HSBC Holdings plc
FY20 ESG factbook
31 December 2020

Opening up a world of opportunity

We have a refreshed purpose, values and ambition to support the execution of our strategy

Our purpose: Opening up a world of opportunity

Our ambition: We aim to be the preferred international financial partner for our clients

Our strategy:
- Focus on our strengths
- Digitise at scale
- Energise for growth
- Transition to net zero

Our values:
- We value difference
- We succeed together
- We take responsibility
- We get it done

ESG highlights

Sustainable financing and investment provided\(^1\)
Cumulative from 2017 – 2020

$93.0bn
(Target: $100bn cumulative by 2025)

CO\(_2\) emissions\(^2\) per FTE
Over 2020

1.76 tonnes
(Target: 2.0 tonnes per FTE by end-2020)

Women in senior leadership\(^3\) roles
At 31 December 2020

30.3%
(Target: 30% by end-2020)

Charitable donations
Over 2020

$113m
(2019: $100m)

Employee advocacy

71%
of employees would recommend HSBC as a great place to work\(^4\) (2019: 66%)

Conduct training

93.2%
of staff completed conduct training in 2020\(^5\)
(Target: 98% by end-2020)

See page 7 for footnotes
Environment

Our climate ambition

We are powering new solutions to the climate crisis and supporting the transition to a low-carbon future, moving to carbon net zero ourselves and helping others to do so too. We have the ability to catalyse a resilient, vibrant future by financing the transformation of businesses and infrastructure to a low-carbon economy.

Achieving the scale of change required for the world to meet the Paris Agreement goal of net zero by 2050 will require us to go further and faster. As such, in October 2020, we set out a three-part plan to accelerate financing for the transition to net zero, underpinned by strong governance and risk management.

Our net zero ambition

- Align financed emissions to achieve net zero by 2050 or sooner
- Be net zero in our operations and supply chains by 2030 or sooner

Supporting our customers

- We aim to support our clients in the transition to a sustainable future with $750bn to $1tn of financing and investment over the next 10 years

Unlocking climate solutions and innovations

- We plan to help transform sustainable infrastructure into a global asset class, and create a pipeline of bankable projects

37.4%

of our electricity consumed in 2020 was renewable, mainly from power purchase agreements

100%

of our electricity to be sourced from renewable by 2030

3rd

Dealogic ranking for green, social and sustainability bonds globally in 2020

≤19.6%

2020 wholesale loan exposure to transition risk sectors

Wholesale loan exposure to transition risk sectors at 31 December 2020

<table>
<thead>
<tr>
<th></th>
<th>Automotive</th>
<th>Building and construction</th>
<th>Chemicals</th>
<th>Metals and mining</th>
<th>Oil and gas</th>
<th>Power and utilities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale loan exposure as % of total wholesale loans and advances to customers and banks*</td>
<td>≤3.1%</td>
<td>≤4.0%</td>
<td>≤3.4%</td>
<td>≤2.5%</td>
<td>≤3.4%</td>
<td>≤3.2%</td>
<td>≤19.6%</td>
</tr>
</tbody>
</table>

*Total wholesale loans and advances to customers and banks amount to $673bn (2019: $680bn)

Next steps

We increased our disclosures under TCFD, but we recognise more work is needed as methods to measure progress evolve. HSBC will propose a special resolution on climate change at its 2021 AGM to: set, disclose and implement a strategy with short and medium term targets to align HSBC’s provision of finance to the Paris Agreement goals; publish and implement a policy to phase out the financing of coal-fired power and thermal coal mining by 2030 in markets in the EU / OECD, and by 2040 in other markets; report on progress against that strategy and policy on an annual basis, starting with the 2021 Annual Report and Accounts.

For our full approach to climate, see pages 44-51 of HSBC Holdings plc’s Annual Report and Accounts 2020. See also HSBC’s 2020 TCFD update

See page 7 for footnotes
Social

We are bringing the benefits of connectivity and a global economy to more people around the world. We are opening up a world of opportunity for our colleagues by building an inclusive organisation that prioritises well-being, invests in learning and careers and prepares our colleagues for the future of work.

Customers

We create value by providing the products and services our customers need. We maintain trust by striving to protect our customers’ data and information, and delivering fair outcomes for them. If things do go wrong, we aim to take action in a timely manner. Operating with high standards of conduct is central to our long-term success and underpins our ability to serve our customers.

