Corporate governance report

HSBC continues to enhance its corporate governance practices and procedures to support the Board's commitment to high standards of corporate governance.

The corporate governance report contains the Report of the Directors and gives details of our Board of Directors, senior management, and Board committees. It outlines key aspects of our approach to corporate governance, including internal control.

It also includes the Directors' remuneration report, which explains our policies on remuneration and their application.

We have a comprehensive range of policies and systems in place designed to help ensure that the Group is well managed, with effective oversight and control.

London, UK, 2019. HSBC Lion, 8 Canada Square.

The Board

The Board, which seeks to promote the Group's long-term success, deliver sustainable value to shareholders and promote a culture of openness and debate, comprises diverse, high-calibre members who have experience in our global markets.

Chairman and executive Directors

Sir Mark E Tucker (67)

N

Group Chairman
Appointed to the Board: September 2017
Group Chairman since: October 2017

Skills and experience: With over 40 years of experience in financial services in Asia, the US, the UK, and Africa, including 30 years based in Hong Kong, Mark has a deep understanding of the industry and the markets in which we operate.

Career: Mark is also non-executive Group Chairman of the Discovery Group of South Africa. Mark was previously Group Chief Executive and President of AIA Group Limited ('AIA'). Prior to that, he was Group Chief Executive of Prudential plc. Mark previously served on the Court of the Bank of England. He has also served on the Board of the Goldman Sachs Group.

External appointments:
- Non-executive Group Chairman of Discovery Group of South Africa
- Supporting Chair of Chapter Zero
- Member of the Asia Business Council
- Member of the Hong Kong Chief Executive's Council of Advisers
- Member of the Investment Council of the Supreme National Investment Committee of the Kingdom of Saudi Arabia
- Chairman of the Multinational Chairmen's Group
- Director, Peterson Institute for International Economics
- Director, Institute of International Finance
- Trustee, Asia Society Global Board of Trustees
- Member of the China National Financial Regulatory Administration International Advisory Council (NFRA IAC)
- International Adviser, Hong Kong Academy of Finance - International Council of Advisers
- Member of the Advisory Board of the Asia Global Institute
- International Business Leaders' Advisory Council to the Mayor of Beijing (IBLAC Beijing) – Advisor to the Mayor
- International Business Leaders' Advisory Council to the Mayor of Shanghai (IBLAC Shanghai) – Advisor to the Mayor

Georges Elhedery (50)
Group CEO
Appointed to the Board: January 2023

Skills and experience: Georges has over 25 years of experience in the banking industry across Europe, the Middle East and Asia, and has held a number of executive roles at a regional, global business and functional level.

Career: Georges was appointed Group CEO from 2 September 2024. He most recently served as Group CFO between January 2023 and September 2024. Georges joined HSBC in 2005 with extensive trading experience in London, Paris and Tokyo. He has since held a number of senior leadership roles, including Head of Global Banking and Markets, Middle East and North Africa; Chief Executive Officer for HSBC, Middle East, North Africa and Türkiye; Global Head of Markets; and co-Chief Executive Officer, Global Banking and Markets based in London.

External appointments:
- Member of the Monetary Authority of Singapore, International Advisory Panel
- Independent non-executive Director of Sustainable Markets Initiative Limited
- Member of the Financial Services Task Force of the Sustainable Markets Initiative
- Member of the Advisory Board of The China Children Development Fund
- Principal Member of The Glasgow Financial Alliance for Net Zero

Manveen Kaur (known as Pam Kaur) (61)
Group CFO
Appointed to the Board: January 2025

Skills and experience: Pam has extensive global banking experience, gained over an almost 40-year career with a number of global financial institutions. She has performed many senior roles in audit, business, compliance, finance and risk management.

Career: Pam was appointed Group CFO on 1 January 2025. Prior to this, she served as Group Chief Risk Officer from January 2020 and assumed responsibility for Compliance in June 2021. She served as Group Chief Risk and Compliance Officer until December 2024. Prior to joining HSBC in April 2013 as Group Head of Internal Audit, Pam held several senior positions including Global Head of Group Audit for Deutsche Bank; Chief Financial Officer and Chief Operating Officer of the Restructuring and Risk Division for Royal Bank of Scotland Group plc; Group Head of Compliance and Anti-Money Laundering for Lloyds TSB; and Chief Compliance Officer for Citigroup International.

External appointments:
- Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited
- Independent non-executive Director of abrdn plc

Board committee membership key
- Committee Chair
- A Group Audit Committee
- Ri Group Risk Committee
- R Group Remuneration Committee
- N Nomination & Corporate Governance Committee
- T Group Technology and Operations Committee

For full biographical details of our Board members, see www.hsbc.com/who-we-are/our-people/board-of-directors.

Independent non-executive Directors

Geraldine Buckingham (47)
A N

Independent non-executive Director
Appointed to the Board: May 2022

Skills and experience: Geraldine is an experienced executive within the global financial services industry, with significant leadership experience in Asia.

Career: Geraldine is the former Chair and Head of Asia-Pacific at BlackRock, where she was responsible for all business activities across Hong Kong, mainland China, Japan, Australia, Singapore, India and Korea. After stepping down from this role, she acted as senior adviser to the Chairman and Chief Executive Officer of BlackRock. She earlier served as BlackRock's Global Head of Corporate Strategy, and previously was a partner within McKinsey & Company's financial services practice.

External appointments:
- Independent non-executive Director of Brunswick Group Partnership Ltd
- Independent non-executive Director of H.R.L. Morrison & Co Limited
- Member of the Advisory Board of ClimateWorks Centre Australia
- Member of the Advisory Board of the McKinsey Health Institute

Rachel Duan (54)
A R N

Independent non-executive Director
Appointed to the Board: September 2021

Skills and experience: Rachel is an experienced business leader with exceptional international experience in the US, Japan, mainland China and Hong Kong.

Career: Rachel spent 24 years at General Electric ('GE'), where she held positions including Senior Vice President of GE, and President and Chief Executive Officer of GE's Global Markets where she was responsible for driving GE's growth in Asia-Pacific, the Middle East, Africa, Latin America, Russia and the Commonwealth of Independent States. She also previously served as President and Chief Executive Officer of GE Advanced Materials China and then of Asia-Pacific; President and CEO of GE Healthcare China; and President and CEO of GE China. She has previously served as a non-executive Director of AXA S.A.

External appointments:
- Independent non-executive Director of Sanofi S.A.
- Independent non-executive Director of the Adecco Group AG
- Independent non-executive Director of Kering S.A.

Dame Carolyn Fairbairn (64)
Ri R N

Independent non-executive Director
Appointed to the Board: September 2021

Skills and experience: Carolyn has significant experience across the media, government and finance sectors, and a deep understanding of the macroeconomic, regulatory and political environment.

Career: An economist by training, Carolyn has served as a partner at McKinsey & Company, a member of the UK prime minister John Major's Number 10 Policy Unit, and as Director-General of the Confederation of British Industry, and held senior executive positions at the BBC and ITV plc. She has extensive board experience, having previously served as non-executive Director of Lloyds Banking Group plc, The Vitec Group plc, Capita plc and BAE Systems plc. She has also served as a non-executive Director of the UK Competition and Markets Authority and the Financial Services Authority.

External appointments:
- Senior Independent non-executive Director of Tesco plc
- Chair of Royal Mencap Society

James Forese (61)

A Ri N

Independent non-executive Director
Appointed to the Board: May 2020

Skills and experience: Jamie has over 30 years of international business and management experience in the finance industry working in areas including global markets, investment and private banking.

Career: Jamie formerly served as President of Citigroup. He began his career in securities trading with Salomon Brothers, one of Citigroup's predecessor companies, in 1985. In addition to his most recent role as Citigroup's President, he was Chief Executive Officer of Citigroup's Institutional Clients Group. He has held the positions of Chief Executive of its Securities and Banking division and Head of its Global Markets business.

External appointments:
- Non-executive Chair of HSBC North America Holdings Inc
- Non-executive Chairman of Global Bamboo Technologies

Ann Godbehere (69)

R A N

Independent non-executive Director
Appointed to the Board: September 2023

Senior Independent non-executive Director: May 2024

Skills and experience: Ann brings deep financial acumen and extensive financial services experience over a 30-year career spanning insurance, retail and private banking, and wealth management. She also provides global perspectives, drawing upon experiences and insights gained from a long career in international business.

Career: After joining Swiss Re in 1996, Ann served as the company's Chief Financial Officer from 2003 to 2007. She was also Interim Chief Financial Officer of Northern Rock Bank from 2008 to 2009 in the period immediately after its nationalisation. Ann also has extensive board experience, including with FTSE 100 companies, having previously served as non-executive Director of Prudential plc, British American Tobacco plc, UBS AG, UBS Group AG and as Senior Independent non-executive Director of Rio Tinto plc and Rio Tinto Limited.

