OUR CHARTER
‘Do the right thing.’

It is a phrase we have all heard and probably used at one time or another. It is easy to say but sometimes the right decision isn’t obvious.

Sometimes we have to weigh up competing interests. There may be things we could do today that would safeguard our customers and colleagues tomorrow. Sometimes decisions could have repercussions that last for years.

Our Charter is designed to help in those moments. It is not a new set of rules or principles but is a reminder of what is important when we’re faced with tough choices. In these pages you will find five questions that can help.

Whatever we do, we all have the opportunity to make decisions that shape a better future for our customers and colleagues.

This is what Our Charter is about.

Stuart Gulliver, Group Chief Executive

Douglas Flint, Group Chairman

On behalf of the board of HSBC Holdings plc
Throughout our history we have been where the growth is, connecting customers to opportunities. We enable businesses to thrive and
economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions. This is our role and purpose.
A lot has changed since HSBC began in 1865. Hundreds of thousands of colleagues have helped to build a global business that affects people’s lives every single day.

Our decision to offer a mortgage can help a young family own their first home.

Our decision to lend a company money can help it grow, realising ambitions, creating jobs and generating wealth.

Our decision to help a big company issue a bond can support them in building new infrastructure — such as transport links, green power plants or reservoirs.

Our decision to say “no” can make a difference, too. Refusing to extend credit to a customer who cannot afford to repay it is the responsible thing to do.

Our decision to apply the right checks to international transactions and challenge questionable behaviour can help stop fraud, money laundering, tax evasion and worse.

Whether we speak to customers every day or support colleagues who do, each of us can make decisions that shape the future for better or worse. It is a privilege but also a responsibility.

Doing the right thing earns trust. In other words, we deliver for our customers and support the integrity of financial markets. But when we fall short we can harm those who rely on us.
You probably know we started life in 1865. You may not know that when the bank was just a year old, six of Hong Kong’s eleven foreign banks collapsed due to bank runs. Many of the remaining banks panicked, cutting customer repayment periods. Although we were still young and vulnerable, we held our nerve. We kept the same terms and built a reputation with our customers in Hong Kong for doing the right thing.

Today, we call it courageous integrity.
Values remind us of what is important

We believe in acting with courageous integrity.

**Being dependable — always doing the right thing.**

**Being open to different ideas and cultures.**

**Being connected to customers, communities, regulators and each other.**

These are characteristics on which HSBC was built. Today, they are the values that guide us in what is important.

They describe how we support our customers but also how we should interact with one another. Our goal is to connect with customers across borders, so we also have to collaborate internally. A global network opens us up to many different cultures and perspectives. Valuing and respecting one another’s differences and experiences is vital, too.
Recognising our role in society

The Asian financial crisis of 1997 and 1998 hit hard, causing sharp falls in property and the stock markets and creating uncertainty for people and businesses. But by keeping an open dialogue with the regulators, our customers and local communities, we made it through while treating our customers fairly and sensitively and helping the region’s economy recover.

Being open, connected and dependable

Guy Hillier was the first manager of our Beijing branch in 1885. Thanks to his fluent Mandarin and deep understanding of Chinese culture, he was able to build strong and lasting relationships with both our Chinese customers and the Chinese authorities. In fact, he was so valuable to the bank that when his eyesight started to fail they hired an assistant to ensure he could carry on working.

Help in difficult situations

When an Icelandic volcano erupted in 2010, disrupting air travel across Europe, many insurers didn’t allow claims. HSBC and first direct did. And we went a step further, adding airspace closure to all our travel insurance policies as standard — covering delays due to pandemics, prevention of terrorism and natural disasters.
One of the first businesses listed in our account ledger is still a customer today. We have always put an emphasis on thinking for the long term. We are, of course, a commercial organisation. We want to deliver returns to our shareholders. But putting our values into practice sometimes means incurring short-term costs.