Customer satisfaction

7 out of 8
WPB markets sustained top-3 rank and/or improved customer satisfaction

5 out of 8
CMB markets sustained top-three rank and/or improved in customer satisfaction

When things go wrong

2.6
Complaints per 1,000 customers per month in large WPB markets in 2020 (2019: 3.7)

105.2k
Customer complaints resolved in CMB in 2020. (2019: 92.5k)

1,432
Customer complaints received by GBM in 2020. (2019: 1,668)

Supporting our customers

$5.5bn
Of personal lending balances under government-backed and HSBC-specific Covid-19 relief schemes at 31 December 2020

>237,000
Wholesale customers under government-backed and HSBC-specific Covid-19 relief schemes at 31 December 2020

Employees

Inclusion

Gender diversity

We reached 30.3% women in senior leadership roles in 2020 and set ourselves a new target to achieve 35% women in senior leadership by 2025

Ethnicity campaign

We are committing to boost the diversity of our senior leadership by doubling the number of Black employees in senior leadership roles from 0.7% in 2020 to 1.3% globally by 2025

LGBT+

HSBC is one of only 17 Top Global Employers for LGBT+ inclusion, as recognised by Stonewall

Listening to our colleagues

2,510
Whistleblowing concerns raised (subject to investigation) in 2020 (2019: 2,808)

42%
Substantiated and partially substantiated whistleblowing cases in 202011 (2019: 33%)

71%
Of employees would recommend HSBC as a great place to work4 (2019: 66%)

Learning and skills development

5.2 million
Training hours carried out by our colleagues in 2020 (2019: 6.5 million)

2.9 days
Training days per FTE (2019: 3.5 days)

21,000
GBM colleagues who completed virtual conduct training in 202012

For our full approach to social issues, see pages 52-69 of HSBC Holdings plc’s Annual Report and Accounts 2020

See page 7 for footnotes
Governance

We are committed to working with our regulators to manage the safety of the financial system. We aim to act with courageous integrity and learn from past events to help prevent their recurrence. We meet our responsibilities to society, including through being transparent in our approach to paying taxes. We also seek to ensure we respect global standards on human rights in our workplace and our supply chains, and continually work to improve our compliance management capabilities.

Respecting human rights

- Our pioneering scheme to help survivors of human trafficking is now used as a model for making financial services more accessible to vulnerable communities through the UN’s Finance Against Slavery and Trafficking (‘FAST’) Survivor Inclusion Initiative

Protecting data

- We are committed to protecting and respecting the data we hold and process
- We have invested in business and technical controls to help prevent, detect and react to cybersecurity threats

Supporting financial inclusion

- In the UK, we are reducing barriers for those with no fixed address as well as for survivors or human trafficking; we also introduced banking services for refugees in Hong Kong
- We invest in financial education to help customers, colleagues and people in our communities be confident users of financial services. In 2020, we provided more of our own financial education content and had over 1.7 million unique visitors to our digital content

Safeguarding the financial system

- We have embedded a strong financial crime risk management framework across all global businesses and all countries and territories in which we operate
- We continue to invest in new technology to enable us to make an impact in the fight against financial crime; each month we screen over 708 million transactions across 275 million accounts for signs of money laundering and financial crime

A responsible approach to tax

- We seek to pay our fair share of tax and to minimise the likelihood of customers using our products and services to evade or inappropriately avoid tax
- We are committed to applying both the letter and spirit of the law in all jurisdictions in which we operate

<table>
<thead>
<tr>
<th>30.5%</th>
<th>$8,058m</th>
<th>$9,538m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective tax rate in 2020</td>
<td>Tax liabilities paid in 2020</td>
<td>Taxes collected on behalf of governments in 2020</td>
</tr>
</tbody>
</table>

Restoring trust

- Restoration of trust in our industry remains a significant challenge as past misdeeds continue to remain in the spotlight
- We paid a total of $574m in regulatory fines in 2020 (2019: $1,271m)\(^\text{13}\). We have sought to learn from these past mistakes and are seeking to develop and implement specific measures designed to prevent recurrence of similar events in the future

For our full approach to governance issues, see pages 70-75 of HSBC Holdings plc’s Annual Report and Accounts 2020

See page 7 for footnotes
## Sustainable finance commitments

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$100bn commitment by type, $bn</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilitation</td>
<td>28.9</td>
<td>16.6</td>
<td>11.1</td>
</tr>
<tr>
<td>Financing</td>
<td>8.0</td>
<td>6.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Investment</td>
<td>3.7</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40.6</td>
<td>23.9</td>
<td>17.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$750bn - $1tn commitment by type, $bn</strong></td>
<td></td>
</tr>
<tr>
<td>Facilitation</td>
<td>27.9</td>
</tr>
<tr>
<td>Financing</td>
<td>4.9</td>
</tr>
<tr>
<td>New definitions</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Sustainable financing</strong></td>
<td>36.3</td>
</tr>
<tr>
<td>Facilitation</td>
<td>0.9</td>
</tr>
<tr>
<td>Financing</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Sustainable infrastructure</strong></td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Sustainable investments</strong></td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>44.1</td>
</tr>
</tbody>
</table>

## Employee profile

### Employees by gender

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All employees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>48%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Female</td>
<td>52%</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td><strong>All senior leaders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>70%</td>
<td>71%</td>
<td>72%</td>
</tr>
<tr>
<td>Female</td>
<td>30%</td>
<td>29%</td>
<td>28%</td>
</tr>
</tbody>
</table>