External appointments:
- Non-executive Director of HSBC Bank plc
- Non-executive Director and Chair of the Audit Committee of Stellantis N.V.
- Non-executive Director and Chair of the Audit and Risk Committee of Shell plc

Steven Guggenheimer (59)

Ri T N

Independent non-executive Director
Appointed to the Board: May 2020

Skills and experience: Steven brings extensive insight into technologies ranging from artificial intelligence to Cloud computing, through his experience advising businesses on digital transformation.

Career: Steven has more than 25 years of experience at Microsoft, including more than a decade as Corporate Vice President, where he led teams focused on original equipment manufacturers, developers and independent software vendors and artificial intelligence solutions.

External appointments:
- Independent non-executive Director of BT Group plc
- Independent non-executive Director of Leupold & Stevens, Inc
- Independent non-executive Director of Forrit Holdings Limited

Dr José Antonio Meade Kuribreña (55)

R N

Independent non-executive Director

Appointed to the Board: March 2019
Workforce engagement non-executive Director since: June 2022

Skills and experience: José has extensive experience in public administration, banking and financial policy.

Career: José has held Cabinet-level positions in the federal government of Mexico, including as Secretary of Finance and Public Credit, Secretary of Social Development, Secretary of Foreign Affairs and Secretary of Energy. Prior to his appointment to the Cabinet, he served as Undersecretary and as Chief of Staff in the Ministry of Finance and Public Credit. José is also a former Director General of Banking and Savings at the Ministry of Finance and Public Credit, and served as Chief Executive Officer of the National Bank for Rural Credit.

External appointments:
– Independent non-executive Director of Alfa S.A.B. de C.V.
– Independent non-executive Director of Grupo Comercial Chedraui, S.A.B. de C.V.
– Independent Member of the Technical Committee of Fibra Uno Administracion SA de CV
– Board member of the Global Center on Adaptation
– Member of the Advisory Board of the University of California, Centre for US-Mexican Studies
– Member of the UNICEF Mexico Advisory Board

Kalpana Morparia (75)

R T N

Independent non-executive Director

Appointed to the Board: March 2023

Skills and experience: Kalpana is a skilled business leader with significant experience gained through a 45-year career in banking across Asia, primarily in India.

Career: Kalpana's most recent executive role was as Chair of J.P. Morgan, South and Southeast Asia and a member of J.P. Morgan's Asia executive committee, held until her retirement in 2021. Before J.P. Morgan, she was the Joint Managing Director of ICICI Bank, India's second-largest bank, from 2001 to 2007. She previously served as a non-executive Director of Hindustan Unilever Limited and Dr.Reddy's Laboratories Ltd.

External appointments:
– Independent non-executive Director of The Great Eastern Shipping Company Limited
– Independent non-executive Director of Philip Morris International Inc
– Independent Director of Meesho Inc
– Member of the Mentor Council of the Institute for Sustainability, Employment and Growth (ISEG Foundation)

Eileen Murray (66)

T Ri R N

Independent non-executive Director

Appointed to the Board: July 2020

Skills and experience: Eileen has extensive knowledge in financial services, technology and corporate strategy from a career spanning more than 40 years.

Career: Eileen previously served as co-Chief Executive Officer of Bridgewater Associates, LP. Before this, she was Chief Executive Officer for Investment Risk Management LLC, and President and co-Chief Executive Officer of Duff Capital Advisors. Eileen started her professional career at Morgan Stanley, where she held positions including Controller, Treasurer, and Global Head of Technology and Operations, as well as Chief Operating Officer for its Institutional Securities Group. She was also Head of Global Technology, Operations and Product Control at Credit Suisse.

External appointments:
– Independent non-executive Director of Guardian Life Insurance Company of America
– Independent non-executive Director of Broadridge Financial Solutions, Inc
– Chair of Invisible Urban Charging
– Operating partner of Liberty City Ventures

Brendan Nelson (75)

A Ri T N

Independent non-executive Director
Appointed to the Board: September 2023

Skills and experience: Brendan brings UK and international financial and auditing expertise, and significant experience in auditing and as audit committee chair of UK-listed companies.

Career: Brendan spent over 25 years as a partner at KPMG LLP, served on the board from 2000 and as Vice Chairman from 2006, until his retirement in 2010. Internationally, he held various senior positions including Global Chairman of the financial services practice. Subsequently, Brendan joined the boards of bp plc and NatWest Group plc where he also served as Chairman of both companies' audit committees.

During his career, Brendan was President of the Institute of Chartered Accountants of Scotland, a member of the Financial Reporting Review Panel and a member of the Financial Services Authority's Practitioner Panel. As current Chairman of the Board of BP Pension Trustees Ltd, Brendan has received training in ESG considerations for investment decisions and helped set an ambition to be net zero in terms of greenhouse gas emissions from investments by 2050.

External appointments:
- Non-executive Director of HSBC UK Bank plc
- Chairman of BP Pension Trustees Ltd

Swee Lian Teo (65)

Ri T N

Independent non-executive Director
Appointed to the Board: October 2023

Skills and experience: Swee Lian brings extensive experience within the international financial services industry, having previously spent over 27 years with the Monetary Authority of Singapore ('MAS').

Career: During Swee Lian's time at the MAS, she worked in foreign reserves management, financial sector development, strategic planning and financial supervision, before she became the Deputy Managing Director for Financial Supervision. She retired from the MAS in 2015 after serving as Special Advisor, focused on MAS's role in the international regulatory framework, in the Managing Director's office. Swee Lian previously served as a non-executive Director on the boards of AIA Group Limited, Singapore Telecommunications Limited and the Dubai Financial Services Authority.

External appointments:
- Chair of CapitaLand Integrated Commercial Trust Management Limited
- Director of Clifford Capital Pte Ltd
- Director of Clifford Capital Holdings Pte Ltd

Aileen Taylor (52)
Group Chief People & Governance Officer
Appointed: October 2024

Skills and experience: Aileen is a solicitor with significant risk, governance and regulatory experience across the banking industry. She is a member of the European Corporate Governance Council and the GC100.

Career: Prior to joining HSBC, Aileen spent 19 years at the Royal Bank of Scotland Group, holding various legal, risk and compliance roles. She was appointed Group Secretary in 2010 and subsequently Chief Governance Officer and Board Counsel. Aileen started her HSBC career as Group Company Secretary and Chief Governance Officer in 2019 and has been leading connectivity between Board and Executive for over five years. Her role was expanded to Group Chief Human Resources and Governance Officer in October 2024 and then became Group Chief People & Governance Officer. Aileen has held various industry positions such as a member of the Financial Conduct Authority's Listing Authority Advisory Panel.

Former Directors who served during the year

David Nish
David Nish retired from the Board on 3 May 2024

Sir Noel Quinn
Sir Noel Quinn retired from the Board on 2 September 2024

For full biographical details of our Board members, see www.hsbc.com/who-we-are/our-people/board-of-directors.

Senior management

Senior management, which includes the Group Operating Committee, effective from 1 January 2025, supports the Group CEO in the day-to-day management of the business and the implementation of strategy.

Richard Blackburn (59)
Interim Group Chief Risk and Compliance Officer

Richard was appointed Interim Group Chief Risk and Compliance Officer in January 2025. He also retains his existing responsibilities as Global Head of Traded and Treasury Risk Management & Global Head of Risk Analytics. Richard has 35 years' experience in the financial services sector and has been with HSBC for over 20 years. In that time, he has held a number of senior roles including Regional Chief Risk Officer for Europe and MENAT, Chief Risk & Compliance Officer for Global Banking & Markets, Chief Risk & Compliance Officer for Global Commercial Banking, Chief Financial Officer for Global Markets and Head of Global Markets Asset & Liability Management.

Jonathan Calvert-Davies (56)
Group Head of Internal Audit

Jonathan is a standing attendee of the Group Operating Committee, having joined HSBC as Group Head of Internal Audit in October 2019. He has over 30 years of experience providing assurance, audit and advisory services to the banking and securities industries in the UK, the US and Europe. Jonathan's previous roles included leading KPMG UK's financial services internal audit services practice and PwC's UK internal audit services practice. He also previously served as interim Group Head of Internal Audit at the Royal Bank of Scotland Group.

Bob Hoyt (60)
Group Chief Legal Officer

Bob joined HSBC as Group Chief Legal Officer in January 2021. He was previously Group General Counsel at Barclays from 2013 to 2020. Prior to that, he was General Counsel and Chief Regulatory Affairs Officer for PNC Financial Services Group. Bob has served as General Counsel and Senior Policy Adviser to the US Department of the Treasury under Secretary Henry M. Paulson Jr, and as Special Assistant and Associate Counsel to the White House under President George W. Bush.

David Liao (52)
Co-Chief Executive, Asia and Middle East

David was appointed Co-Chief Executive of the Asia-Pacific region in 2021, which was expanded to cover the Middle East in January 2025. David, who joined HSBC in 1997, has held several senior roles during his HSBC career including: Head of Global Banking Coverage for Asia-Pacific; President and Chief Executive of HSBC China; Head of Global Banking and Markets, HSBC China; and Treasurer and Head of Global Markets, HSBC China. He also serves as the Chair of HSBC Bank (China) Company Limited, and as a Director of Bank of Communications Co., Limited and Hang Seng Bank Limited.

