from	until	At 1 Jan 2023	Granted in period	Exercised in period ¹	Lapsed in period	Cancelled in period	At 30 Jun 2023
21 Sep 2017	5.9640	1 Nov 2020	30 Apr 2021	3,018	—	—	3,018	—	—
21 Sep 2017	5.9640	1 Nov 2022	30 Apr 2023	313,743	—	54,793	252,714	—	6,236
21 Sep 2018	5.4490	1 Nov 2021	30 Apr 2022	9,872	—	2,971	6,901	—	—
21 Sep 2018	5.4490	1 Nov 2023	30 Apr 2024	423,920	—	4,333	21,368	—	398,219
20 Sep 2019	4.6920	1 Nov 2022	30 Apr 2023	2,170,920	—	1,386,122	710,590	—	74,208
20 Sep 2019	4.6920	1 Nov 2024	30 Apr 2025	913,113	—	6,615	37,933	—	868,565
24 Sep 2020	2.6270	1 Nov 2023	30 Apr 2024	54,602,153	—	962,612	939,375	—	52,700,166
24 Sep 2020	2.6270	1 Nov 2025	30 Apr 2026	35,375,906	—	265,275	676,723	—	34,433,908
22 Sep 2021	3.1460	1 Nov 2024	30 Apr 2025	10,405,760	—	76,429	413,498	—	9,915,833
22 Sep 2021	3.1460	1 Nov 2026	30 Apr 2027	2,824,207	—	8,112	82,824	—	2,733,271
27 Sep 2022	4.2420	1 Nov 2025	30 Apr 2026	6,977,715	—	4,405	415,416	—	6,557,894
27 Sep 2022	4.2420	1 Nov 2027	28 Apr 2028	1,630,396	—	1,687	120,105	—	1,508,604
				115,650,723	—	2,773,354	3,680,465	—	109,196,904

¹ The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.9183.

HSBC International Employee Share Purchase Plan – awards of matching shares

Dates of award	Purchase price	Usually vesting		HSBC Holdings ordinary shares under award					
		from	to	1 Jan 2023	Granted in period	Vested in period	Lapsed in period	Cancelled in period	30 Jun 2023
2020 to 2022	£0	2023	2025	2,347,806	—	—	85,841	—	2,261,965
2020 to 2022	HK\$0	2023	2025	2,854,482	—	—	75,227	—	2,779,255
11 Jan 2023 ¹	£0			—	288,546	—	13,386	—	275,160
11 Jan 2023 ²	HK\$0			—	301,397	—	8,149	—	293,248
14 Mar 2023 ³	£0			—	42	—	—	—	42
13 Apr 2023 ⁴	£0			—	277,730	—	7,422	—	270,308
13 Apr 2023 ⁵	HK\$0			—	284,890	—	4,079	—	280,811

¹ The closing price of the shares on the day before the grant date was £5.6410. The fair value of the awards granted was £5.0580 based on IFRS 2 accounting standards.

² The closing price of the shares on the day before the grant date was HK\$53.30. The fair value of the awards granted was £5.0580 based on IFRS 2 accounting standards.

³ The closing price of the shares on the day before the grant date was £5.6810. The fair value of the awards granted was £5.1237 based on IFRS 2 accounting standards.

⁴ The closing price of the shares on the day before the grant date was £5.6160. The fair value of the awards granted was £4.9941 based on IFRS 2 accounting standards.

⁵ The closing price of the shares on the day before the grant date was HK\$54.75. The fair value of the awards granted was £5.0376 based on IFRS 2 accounting standards.

Awards under HSBC Share Plan 2011

Conditional share awards may be granted on a discretionary basis to employees and former employees. A conditional award of deferred shares defines the number of shares to which the employee will become entitled, which is generally up to three, four, five or seven years from the date of the award, and normally subject to the individual remaining in employment. In some cases, the employee's entitlement depends upon the satisfaction of a performance condition. The long-term incentive awards and fixed pay allowances are incorporated in the HSBC Share Plan 2011. The maximum value of awards or options that may be granted to an employee in any one year under the HSBC Share Plan 2011 is 600% of the employee's annual salary. For the purpose of the limit, any deferred share awards made on or shortly after the commencement of employment or in substitution for all or any part of any bonus to which the employee would otherwise have been entitled, are excluded.

Participants do not need to pay any consideration for the grant or vesting of an award. The long-term incentive awards are granted if the Group Remuneration Committee considers that there has been satisfactory performance over the prior year and subject to a forward-looking three-year performance period from the start of the financial year in which the awards are granted. Retention awards are subject to the completion of a strategically important project. The HSBC Share Plan 2011 has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

HSBC Share Plan 2011 – particulars of awards

Dates of award		Purchase price (£)	Usually vesting		HSBC Holdings ordinary shares under award.					
					1 Jan 2023	Granted in period	Vested in period ¹	Lapsed in period	Cancelled in period	30 Jun 2023
from	to		from	to						
1 Jan 2013	31 Dec 2022	0	1 Mar 2023	30 Mar 2030	119,879,459	—	43,913,965	2,003,869	—	73,961,625
	27 Feb 2023 ²	0	27 Feb 2023	30 Mar 2030	—	59,835,210	19,477,610	159,369	7,612	40,190,619
	27 Feb 2023 ³	0	27 Feb 2023	30 Mar 2030	—	3,800,403	—	—	—	3,800,403
	20 Mar 2023 ⁴	0	20 Mar 2023	30 Mar 2030	—	2,486,251	760,095	—	—	1,726,156
	15 May 2023 ⁵	0	15 May 2023	30 Mar 2029	—	1,283,921	391,767	1,662	—	890,492
	15 May 2023 ⁶	0	15 May 2023	30 May 2028	—	50,946	—	5,738	—	45,208
	1 Mar 2023 ⁷	0	1 Mar 2023	31 Aug 2026	—	644,298	344,620	1,869	—	297,809

- 1 The weighted average closing price of the shares immediately before the dates on which the awards were vested was £5.9679.
- 2 The closing price on the day before the grant date was £6.3570. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, are £6.3180, £5.4370, £5.3450, £5.3110, £5.2410, £5.1860, £5.1300, £5.1050, £5.0570, £4.9310, £4.9210 and £4.6930.
- 3 The closing price on the day before the grant date was £6.3570. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, are £6.3180 and £4.6930. Vesting of these awards, which are made up of LTI awards and retention awards, are subject to satisfaction of performance conditions. LTI awards are subject to a combination of financial and non-financial metrics that are detailed in the Directors remuneration report in the Annual Report and Accounts. Retention awards are subject to the completion of a strategically important project.
- 4 The closing price on the day before the grant date was £5.4210. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, are £5.4170, £4.6650, £4.6620, £4.5830, £4.5540, £4.4480, £4.4460 and £4.0230.
- 5 The closing price on the day before the grant date was £5.9970. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, are £6.1100, £5.5310, £5.2720, £5.2600, £5.1710, £5.1380, £5.0160 and £5.0110.
- 6 The closing price on the day before the grant date was £5.9970. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair value of the awards is £6.1100. Vesting of these awards, which relate to retention awards, are subject to the satisfaction of performance conditions. These retention awards are subject to the completion of a strategically important project.
- 7 Relates to the allocation of dividend equivalent shares in relation to eligible awards.

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