### Employees by ethnicity

<table>
<thead>
<tr>
<th></th>
<th>UK – all employees</th>
<th>UK – senior leaders</th>
<th>US – all employees</th>
<th>US – senior leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>60.5%</td>
<td>60.0%</td>
<td>53.1%</td>
<td>65.8%</td>
</tr>
<tr>
<td>Asian</td>
<td>12.6%</td>
<td>10.5%</td>
<td>23.3%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Black</td>
<td>2.5%</td>
<td>0.9%</td>
<td>7.2%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>0.1%</td>
<td>9.7%</td>
<td></td>
<td>6.0%</td>
</tr>
<tr>
<td>Mixed race</td>
<td>1.4%</td>
<td>1.6%</td>
<td>0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other</td>
<td>1.6%</td>
<td>1.6%</td>
<td>2.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Prefer not to say</td>
<td>6.9%</td>
<td>9.9%</td>
<td>0.0%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Not responded</td>
<td>14.4%</td>
<td>15.6%</td>
<td>4.6%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

### Employee training data

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total training hours (millions)</td>
<td>5.2</td>
<td>6.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Training days per FTE</td>
<td>2.9</td>
<td>3.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

### Employee turnover (voluntary leavers/average headcount)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>8%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Female</td>
<td>8%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>By age group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;=19</td>
<td>24%</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>20-29</td>
<td>14%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>30-39</td>
<td>6%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>40-49</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>50-59</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>&gt;=60</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>
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Additional detailed information concerning important factors that could cause actual results to differ materially from this Presentation is available in our Annual Report and Accounts for the fiscal year ended 31 December 2020 filed with the Securities and Exchange Commission (the “SEC”) on Form 20-F on 24 February 2021 (the “2020 Form 20-F”) available at www.hsbc.com.

Alternative Performance Measures

This Presentation contains non-IFRS measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with SEC rules and regulations (“Alternative Performance Measures”). The primary Alternative Performance Measures we use are presented on an “adjusted performance” basis which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business.

Reconciliations between Alternative Performance Measures and the most directly comparable measures under IFRS are provided in our 2020 Form 20-F, which is available at www.hsbc.com.

Information in this Presentation was prepared as at 23 February 2021, unless otherwise specified.
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Footnotes

1. Our commitment to provide and facilitate sustainable finance and investment. The sustainable finance commitment and progress figure includes green, social and sustainability activities. In October 2020, we announced a new target ambition to provide between $750bn to $1tn of sustainable finance and investment by 2030

2. This carbon figure covers scope 1, scope 2 and scope 3 (travel) emissions. In 2020, travel restrictions and lower energy usage due to the Covid-19 outbreak favourably impacted our CO2 figures. Currently, the energy consumption from our employees working from home is not captured in this figure. Going forward, we will consider this type of energy consumption, depending on long term behaviour and materiality

3. Senior leadership is classified as 0 to 3 in our global career band structure

4. Our target was to improve employee advocacy by three points each year through to 2020. Our employee advocacy score in 2019 was 66%. Performance is based on our employee Snapshot results. From 2021, our targets will be based on our employee engagement index

5. The launch of conduct global mandatory training in 2020 was delayed due to the Covid-19 outbreak and the completion date was rolled over into 2021

6. Dealogic ranking based on apportioned bookrunner value, excluding self-issuances

7. Amounts shown in the table include green and other sustainable finance loans, which support the transition to the low-carbon economy. The methodology for quantifying our exposure to high transition risk sectors and the transition risk metrics will evolve over time as more data becomes available and is incorporated in our risk management systems and processes

8. Counterparties are allocated to the high transition risk sectors via a two-step approach. Firstly, where the main business of a group of connected counterparties is in a high transition risk sector, all lending to the group is included irrespective of the sector of each individual obligor within the group. Secondly, where the main business of a group of connected counterparties is not in a high transition risk sector, only lending to individual obligors in the high transition risk sectors is included

9. For the purposes of the resolution, “finance” and “financing” means providing project finance or direct lending to, or underwriting capital markets transactions for, corporate clients of our Global Banking and Commercial Banking businesses. Corporate clients, also referenced as customers, will remain in scope of this resolution even in the event of organisational changes of the underlying lines of business

10. A complaint is defined as any expression of dissatisfaction, whether upheld or not, from (or on behalf of) a former, existing or prospective customer relating to the provision of, or failure to provide, a specific product or service activity

11. The 2020 substantiation rate excludes concerns redirected to other escalation routes

12. The launch of conduct global mandatory training in 2020 was delayed due to the Covid-19 outbreak and the completion date was rolled over into 2021

13. This figure only includes fines and penalties arising out of major investigations involving criminal, regulatory, competition or other law enforcement authorities, and costs relating to PPI remediation. The figure reflects the year in which a fine, penalty or remediation cost was paid, which may be different from when a loss or provision was recognised under IFRSs. Settlements or other costs arising out of private litigation or arbitration proceedings are not included