Barry O'Byrne (49)
Chief Executive Officer, International Wealth & Premier Banking

Barry was appointed Chief Executive Officer of Wealth and Premier Banking in October 2024. He joined HSBC in 2017 firstly as Chief Operating Officer for Global Commercial Banking and became Chief Executive Officer in 2019. Before joining HSBC, Barry worked at GE Capital for 19 years where he held a number of senior leadership roles, including Chief Executive Officer and Chief Operating Officer for GE Capital International.

Michael Roberts (64)
Chief Executive Officer, HSBC Bank plc, and Corporate and Institutional Banking

Michael was appointed Chief Executive Officer, Corporate and Institutional Banking and Western Markets in January 2025. In this role he also holds the role of CEO, HSBC Bank plc, the Group's non-ring-fenced bank. Michael previously served as Chief Executive Officer of HSBC US and Americas until December 2024. Prior to this he held the role of Chief Executive Officer of HSBC USA when he joined HSBC in 2019. Prior to joining HSBC, Michael spent over 30 years at Citigroup in a number of senior leadership roles, most recently as Global Head of Corporate Banking and Capital Management and Chief Lending Officer.

Surendra Rosha (56)
Co-Chief Executive, Asia and Middle East

Surendra was appointed Co-Chief Executive of the Asia-Pacific region in 2021, which was expanded to cover the Middle East in January 2025. He is a Director of The Hongkong and Shanghai Banking Corporation Limited, HSBC Global Asset Management Limited and HSBC Bank Malaysia Berhad. Surendra joined HSBC in 1991 and has held several senior positions within Global Banking and Markets, including Head of Global Markets in Indonesia and Head of Institutional Sales, Asia-Pacific. He previously held the position of Chief Executive for HSBC India and Head of Financial Institutions Group, Asia-Pacific.

John David Stuart (known as Ian Stuart) (61)
Chief Executive Officer, HSBC UK Bank plc

Ian has been Chief Executive Officer of HSBC UK Bank plc, the Group's UK ring-fenced bank, since 2017. He joined HSBC in 2014 and served as Head of Commercial Banking, UK and Europe, until taking up his current role. Ian has worked over 45 years in financial services, and previously worked at Bank of Scotland, NatWest, RBS and Barclays. Ian holds an Honorary Masters and Honorary Doctorate degree for his services to the banking sector. He is a member of the UK Finance Board, TheCityUK Board, the UK Investment Council and is a business ambassador for Meningitis Now.

Stuart Riley (50)
Group Chief Information Officer

Stuart was appointed Group Chief Information Officer in February 2024, initially overseeing the Technology function. In October 2024, he assumed responsibilities for data and analytics, and emerging technology, innovation, and ventures. Prior to joining HSBC, Stuart was Co-Chief Information Officer of Citi, and previously held senior technology roles at Deutsche Bank. He has also held the role of Partner at TAG Consulting, a technology consulting firm.

Suzy White (48)
Group Chief Operating Officer

Suzy was appointed Group Chief Operating Officer in October 2024. Suzy has been with HSBC for more than 25 years and has held a number of senior leadership roles, most recently Chief Operating Officer for Global Banking and Markets. Previous roles included Regional Chief Operating Officer for Global Markets in the Americas, and Chief Risk Officer for Global Banking and Markets and Commercial Banking in the US.

Additional members of the Group Operating Committee

Georges Elhedery
Pam Kaur
Aileen Taylor

Other Senior Management who served on the Group Executive Committee during the year:

- Greg Guyett, former Chief Executive Officer Global Banking and Markets stepped down as a Group Executive Committee member on 31 December 2024. He assumed the role of Chair, Strategic Clients Group on 1 January 2025.
- Elaine Arden, former Group Chief Human Resources Officer stepped down on 30 September 2024.
- John Hinshaw, former Group Chief Operating Officer stepped down on 30 September 2024.
- Nuno Matos, former Chief Executive Officer Wealth and Personal Banking stepped down on 30 September 2024.
- Colin Bell, former Chief Executive Officer HSBC Bank plc and HSBC Europe stepped down on 31 December 2024.
- Dr Celine Herweijer, former Group Chief Sustainability Officer stepped down on 31 December 2024.
- Steve John, former Group Chief Communications and Brand Officer stepped down on 31 December 2024.
- Stephen Moss, former Regional Chief Executive Officer – Middle East, North Africa and Türkiye stepped down on 31 December 2024.
- Jonathan Bingham, Global Financial Controller, served on the Group Executive Committee as interim Group Chief Financial Officer from 2 September 2024 to 31 December 2024.
- Jo Miyake attended meetings of the Group Executive Committee as interim CEO, Global Commercial Banking from 1 October 2024 to 31 December 2024.

Board and senior management diversity

We value difference

We believe that a diverse and inclusive Board, reflective of the communities we serve, is a critical component of effective decision-making and of developing a sustainable and successful business for HSBC.

This section outlines the key inclusion metrics for Board members and executive management as at 31 December 2024. The metrics as at 1 January 2025 have also been included to reflect changes to the Board and senior management that took effect from 1 January 2025.

Gender and ethnic representation

In accordance with the requirements of UK Listing Rule 6.6.6 (10) the tables below outline the current gender and ethnic representation of the HSBC Holdings Board and executive management reflecting data gathered through self-identification.

Gender Identity

	As at 31 December 2024					As at 1 January 2025				
	Board members			**Executive management[2]**		Board members			Executive management[3]	
	Number	**%**	**Number of senior positions[1]**	**Number**	**%**	Number	%	Number of senior positions[1]	Number	%
Male	**6**	**46**	**3**	**15**	**79**	6	43	2	10	77
Female	**7**	**54**	**1**	**4**	**21**	8	57	2	3	23
Other	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Not specified/prefer not to say	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—

Ethnic Background

	As at 31 December 2024					As at 1 January 2025				
	Board members			**Executive management[2]**		Board members			Executive management[3]	
	Number	**%**	**Number of senior positions[1]**	**Number**	**%**	Number	%	Number of senior positions[1]	Number	%
White British or other White (including minority-White groups)	**8**	**62**	**3**	**13**	**69**	8	57	2	9	69
Mixed/multiple ethnic groups	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Asian/Asian British	**3**	**23**	**—**	**4**	**21**	4	29	1	3	23
Black/African/Caribbean/Black British	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
Other ethnic groups	**2**	**15**	**1**	**1**	**5**	2	14	1	1	8
Not specified/prefer not to say	**—**	**—**	**—**	**1**	**5**	—	—	—	—	—

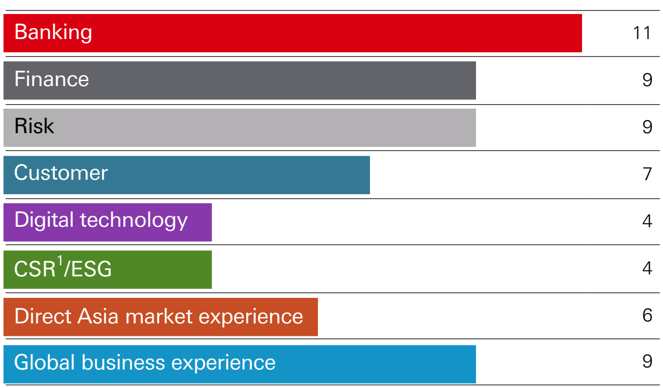
1 Senior positions on the Board comprise the Group Chairman, Group CEO, Group CFO and Senior Independent non-executive Director.
2 Executive management comprises the Group Executive Committee members and the Group Head of Internal Audit.
3 Executive management comprises the Group Operating Committee members and the Group Head of Internal Audit.

Skills and experience

As it is essential to the effective governance of the Group, and the Board's oversight and challenge of management, the Board ensures that collectively and individually, the Board possess the necessary skills, knowledge, expertise and experience.

The summary provides an overview of the skills and experiences held by the non-executive Directors on the Board. This is based on the current skills matrix, which is reviewed annually by the Nomination & Corporate Governance Committee to ensure that the Board has the skills and experience required to effectively discharge its duties and to support succession planning discussions. The skills and experiences of the newly appointed non-executive Directors are also included in the summary.

1 Corporate Social Responsibility ('CSR')



How we are governed

We are committed to high standards of corporate governance. The Group has in place a comprehensive range of policies and procedures, which are reviewed on a regular basis, designed to help ensure that the Group's end-to-end governance is well managed, with effective oversight and controls.