In recent years we have:

- given businesses extra time to pay debts,
- fast-tracked new loans and provided extra support to customers in areas affected by natural disasters
- withdrawn products because we couldn’t be confident that they delivered fair outcomes or a balanced exchange of value
- changed incentive schemes that we felt may not encourage the right behaviours

Decisions such as these help us retain customers, building trust and a better future.
The financial crisis

HSBC’s geographical diversification and capital strength stood it in good stead throughout the global financial crisis. Some major businesses banking with us were not so lucky. We were accountable to our shareholders for managing risk, but we felt a duty to treat customers fairly. Where we took the difficult decision to reduce credit to a business customer, we tried to do so in an orderly, measured and responsible way.

Our industry has a growing list of rules and regulations. Our aim is to meet both the spirit and the letter of the law — to do what is right, not only what is legal.

Our own policies often go further than the minimum required by law. Some are very specific, telling us what we must do and when. Others (such as our 15 Conduct Outcomes) focus on the outcomes we should deliver. These policies outline principles to be applied, not just processes to be followed.

They ask us to use our judgement.
Our standards, policies and processes

Our global brand makes HSBC instantly recognisable across the world. Our customers need to know that they can rely on us to offer the same high ethical standards, wherever they see us. The Global Standards Manual brings together the common standards and principles we use in conducting our business, whatever its location or nature.

Detecting and deterring crime

Since 2012 we have invested billions of dollars to introduce stricter, more effective financial crime controls everywhere we do business. We call it Global Standards and it is one of the biggest changes we have made in our 150-year history. Being safer today will make us stronger tomorrow as we help customers we know and trust.

Asking the right questions

When one of our customers in the UK walked into their branch to send a large sum to a law firm in another country for a timeshare, our team had a feeling something wasn’t right. By digging deeper they discovered the law firm was fake and the whole thing was a scam. It was thinking like this that saved the customer thousands.
Courage to do the right thing

Most of the decisions we make each day are straightforward but some aren’t. Sometimes we have to weigh up competing interests. There may be things we could do today that would safeguard our customers and colleagues tomorrow. Sometimes decisions could have repercussions that last for years.

The following five questions are designed to help us consider what is right when facing tough choices. If you can answer “yes” to all five questions then you know it is a good decision.

If you answer “no” to any of them then speak up and ask for advice.

Everyone sees the world from a certain angle. Another perspective can make us see things in a new way. When facing a difficult decision, invite the views of others.
Ask yourself

POLICY Are you operating within the rules?

Consider
Do you know what the rules are?
Is it legal and compliant?
Are you acting within the letter and spirit of the law?

PRINCIPLES Does this decision sit well with our sense of right and wrong?

Consider
What would your friends, family or colleagues say?
How would you feel if it was reported in the media?
How does it support the communities we serve?

PROFIT Does this make commercial sense for our customer and for HSBC?

Consider
Who is this decision good for?
Do you think it will stand the test of time?
Do we really know enough about our customer?

PEOPLE Do you understand the impact of this decision on others?

Consider
Are we treating people with respect?
How would you feel in their shoes?

Do you have the courage to do the right thing?

Consider
What is stopping you?
Speaking up if you think there is a better way

HSBC Exchange is a forum for employees to generate ideas or share concerns. The participants shape the agenda and can talk about what matters to them, from serving customers to supporting employees. The small groups have a host whose main job is to listen.

Speaking up if you think there is a problem

The first thing to do is speak to either your line manager, HR or compliance. But you can also report issues anonymously through HSBC Confidential.

For example:
- if someone is mistreating you or being mistreated
- if people’s health or safety are at risk
- if we are breaking the law, regulations or our own policies

It is confidential and every claim is investigated thoroughly.

Over the page is a reminder of Our Charter.
Our commitment

Throughout our history we have been where the growth is, connecting customers to opportunities. We enable businesses to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions. This is our role and purpose.

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The five questions are designed to help us all consider what is right when facing tough choices. If you can answer “yes” to all five questions then you know it is a good decision.

If you answer “no” to any of them or are unsure then speak up. Ask for advice.
If you are unsure about a decision, use these questions. Ultimately, it is about using good judgement and that is what Our Charter is about.

We work in a business that affects people’s lives every day. This is a privilege and a responsibility. So:

- we will always use our values and good judgement in making the right decisions for customers
- we will ask questions when making important choices
- we will follow both the letter and the spirit of the law
- we will speak up when we see something’s wrong and respect those who do the same
- we will give feedback to others, and welcome it on how we do our jobs as well

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