Further information for shareholders regarding HSBC's remuneration policy for Directors

The Directors' Remuneration Report in the 2013 Annual Report and Accounts of HSBC Holdings plc sets out the Group's remuneration policy which is being proposed to shareholders at HSBC's Annual General Meeting to be held on Friday, 23 May.

Following discussions with shareholder representatives, the Group Remuneration Committee would like to clarify arrangements relating to any award that may be made to the Group Chairman under the Group Performance Share Plan ("GPSP") under the proposed policy.

The Group Remuneration Committee confirms that any GPSP award that it determines is to be made to the Group Chairman would be specific to Douglas Flint and it is not intended that such awards under the GPSP will become a feature of Group Chairman's remuneration arrangements over the longer term.

Any award would be made in recognition of the exceptional circumstances facing HSBC over the medium term of intense regulatory change, an increased focus on changing conduct and behaviour and the implementation of enhanced banking standards. Any award would reflect changes to the Group Chairman's responsibilities since the time of his original appointment when the Group Remuneration Committee set his salary and remuneration arrangements.

Any award made to the Group Chairman will be determined by reference to non-financial, qualitative performance measures. In all other material respects, awards will be made on entirely the same basis as GPSP awards to other Executive Directors.

The Group Remuneration Committee will review the vesting of any GPSP award that is made at the end of the five year vesting period based upon actual outcomes over that period, also taking into account the condition of the satisfactory conclusion of the 2012 Deferred Prosecution Agreement. The Group Remuneration Committee has discretion in determining the level of vesting of any award made, taking into account notable events which may have taken place at any point during the performance period and may therefore determine the extent to which awards should be adjusted downwards in accordance with the malus framework which it has adopted.

The Group Remuneration Committee proposes that, subject to shareholder approval of the directors' remuneration policy at the forthcoming Annual General Meeting, any GPSP award made to the Group Chairman would be "one off" and that no other award would be made during the three year term of the remuneration policy without the prior consultation of shareholders.

The Group Remuneration Committee also proposes that any GPSP award will be capped at approximately 66% of the Group Chairman's base salary of £1.5 million, representing 44% of his fixed pay. In the remuneration policy it is contemplated that the award could be up to 100% of his fixed pay.

Sir Simon Robertson
Chairman of the Group Remuneration Committee
14 May 2014