Governance highlights 2024

Appointment of new Group CEO Read more on pages 22 and 259 to 262	Appointment of new Group CFO Read more on pages 22, and 259 to 262
Governance simplification Read more on pages 22 and 249	Oversight of organisational changes Read more on pages 22 to 23
Establishment of new Board Sustainability Working Group Read more on pages 23, 74 and 249	Establishment of Group Technology and Operations Committee Read more on pages 249 and 276 to 278
Active stakeholder engagement Read more on pages 20 to 23	Revised Directors' Remuneration Policy Read more from page 279

Board and executive governance

The Board, led by the Group Chairman, is responsible for, among other matters:

- promoting the Group's long-term success and delivering sustainable value to shareholders;
- establishing and approving the Group's strategy and objectives, and monitoring the alignment of the Group's purpose, strategy and values with the desired culture and standards;
- setting the Group's risk appetite and monitoring the Group's risk profile;
- approving and monitoring capital and financial resource plans for achieving strategic objectives, including material transactions;
- considering and approving the Group's technology and environmental, social and governance strategies;
- reviewing the effectiveness of stakeholder engagement mechanisms, including engagement with the workforce;
- approving the appointment and remuneration of Directors, including Board roles;
- reviewing the Group's overall corporate governance arrangements; and
- providing entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enable risks to be assessed and managed.

A schedule of matters reserved to the Board is set out within its terms of reference, which are available on our website at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities. The Board's powers are subject to relevant laws, regulations and HSBC's articles of association.

The role of the independent non-executive Directors is to support the development of strategy, oversee risk, hold management to account and ensure the executive Directors are discharging their responsibilities properly, while creating the right culture to encourage constructive challenge. Further details on the independence of the Board can be found on page 321. Non-executive Directors also review the performance of management in meeting agreed goals and objectives. The Group Chairman meets with the non-executive Directors without the executive Directors in attendance after Board meetings and otherwise, as necessary.

The roles of Group Chairman and Group CEO are held by two different individuals. There is a clear division of responsibilities between the leadership of the Board by the Group Chairman, and the executive responsibility for day-to-day management of HSBC's business undertaken by the Group CEO.

The majority of Board members are independent non-executive Directors. As at 31 December 2024, the Board comprised the Group Chairman, 11 non-executive Directors, and one executive Director who is the Group CEO. From 1 January 2025, the newly appointed Group CFO will be an executive Director.

For further details of Board members' career backgrounds, skills, experience and external appointments, see their biographies on page 237, and for a breakdown of the diversity and skills of the Board and senior management, see page 244.

Operation of the Board

The Board is ordinarily scheduled to meet nine times a year. In 2024, the Board held 10 meetings. For further details on attendance at those meetings, see page 246. The Board agenda is agreed by the Group Chairman, working with both the Group CEO and the Group Company Secretary. For further information, see 'Board matters considered' on page 251.

The Group Chief People & Governance Officer (who is also the duly appointed Group Company Secretary), the Group Chief Risk and Compliance Officer and the Group Chief Legal Officer were regular attendees at Board meetings during 2024. The non-executive Chairman of The Hongkong and Shanghai Banking Corporation Limited was also a regular attendee at Board meetings. The chief executive officers of the three global businesses often attended Board strategy discussions, and other senior executives attended Board meetings for specific items as and when requested by the Board.

In addition, as agreed by the Board, the Board Oversight Sub-Group is called on an ad hoc basis where necessary. Such meetings are an informal mechanism for a smaller group of Board members and management to discuss emerging issues and upcoming Board matters.

Board roles, responsibilities and meeting attendance

The table below sets out the Board members' respective roles, responsibilities and attendance at Board meetings and the AGM in 2024. For a full description of key Board members' responsibilities, see www.hsbc.com/who-we-are/our-people.

Roles	Board attendance in 2024[1]	Responsibilities
Group Chairman		– Provides effective leadership of the Board and promotes the highest standards of corporate governance practices.
Sir Mark E Tucker[2,4]	11/11	– Leads the Board in providing strong strategic oversight and setting the Board's agenda, culture and values. – Leads the Board in challenging management's thinking and proposals, and fosters open and constructive debate among Directors. – Maintains internal and external relationships with key stakeholders, and communicates investors' views to the Board. – Organises periodic monitoring and evaluation, including externally facilitated evaluation, of the performance of the Board, its committees and individual Directors. – Leads on succession planning for the Board and its committees, ensuring appointments reflect diverse cultures, skills and experiences.
Executive Director **Group CEO**		– Leads and directs the fulfilment of the Group's purpose and strategy, in alignment with the desired culture and values as set by the Board.
Sir Noel Quinn[4,6]	7/7	– Leads the senior executive committee with responsibility for the day-to-day leadership and management of the Group, in accordance with the authority delegated to him from the Board.
Georges Elhedery[4,6,7]	4/4	– Maintains effective relationships with key internal and external stakeholders including the Group Chairman, the Board, customers, regulators, governments and investors. – Maintains accountability for the Group's compliance with applicable laws, codes, rules and regulations, good market practice and HSBC's own standards, value and policies.
Executive Director **Group CFO**		– Supports the Group CEO in developing and implementing the Group strategy, and recommends the annual budget and long-term strategic and financial resource plan.
Georges Elhedery[4,6,7]	7/7	– Leads the Finance function and is responsible for effective financial and regulatory reporting, including the effectiveness of the processes and controls, to ensure the financial control framework is robust and fit for purpose.
Jonathan Bingham[7]	4/4	– Maintains relationships with key stakeholders including shareholders.
Non-executive Director **Senior Independent Director**		– Supports the Group Chairman, acting as intermediary for non-executive Directors when necessary. – Leads the non-executive Directors in the oversight of the Group Chairman, supporting the clear division of responsibility between the Group Chairman and the Group CEO.
David Nish[3,4,,5]	5/5	– Listens to shareholders' views if they have concerns that cannot be resolved through the normal channels.
Ann Godbehere[3,4,5]	11/11	
Non-executive Directors		– Develop and approve the Group strategy.
Geraldine Buckingham[3,4]	11/11	– Challenge and oversee the performance of management in achieving agreed corporate goals and objectives.
Rachel Duan[3,4,8]	10/11	– Approve the Group's risk appetite and review risk profile and performance.
Dame Carolyn Fairbairn[3,4]	11/11	– Contribute to the assessment and monitoring of culture.
James Forese[3,4]	11/11	– Maintain internal and external relationships with the Group's key stakeholders.
Steven Guggenheimer[3,4]	11/11	
Dr José Antonio Meade Kuribreña[3,4]	11/11	
Kalpana Morparia[3,4]	11/11	
Eileen Murray[3,4,8]	10/11	
Brendan Nelson[3,4]	11/11	
Swee Lian Teo[3,4]	11/11	
Group Chief People & Governance Officer (duly appointed Group Company Secretary) Aileen Taylor		– Maintains strong and consistent governance practices at Board level and throughout the Group. – Supports the Group Chairman in ensuring effective functioning of the Board and its committees, and transparent engagement between senior management and non-executive Directors. – Facilitates induction and professional development of non-executive Directors. – Advises and supports the Board and management in ensuring effective end-to-end governance and decision making across the Group.

1 The total number of meetings comprises nine scheduled meetings, one ad hoc meeting and the AGM.
2 The non-executive Group Chairman was considered to be independent on appointment.
3 Independent non-executive Director. All of the non-executive Directors are considered to be independent. There are no relationships or circumstances that are likely to affect any individual non-executive Director's objective judgement. All non-executive Directors have confirmed their independence during the year.
4 Attended the AGM on 3 May 2024. Kalpana Morparia attended virtually.
5 David Nish retired from the Board with effect from 3 May 2024 and was succeeded as the Board's senior independent non-executive Director on that date by Ann Godbehere.
6 Sir Noel Quinn retired from the Board with effect from 2 September 2024 and was succeeded as Group CEO on that date by Georges Elhedery.
7 Georges Elhedery stepped down from his role as Group CFO with effect from 2 September 2024 and Jonathan Bingham was appointed interim Group CFO on that date. Jonathan Bingham was not appointed as an executive Director. From 1 January 2025, Pam Kaur was appointed as an executive Director and assumed the role of Group CFO.
8 Due to prior commitments, Eileen Murray was unable to attend the Board meeting in September 2024 and Rachel Duan was unable to attend the ad hoc Board meeting held in October 2024.

Relationship between the Board and senior management

The Board delegates day-to-day management of the business and implementation of strategy to the Group CEO. During the year, the incumbent Group CEO was supported in his management of the Group by recommendations and advice from the Group Executive Committee ('GEC'), an executive forum comprising members of senior management that included chief executive officers of the global businesses and regions, as well as functional heads. With effect from 1 January 2025, the Group CEO is supported in his role by the Group Operating Committee ('Group OpCo') in place of the GEC. The Group CEO reports to the Board on Group OpCo meetings' outcomes and other executive matters of note relevant for the Board. For further details of the senior management team, see page 242.

All Directors are encouraged to have contact with management at all levels and have full access to management information as may be required. Visits to local business operations and meetings with local management are arranged for the non-executive Directors, alongside the executive Directors, when they attend Board meetings in different locations, and when travelling for other reasons. Senior management often attend Directors' engagements and receive updates from the workforce engagement non-executive Director, José Meade. For further details, see 'The Board's engagement with the workforce' on page 254.

Executive governance

Throughout 2024, the GEC promoted the culture, as led and overseen by the Board, across the organisation by demonstrating the right tone from the top. The GEC modelled our values through their everyday behaviours, fostering a culture that delivered against our purpose of opening up a world of opportunity. At its meetings, the GEC dedicated time to reflect on how they had demonstrated our purpose and values in the day-to-day course of business.

