CORPORATE SUSTAINABILITY COMMITTEE

Terms of Reference

Membership

The Committee shall comprise not less than two directors.

The Chairman of the Committee shall be appointed by the Board.

The Board may from time to time appoint additional members to the Committee from among the directors and, subject to the Company's Articles of Association, such other persons as the Board considers to be independent.

The Committee may invite any executive(s) to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the attainment of its objective;

Meetings and Quorum

The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least twice each year. The Chairman of the Committee, or in his or her absence another member of the Committee, shall give an oral report to the Board after each meeting.

The quorum for meetings shall be one Director.

Objective

The Committee shall be responsible to the Board for overseeing the Group's Corporate Sustainability ("CS") policies (principally environmental, social and ethical matters) and for advising the Board, committees of the Board and executive management on such matters.

Responsibilities of the Committee

Without limiting the generality of the Committee's objective, the Committee shall, to the extent such matters are not dealt with by another committee of the Board have the following responsibilities, powers, authorities and discretion:

1. to oversee the effectiveness of HSBC's CS strategy, policies and practices that have the potential to materially affect HSBC's business, brand or reputation, including the policies on:

    1.1 social matters including the promotion of equality of opportunity and diversity;
    1.2 environmental matters;
    1.3 health and safety;
    1.4 reputational matters to the extent that they fall within the Committee's remit;

1.5 handling internal complaints by employees other than whistleblowing procedures which are the purview of the Group Audit Committee;
1.6 lending to socially or environmentally sensitive industry sectors or customer segments; and
1.7 any other matter of legitimate public concern.

The Committee shall arrange, using such internal or external resources as the Committee may consider appropriate, for such assurance as the Board or the Committee shall consider necessary or desirable that the Group's policies are being implemented and applied.

2. to advise the Board on any proposed changes to the Group's Values Statements and Business Principles or Group Standards for reputational and environmental risks and the adoption of appropriate CS targets and measures;

3. to advise the Board on the adoption of international non financial CS codes and principles, such as the United Nations Environment Programme's Statement by Financial Institutions on the Environment and Sustainable Development, the United Nations Global Compact, and other codes and guidelines;

4. to review and advise the Board on the Group's CS reporting;

5. to advise the Board on the adoption of CS targets and processes;

6. to examine the annual assessment of the Group's environmental performance and progress, to consider and approve methods of measuring, assessing or validating Group CS performance, and, where appropriate, to commission an external independent assessment of the direct and indirect impact of any aspect of the Group's operations;

7. to give guidance on the CS component of Directors' induction and training programmes and provide the Board with assurance that relevant executive training programmes, including credit officer training courses, contain appropriate CS training;

8. to oversee the Group's charitable activities and the environmental partnerships;

9. to appoint, employ or retain professional advisors as the Committee may consider appropriate. Any such appointment shall be made through the secretary to the Committee, who shall be responsible for the contractual arrangements and payment of fees by HSBC on behalf of the Committee; and

10. to review annually the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.