The GEC's operating rhythm helped to facilitate end-to-end governance between senior leadership and the Board. The operating rhythm had the following three pillars:

– regular check-in meetings to review and discuss current and emerging trends and issues;
– a monthly meeting to review the performance of each of the global businesses in principal geographies and legal entities, supported by strategic key performance indicators; and
– a strategy- and governance-focused meeting, held in advance of each Board meeting.

Separate committees have been established to provide specialist oversight for matters delegated to the Group CEO and senior management. For further details of these committees, see page 249.

To further support our senior management, we have dedicated company secretaries and corporate governance officers who support and advise legal entities, global businesses and global functions on our corporate governance practices. These roles serve to strengthen the consistency and effectiveness of our end-to-end governance arrangements, and support connectivity and information sharing.

From 1 January 2025 the GEC has been replaced by the Group Operating Committee ('Group OpCo'), whose key focus has been establishing clear lines of accountability and enabling the Group to execute our strategy at pace.

The Group OpCo serves as the leading executive decision-making committee and supports the Group CEO in discharging his responsibilities for the management and delivery of Group strategy.

In support of the ambition to simplify HSBC, the Nomination & Corporate Governance Committee endorsed a new Group Governance Framework and Operating Rhythm, which will be implemented throughout the organisation in 2025.

Subsidiary governance

We are committed to maintaining high standards of corporate governance throughout the Group. All subsidiary boards and their respective businesses are required to have in place effective governance arrangements with regard to the businesses' nature, size, location and the sectors in which they operate.

The subsidiary accountability framework

The subsidiary accountability framework aims to balance appropriate governance oversight by the Group with each subsidiary's local legal and regulatory requirements. The framework supports the Group in promoting effective governance arrangements across its subsidiaries by:

– setting out high-level principles to enhance communications and connectivity; and
– ensuring a shared and consistent understanding of the Group's strategic objectives, culture and values.

The subsidiary accountability framework also focuses on ensuring that each subsidiary is led by an effective board with an appropriate balance of skills, diversity, experience and knowledge, having regard to the nature of the subsidiary's business and local legal and regulatory requirements. Board composition of the Group's subsidiaries is kept under review as part of succession planning. The Nomination & Corporate Governance Committee reviews the succession plans of principal subsidiaries, and principal subsidiaries review the succession plans for their own subsidiaries, as appropriate.

The framework is subject to periodic review by the Board and/or the Nomination & Corporate Governance Committee and updated as required to ensure it is aligned to regulatory requirements and best practices. A comprehensive internal review of the framework was undertaken in 2024 with the outputs reported to the Nomination & Corporate Governance Committee. A number of improvements were made to the framework to provide greater clarity and additional guidance for subsidiaries.

The role of principal subsidiaries

Certain subsidiaries are designated formally by the Board as principal subsidiaries. In addition to their obligations under their respective local laws and regulations, principal subsidiaries – supported by regional company secretaries – perform a critical role in ensuring effective and high standards of governance across the Group and in overseeing the implementation of the subsidiary accountability framework in the regions for which they are responsible.

Representatives from principal subsidiaries attend the Board and its committee meetings for relevant topics, including when the Board holds meetings outside of the UK. Chairs of principal subsidiaries' risk and audit committees are invited to attend relevant Group Risk Committee and Group Audit Committee meetings. Attendance and participation at these meetings enhances subsidiary directors' understanding of the challenges facing the Group and helps to identify common challenges and facilitates the sharing of lessons learned. Such committee participation supplements the regular reports, certifications and escalations from principal subsidiaries' boards and their respective committees to the Board and relevant committee(s) of the Board.

The Group Chairman interacts regularly with the chairs of the principal subsidiaries, including through the Chairman's Forum. The Chairman's Forum comprises the chairs of each of the principal subsidiaries, the Group's senior independent non-executive Director, the chairs of the Group's audit, risk and remuneration committees, and where relevant, the Group CEO, other non-executive Directors and members of executive management, advisers and/or external experts.

In 2024, the Chairman's Forum covered topics such as strategic business considerations, geopolitical issues and economic outlook, shareholder engagements, Group-wide connectivity of non-executive Directors, key regulatory themes, employee engagement and financial performance.

The Group Remuneration Committee Chair hosted dedicated forums with the chairs of principal subsidiaries to share key priorities for 2024 and the future. These sessions provided an opportunity for review and input on proposed pay outcomes and allocation, before approval by the Group Remuneration Committee.

The principal subsidiaries are:

Principal subsidiary	Oversight responsibility
The Hongkong and Shanghai Banking Corporation Limited	Asia-Pacific
HSBC Bank plc	Europe and Bermuda (excluding UK ring-fenced activities)
HSBC UK Bank plc	UK ring-fenced bank and its subsidiaries
HSBC Middle East Holdings BV	Middle East, North Africa and Türkiye
HSBC North America Holdings Inc.	US
HSBC Latin America Holdings (UK) Limited	Mexico and Latin America

Subsidiary director development

The Group is dedicated to supporting the continuing professional development of its subsidiary directors. A global non-executive director update was held in September 2024, which was attended by subsidiary non-executive directors from across the Group. Updates were provided by the Group Chairman and Group CEO, along with presentations on net zero transition, digital acceleration, AI and geopolitics.

The Bank Director Programme (launched in 2022), is designed to prepare HSBC executives and senior managers to assume roles as internal non-executive directors on our subsidiary boards. The programme covers six modules: governance and the role of a bank director; finance, capital and liquidity management; risk and regulation; strategy, leadership and culture; ESG and managing stakeholders; and technology and operations. The programme was delivered for a second time in 2024 to a cohort of 26 participants selected from across the Group. Many of those colleagues who have completed the programme have already taken up positions as internal non-executive directors on Group subsidiary boards.

During 2024 we launched our inaugural Bank Chair Programme with a group of subsidiary board and committee chairs from across our regions. The programme represents a significant investment in subsidiary director development and is sponsored by the Group Chairman together with the Group Chief People & Governance Officer. It is a unique and forward-looking initiative, focused on developing our 'chairs of the future' and equipping them to lead 'best-in-class' subsidiary boards and committees at HSBC. Part one of the programme was delivered in November 2024 and comprised three modules covering: the challenges faced by board and committee chairs; the evolving role of the chair; and navigating regulatory priorities.

Board and Group executive committees and working groups

The Board delegates oversight of certain audit, risk, remuneration, nomination, technology and governance matters to its committees, which are each chaired by a non-executive Director. Only the Group Chairman and the independent non-executive Directors are members of Board committees. Members of the senior management team attend Board committee meetings, as appropriate. Details of the responsibilities and work carried out by each of the Board committees can be found in the respective committee reports starting on page 259.

The Chairman's Committee is an ad hoc committee, which provides the Board with the opportunity to consider time-critical matters between scheduled Board meetings. All Board members are invited to attend Chairman's Committee meetings.

In addition to the Board committees, bespoke working groups have been established as an informal mechanism for smaller groups of Board members and senior management to meet to discuss emerging issues and upcoming Board matters, as appropriate.

The GEC established a number of committees to support the senior management during 2024 in their running of the business and provide specialist oversight for matters delegated to them, including capital and liquidity, risk management, disclosure and financial reporting, restructuring and investment considerations, transformation oversight, ESG matters and talent and development. These committees also help fulfil their responsibilities under the Senior Managers and Certification Regime.

The structure below sets out the current committees and working groups at the Board and Group Executive level as at 31 December 2024. The key changes in the year include:

The Board Sustainability Working Group ('SWG') was established, with effect from October 2024, to enhance the Board's oversight of sustainability matters. For more information on the role and function of this working group please refer to 'Board decision-making and engagement with stakeholders' on page 23.

On 25 January 2024, the Board approved that the Technology Working Group be demised and, in its place, established the creation of the Group Technology Committee ('GTC'), effective from March 2024. The GTC was delegated responsibility to oversee the Group's technology strategy and its alignment with the wider global strategy of the Group. In December 2024, the remit of the GTC (renamed the Group Technology and Operations Committee ('GTOC')) was extended to cover oversight of global operations.

The Board also approved a proposal from the Group CEO to combine the Group's executive level ESG Committee and Sustainability Execution Committee, with effect from October 2024. For more information on this Committee please refer to 'Board matters considered on page 251'.

In addition, the Board approved that the GEC of 18 members be simplified and replaced by a new Group Operating Committee comprised of 12 members, with effect from 1 January 2025 (www.hsbc.com/who-we-are/our-people/senior-management).

Board Chair: Sir Mark Tucker

Chairman's Committee	Nomination & Corporate Governance Committee	Group Audit Committee	Group Risk Committee	Group Remuneration Committee	Group Technology and Operations Committee	Informal Governance
Chair: Sir Mark Tucker	Chair: Sir Mark Tucker See page 259	Chair: Brendan Nelson See page 263	Chair: James Forese See page 271	Chair: Dame Carolyn Fairbairn See page 279	Chair: Eileen Murray See page 276	**Board Oversight Sub-Group** Chair: Sir Mark Tucker **Sustainability Working Group** Chair: Geraldine Buckingham

Group Executive Committee Chair: Georges Elhedery[1]

Acquisitions and Disposals Committee	Group Disclosure and Controls Committee	Group People Committee	Group Risk Management Meeting	Holdings Asset and Liabilities Committee	Change Prioritisation and Oversight Committee	Environmental, Social and Governance Committee
Chair: Georges Elhedery	Chair: Jonathan Bingham[2]	Chair: Aileen Taylor	Chair: Pam Kaur[3]	Chair: Jonathan Bingham[2]	Chair: Jonathan Bingham[2]	Co-Chairs: Jonathan Bingham and Celine Herweijer[4]

1 With effect from 2 September 2024, the role of Chair changed from Sir Noel Quinn to Georges Elhedery and with effect from 1 January 2025 the GEC was replaced by the Group Operating Committee and committees reporting into it are under review.
2 Pam Kaur appointed as Chair with effect from 1 January 2025.
3 Richard Blackburn appointed as Chair with effect from 1 January 2025.
4 With effect from 2 September 2024, Jonathan Bingham succeeded Georges Elhedery as Co-Chair and Pam Kaur appointed as sole Chair with effect from 1 January 2025.

Board induction and training

The Board recognises the importance of induction and training for its Directors. The Group Chief People & Governance Officer works with the Group Chairman to ensure that, on appointment, new Directors are provided with tailored and comprehensive induction programmes appropriate to their individual experiences and needs, including the process for managing conflicts. To ensure Directors' contribution to the Board remains informed and relevant, all Board members receive appropriate training, both individually and collectively, throughout their time served on the Board.

The Group Chief People & Governance Officer also helps to arrange and deliver the induction programme for new Board members, through formal briefings and introductory sessions with other Board members, senior management, legal counsel, auditors, tax advisers and regulators, as appropriate. Topics covered in the induction programme include but are not limited to: purpose and values; culture and leadership; governance and stakeholder management; Directors' legal and regulatory duties; recovery and resolution planning; anti-money laundering and anti-bribery; technical and business briefings; and strategy.

The induction process is often initiated before appointment to allow each new Board member to contribute meaningfully from appointment. The structure of the induction supports good information flows within the Board and its committees, as well as between senior management and non-executive Directors, providing a clear understanding of our culture and way of operating.

Prior to his appointment as Group CEO becoming effective, Georges Elhedery received relevant training and legal advice from a firm of solicitors on 15 August 2024. Prior to her appointment as Group CFO, Pam Kaur received relevant training and legal advice from a firm of solicitors on 11 December 2024.

Following this training, both Georges Elhedery and Pam Kaur confirmed their understanding of their obligations as directors of a listed issuer pursuant to Rule 3.09D of the Hong Kong Listing Rules.

The approach to training is agreed annually, with key topics agreed for 2024 including cybersecurity, media interaction and the UK's Senior Manager and Certification Regime. Training sessions were facilitated by both internal subject matter experts and by external presenters.

Directors were also issued with training modules, which mirrored the mandatory training undertaken by employees. During 2024, this training covered topics including risk management, sustainability, health and safety, well-being, cyber-security, financial crime, and conduct.

Non-executive Directors also discussed individual development areas with the Group Chairman as part of their ongoing performance discussions regarding their contributions on the Board. The Group Chief People & Governance Officer makes appropriate arrangements for any additional training needs identified using internal resources, or otherwise, at HSBC's expense.

Members of Board committees receive relevant training as appropriate. Further details on any specific training commissioned by Board committees can be found in the respective committee reports from page 259 onward. Directors may take independent professional advice at HSBC's expense.

Board Directors who serve on principal subsidiary boards receive training that is pertinent to circumstances and context relevant to those boards. Opportunities exist for the principal subsidiaries' committee chairs to share their understanding of specific areas with the Directors as part of the Chairman's Forum. For further details, see 'The role of principal subsidiaries' on page 247.

Directors' induction and ongoing development in 2024

Director	Induction	Strategy and business briefings[2]	Risk and control[3]	Corporate governance, ESG and other reporting matters[4]	Board global mandatory training[5]
Geraldine Buckingham	Not considered	Considered	Considered	Considered	Considered
Rachel Duan	Not considered	Considered	Considered	Considered	Considered
Georges Elhedery[1]	Considered	Considered	Considered	Considered	Considered
Dame Carolyn Fairbairn	Not considered	Considered	Considered	Considered	Considered
James Forese	Not considered	Considered	Considered	Considered	Considered
Ann Godbehere	Not considered	Considered	Considered	Considered	Considered
Steven Guggenheimer	Not considered	Considered	Considered	Considered	Considered
José Antonio Meade Kuribreña	Not considered	Considered	Considered	Considered	Considered
Kalpana Morparia	Not considered	Considered	Considered	Considered	Considered
Eileen Murray	Not considered	Considered	Considered	Considered	Considered
Brendan Nelson	Not considered	Considered	Considered	Considered	Considered
Swee Lian Teo	Not considered	Considered	Considered	Considered	Considered
Sir Mark Tucker	Not considered	Considered	Considered	Considered	Considered

◆ Matter considered ◆ Matter not considered

1 As part of the transition from Group CFO to Group CEO, Georges Elhedery completed an induction and development plan.
2 Directors participated in business strategy, market development and business briefings, which are global, regional and/or market-specific. Examples of specific sessions held in 2024 included: 'Technology and the future of artificial intelligence', 'WPB customer-centricity improvement plan', and 'Investor sentiments'.
3 Directors received risk and control training and briefings. Examples of specific sessions held in 2024 included: 'Cybersecurity' and 'The UK's Senior Manager Certification Regime'.
4 Directors received training on the UK's Senior Managers' and Certification Regime as well as development updates at Board meetings on: 'Board stakeholder engagement and management' and ESG matters including regulatory changes. Directors received additional training through their attendance at forums such as the Chairman's Forum, Remuneration Committee Chairs' Forum and the Global Non-Executive Director Update.
5 Training modules, issued to all Directors, mirrored training undertaken by employees. This included: risk management, sustainability, health and safety, well-being, cybersecurity, financial crime and conduct and values, personal conflicts of interest, data quality, privacy and security and AI and our changing world.

Board matters considered

During 2024, the Board remained focused on HSBC's strategic direction and delivery, and overseeing Group performance. It considered performance against financial and other strategic objectives, key business challenges, emerging risks, sustainability and governance, business development, investor relations and the Group's relationships with its stakeholders. The end-to-end governance framework facilitated discussion on strategy and performance by each of the global businesses and across the principal geographical areas, which enabled the Board to support executive management with its delivery of the Group's strategy. The Board considers the impacts of its decision making on the Group's stakeholders and examples of how the Board has taken principal strategic decisions.

Board matters considered in 2024

		Meetings at which topics were discussed[1]									
Main topic	**Sub-topic**	**Jan**	**Feb**	**Mar**	**May**	**Jun**	**Jul**	**Sep**	**Oct**	**Nov**	**Dec**
Strategy	Group strategy	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Regional strategy/global business strategy	◆	◆	◆	◆	◆	◆	◆	◇	◆	◆
	Environmental, social and governance strategies	◆	◆	◇	◆	◆	◆	◆	◇	◆	◆
Business and financial performance	Region/global business	◆	◆	◇	◆	◆	◆	◆	◇	◇	◆
	Financial performance	◆	◆	◇	◇	◆	◆	◆	◇	◇	◆
Financial	Results and accounts[1]	◇	◆	◇	◇	◇	◆	◇	◇	◇	◆
	Dividends	◆	◆	◇	◇	◆	◆	◇	◇	◇	◇
	Group financial resource planning	◆	◇	◆	◆	◇	◇	◇	◇	◇	◇
Risk	Risk update	◇	◆	◆	◆	◆	◆	◆	◇	◆	◆
	Risk appetite	◆	◇	◇	◇	◇	◆	◇	◇	◇	◆
	Capital and liquidity adequacy	◇	◇	◆	◇	◇	◇	◇	◇	◇	◇
Regulatory	Regulatory and legal matters[2]	◆	◆	◇	◆	◆	◆	◆	◇	◇	◆
	Regulatory matters with regulators in attendance[3]	◇	◇	◇	◇	◆	◇	◇	◇	◇	◇
External	External insights[4]	◇	◇	◇	◇	◆	◇	◇	◇	◇	◆
Technology	Strategic and operational	◆	◆	◆	◆	◆	◆	◆	◇	◇	◆
People and culture	Purpose, values and engagement	◆	◆	◆	◆	◆	◆	◆	◇	◇	◆
Governance	Policies, terms of reference and delegations of authority	◆	◆	◇	◇	◆	◆	◆	◇	◇	◆
	Board/committee effectiveness	◇	◇	◇	◇	◇	◆	◇	◇	◇	◆
	Appointments and conflicts of interest	◆	◆	◆	◆	◆	◆	◆	◇	◇	◇
	Stakeholder/workforce engagement	◆	◆	◇	◆	◇	◆	◇	◇	◇	◆
	AGM and resolutions	◆	◆	◇	◆	◇	◇	◇	◇	◇	◇

◆ Matter considered ◇ Matter not considered

1 No Board meetings were held during April and August 2024. An ad hoc board meeting was held in October 2024.
2 Includes recovery and resolution planning, modern slavery and human trafficking, UK regulatory activities, and listing authority renewals.
3 Meetings attended by members of the Prudential Regulation Authority.
4 Includes presentations and/or talks from external parties, for example government officials or regulators.

Key areas of focus

The Board's key areas of focus in 2024 are set out by theme below.

Strategy and business performance

The Group remains focused on building a sustainable platform for growth by increasing returns for investors, enhancing customer service, and creating capacity for future investment. In 2024, the Board reviewed progress within the Group's global businesses and regions against its agreed strategy. At each Board meeting, the Board discussed the Group's strategic performance and opportunities to track strategic execution and delivery.

There was a continued focus in 2024 to build upon efforts to re-shape the Group to align with areas of strength in key markets. Disposals such as those completed in Canada and Argentina, and in progress in Germany, allow for a renewed focus on businesses that more closely align with the Group's strategic aims, and support resource allocation to provide the strongest competitive advantage to ultimately benefit the wider Group and its customers.

Upon his appointment, the new Group CEO has been driving a more dynamic organisational structure, to set the Group up to accelerate delivery of its strategic objectives and drive the next phase of its growth and development. Together, the executive team and the Board work to ensure that strategic decisions taken capitalise on opportunities that will work to drive profitability for shareholders and efficiencies with a more streamlined Group structure.

Environmental, social and governance

In October 2020, we announced our ambition to become a net zero bank by 2050. We believe supporting our customers' transition benefits their businesses and helps generate long-term financial returns for our shareholders.

The Board has overall responsibility for ESG strategy, overseeing executive management in developing the approach, execution, and associated reporting. To support senior leadership in the delivery of the ESG strategy, with effect from October 2024, the Board established a new sustainability working group, the SWG, comprised of five non-executive Directors. This working group engages with executive management on sustainability matters and provides oversight and guidance in relation to the Group's sustainability activities. The SWG was actively involved in the consideration of our approach to net zero transition, covered in more detail within our ESG overview on page 15.

During the year, the Board also oversaw the rationalisation of the ESG Committee and Sustainability Execution Committee into a single governance body (named the ESG Committee). These Board and executive level governance forums support senior management in the operationalisation of the Group's sustainability strategy, through the oversight of the sustainability execution programme. For further details see page 74. In 2024, the Board oversaw the implementation of ESG strategy through regular dashboard reports and detailed updates including: review and approval of the net zero transition plan; deep dives on the sustainability execution programme; and updates on human rights.

Financial decisions

The Board and its dedicated committees approved key financial decisions throughout the year, including the Annual Report and Accounts 2023, the Interim Report 2024 and the first quarter and the third quarter Earnings Releases. In January 2024, the Board approved the 2024 financial resource plan. The Board monitored the Group's performance against the approved plan, as well as the plans of each of the global businesses. The Board also approved the renewal of the various debt issuance programmes.

As previously communicated, we established and achieved a target dividend payout ratio of 50% of earnings per ordinary share ('EPS') for 2023 and 2024, excluding the special dividend. EPS for this purpose excludes material notable items and related impacts. Material notable items in 2023 and 2024 included the sale of our businesses in Canada and Argentina, the sale of our retail banking operations in France, the gain following the acquisition of SVB UK and the impairment of our investment in BoCom. We also exclude HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion on 29 March 2024, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale recognised at completion, inclusive of the recycling of related reserves and fair value gains on related hedges. The Board has adopted a dividend policy designed to provide sustainable cash dividends, while retaining the flexibility to invest and grow the business in the future, supplemented by additional shareholder distributions, if appropriate. The Board has established a target dividend payout ratio of 50% for 2025, subject to meeting capital requirements. In addition to dividend payments, HSBC announced a share buy-back of up to $2bn on 22 February 2024 and further share buy-backs of up to $3bn on 7 May 2024, 1 August 2024 and 30 October 2024, bringing the total announced during 2024 to $11bn.

On 21 February 2024, an interim dividend of $0.31 per share for the 2023 full-year was announced, followed by a special dividend of $0.21 per share on 30 April 2024 and interim dividends of $0.10 each announced on 30 April 2024, 31 July 2024 and 29 October 2024. For further details of dividend payments, see page 439.

Risk, regulatory and legal considerations

The Board, advised by the Group Risk Committee, promotes a strong risk governance culture that shapes the Group's risk appetite and supports the maintenance of a strong risk management framework, giving consideration to the measurement, evaluation, acceptance and management of risks, including emerging risks.

The Board considered the Group's approach to risk including its regulatory obligations. A number of key frameworks, control documents, core processes and legal responsibilities were also reviewed and approved as required by the Board and/or its relevant committees. These included:

- the Group's risk appetite framework and risk appetite statement;
- the individual liquidity adequacy assessment process;
- the individual capital adequacy assessment process;
- the Group's obligations under the Modern Slavery Act and approval of the Modern Slavery and Human Trafficking Statement;
- the Group Recovery Plan;
- the efficacy of Model Risk Management ('MRM') activities within the Bank;
- the Group's risk data aggregation and risk reporting framework aligned to the Basel Committee on Banking Supervision 239 Principles;
- the Group's PRA Operational Resilience self-assessment regulatory submission;
- the internal controls framework; and
- the revised matters reserved to the Board and terms of reference for the Board committees.

The Board also reviewed and monitored the implications of geopolitical and macroeconomic developments during the year, both directly and by way of updates from the Group Risk Committee, and received regular updates on the Group's risk profile, including in relation to financial crime risk.

Technology

Throughout the year, the Board received updates on technology and innovation from the Group Chief Operating Officer and Group Chief Information Officer. These included regular updates on the programme established to simplify the Group's technology infrastructure, enhance system resilience, and accelerate digital transformation across the bank, following recommendations from the third-party review of technology strategy conducted in 2023.

The Technology Governance Working Group was demised on 1 March 2024, and the Group Technology Committee ('GTC') became effective from the same date. Since its establishment, the GTC has supported the Board in overseeing execution of the technology strategy with a focus on areas where technology is fundamental to strategic delivery including technology architecture, innovation, data and cybersecurity. In December 2024, the remit of the GTC (renamed the Group Technology and Operations Committee ('GTOC')) was extended to cover oversight of global operations, reflecting changes to the Group's organisational structure and in recognition of the importance of operations to delivery of the Group's strategy. The Board received regular updates from the Chair of GTOC during the year. For further details of matters considered at GTOC, refer to the Group Technology and Operations Committee Report on page 276.

People and culture

The Board is responsible for setting and monitoring the desired culture of the Group and dedicates time to people and culture related matters at Board and Committee meetings and in its engagements with management and the wider workforce.

Each scheduled Board meeting begins with a 'culture moment', which helps to ensure that the right cultural tone is set from the top and establishes the right cultural context for Board discussion. To help raise its awareness of employee and other stakeholder perspectives, Board meetings and dedicated reports feature insights into behaviours within the Group, which demonstrate alignment to its purpose and values. Board papers highlight relevant stakeholder considerations, including in connection with its workforce. The Board also gains valuable cultural insights through its many personal interactions with the workforce and other stakeholders. For further details see 'Directors' engagements with key stakeholders in 2024' on page 20.

Additionally, the Board receives cultural insights from the all-employee Snapshot survey and broader reporting, which provides key data indicators, including on peoples' behaviours, sentiment and business outcomes. Following her appointment as Group Chief People & Governance Officer, Aileen Taylor has also introduced a new people and governance report that will be presented to the Board on a regular basis to help ensure that they have sight over such matters within the Group.

The governance structure supporting the Board further facilitates effective oversight of key people and culture matters. Through the work of the Group Audit Committee, the Board monitors the nature of risk and control culture across the Group and sees the impact of its policies and practices and how they are embedded, through reports on matters such as whistleblowing, code of conduct breaches and investigations (for further information see the Group Audit Committee report on page 263).

The Directors also learn about people and culture matters by way of presentations at the Chairman's Forum. The principal subsidiary chairs report on their respective approaches to workforce engagement as well as what they have learned from such engagements and other cultural insights.

Each of the non-executive Directors is aligned to one or more of our Group Employee Resource Groups ('ERGs'): Ability, Balance, Embrace, Generations, Nurture and Pride. Attending ERG events provides Directors with opportunities to hear directly from employees on matters of cultural importance to the Group. Board engagement with management and the wider workforce continued to remain a strong area of attention, particularly with the ongoing activities carried out by the dedicated workforce engagement non-executive Director and in respect of the changes to the Group's leadership. For further details of the work carried out by the workforce engagement non-executive Director, see page 254.

Governance

During the year, the Board continued to oversee the overall governance of the Group. There are processes in place to ensure that the Board and its Committees receive timely and relevant information pertaining to Group governance matters and that this information is duly considered at the appropriate level. The Board allocated time at its scheduled meetings for Group governance matters and, during the year, these included regular reports on the activities of its Committees, reviews of Directors' conflicts of interest, the review and approval of delegations of authority for specific Treasury matters and review of the broader Group Delegated Authority Framework, and oversight of the Board's annual effectiveness review.

The Board has due regard to its oversight of Group governance, including compliance with the UK Corporate Governance Code and the Hong Kong Corporate Governance Code and the duties of directors under the Companies Act 2006, when taking decisions. For examples of Board decision making, see 'Board decision making and engagement with stakeholders' on page 20.

The Board and senior management continued to support further improvements to various governance initiatives to encourage simplification and promote effective decision making in the business. Guidance and training for Board and committee paper templates remained a focus in 2024 for global businesses and functions. In particular, a training session sponsored by the Group Chairman and the Group CEO took place to ensure that standards remained consistent and accurate across the Group. Additionally, the Group-wide delegations of authority framework was reviewed and approved by the Board and its relevant subsidiaries in February 2024. This decision was key to driving efficiencies in the execution of contracts and documents by directors and senior management.

The Board, supported by the Nomination & Corporate Governance Committee, reviews the skills and experience of the Directors on an ongoing basis. This ensures that the composition of the Board and its Committees comprise the necessary skills, diversity, experience and competencies to discharge their responsibilities effectively. For further details of the review and changes to the Board, see the Nomination & Corporate Governance Committee report on page 259. For further details of diversity of the Board, see page 244.

The Board's engagement with the workforce

The Board is committed to engaging with the Group's workforce, which takes place in a variety of ways across many forums, including small-scale exchange sessions and larger town halls. These interactions allow the Board to have meaningful engagement with colleagues and gain insights from the workforce which inform Board discussion and decision-making. These engagements also provide colleagues with the opportunity to share ideas and feedback on topics that are important to them with the Board directly.

It is the responsibility of all Directors to engage with colleagues, and the Board's dedicated workforce engagement non-executive Director, José Meade, leads on the delivery of such engagements. The Board recognises that a dedicated non-executive director, that champions workforce engagement, presents an inclusive opportunity to help ensure that the employee voice is being considered and accounted for in Board decision-making. For further examples of how members of the Board have engaged with a variety of our stakeholders outside of the workforce engagement programme please see 'Board decision making and engagement with stakeholders' on page 20.

96
Virtual/physical sessions attended by non-executive Directors

7,000+
Number of employees engaged physically/virtually

9
Countries where in-person engagement took place and many more virtually

55
Virtual/physical sessions attended by workforce engagement non-executive Director

4,600+
Number of employees engaged virtually/physically by workforce engagement non-executive Director

The Board's workforce engagement programme

In early 2024, the Board agreed a workforce engagement programme designed to ensure that Directors were afforded various opportunities to interact with colleagues across the Group. A non-exhaustive extract of the 2024 programme can be seen below. In structuring the programme, two mechanisms were used through which the Board engaged with the workforce. First, targeted events for Board members during Board travel or as individual Director location allowed, and second, Board members joined pre-existing Group employee events scheduled throughout the year. This approach allowed the Board to meet a diverse group of colleagues and participate in a broad range of different engagements. Engagement events were held in three broad formats; in-person events, larger-scale events, including town halls; and virtual events.

Visits to Global Services Centres ('GSCs') took on a variety of formats, mixing exchange sessions with floor walks, networking lunches and town halls. Engagements across all formats were designed to promote open dialogue and two-way discussions between the attending Directors and colleagues.

When designing the programme at the start of 2024, it took into account the Group's key strategic areas of focus in place at the time and thereby worked to complement the Board's priorities and agenda for 2024. Structuring the programme in this way meant that when the Board travelled for Board meetings to different regions, in-person engagements were arranged as part of the Board timetabling, which were highly valued by colleagues and Board members alike. A key component of the 2024 programme was visits to GSCs in locations that were convenient to scheduled Board travel. Further engagement events, town halls and meetings with the workforce were scheduled throughout the year either in person, where individual Director location allowed, or virtually.

Board's Workforce Engagement: 2024 Extract

	January	February	March	May	June	September	October	December
	Colleague Engagement Lunch & Floor Walks	Representation & Inclusion exchange session	Black Leaders Action and Advisory Council ('BLAAC')	Strategy & Performance & Female Talent Engagement	GB&M Floor walk	Tour of Risk & Compliance floor and exchange with colleagues	Engagement with respective Employee Resource Groups ('ERG')	US key talent & Market Securities Services team exchange
Audience	ERG Members and talent across a range of grades and businesses	Leaders in the US market	BLAAC members	Senior and female UK-based talent	GB&M colleagues	MENAT colleagues	ERG Global Leads	US colleagues
Location	Shanghai	New York	Virtual	London	Singapore	Dubai	Virtual	New York

The outputs and key themes arising from all engagements formed the bases of José Meade's regular reports to the Board and facilitated Board discussions and decision-making. Further to José Meade's commitment to attend the Group Executive Committee ('GEC') and the Chairman's Forum, by so doing this year he continued to help facilitate discussions on key themes, issues, employee sentiment, and other outcomes from the 2024 workforce engagements. His participation helped to ensure that good dialogue with senior executives and other Group subsidiary chairs was maintained and helped management to respond appropriately and in a timely manner to colleagues and their feedback. In addition, this allowed for José Meade to capture feedback from executives on workforce engagement and take their suggestions into consideration going forward. In his role, José Meade will continue to engage in these and other relevant forums during 2025.

Workforce engagement non-executive Director activities during 2024

Key themes arose throughout the year such as, inclusion in the workplace, engagement with HSBC top talent, and Group Strategy. The themes guided conversations between colleagues and Board members and helped to shape the 2024 workforce engagement programme to ensure that it developed events that were reflective of these key topics.

Non-executive Director sponsorship of our Global Employee Resource Groups ('ERGs') continued during 2024. Each Director is aligned to a Global ERG and during the course of 2024 has met with their respective ERGs to discuss the ERGs' strategy for the year and upcoming priorities. Directors will also take part in other ERG events where possible, and every effort is made to facilitate local ERG members meeting their aligned Director during planned Board travel.

Set out below is a selection of workforce engagement events that were held in 2024 across multiple regions, attended by José Meade and other members of the Board where the occasion permitted.

China

- Directors completed a floor walk to meet with teams from across the Wealth and Private Banking business line, as well as the Pinnacle team.
- Directors learnt about the financial planning journey of an HSBC customer, the role colleagues play and the digital capabilities available.
- Connected with various ERG representatives and colleagues across functions to informally discuss and share experiences.

New York

- Attended the 'HSBC Latin-Americans in NYC Day' with key speakers including macro strategists and featuring external speakers on the Mexican economic outlook.
- Met with a small group of leaders in HSBC to discuss inclusion and culture in the US market and consider any more progress needed.

London

- An engagement session was held with colleagues where views were sought on how colleagues interpreted and understood Group strategy and its practical application.
- An event was held to promote female talent in the UK. Discussions held included the change of Group senior leadership, what it meant to individuals and teams, and the opportunities for female promotion.

Hong Kong

- Participated in several sessions that allowed for Directors to meet and network with Executive Leadership Programme colleagues.

Singapore

- Several sessions were held that were designed to promote ERG engagement. Directors participated in sessions including a Pride Panel as well as Ability, Sustainability and Balance Exchanges, to ensure HSBC is inclusive and supportive.

Dubai

- Participated in a varied schedule of workforce engagement events including a discussion with regional Embrace ERG members and networking with senior talent.

Representation & Inclusion Exchange session
New York, February

Pride Panel
Singapore, June

Spotlight on our Global Service Centres (‘GSCs‘)

HSBC currently has GSCs in eight countries that operate in over 50 markets and in 20 languages. The GSCs play a pivotal role in helping to support the wider HSBC business and are key in driving the technological capabilities of the Group.

Continuing the focus on the Group’s GSCs in 2023 when José Meade visited Mexico City and Hyderabad, during 2024 he visited the GSCs in Krakow, Guangzhou and Cairo. Details of each visit are set out below. In July 2024, José Meade attended the GEC meeting where he discussed insights from his various engagements to date, including with the GSCs. Discussions at the GEC focused on key themes arising from the GSC visits, and how these could be further considered and taken forward by the executive team.

“It is impossible to discuss strategy without considering the role of our GSCs. I have visited several of our GSCs over the past year, which have further highlighted to me their pivotal role in our operations and in developing our technological capabilities more broadly for the success of the Group through strategy execution.”

José Meade, Dedicated Workforce Engagement NED

GSC: Krakow, Poland (May 2024)

4,570	29	13
FTE permanent employees	countries serviced	languages supported

- José Meade visited the Krakow GSC during planned Board travel to the UK. Sessions were held by the local team, including a ‘Tech and Ops Roadshow’ and Cybersecurity ‘Show & Tell’, where José Meade learnt how the Polish GSC looks to leverage technology in servicing their businesses and functions.
- HSBC Krakow employees have looked to build upon the ‘energise for growth’ strategic pillar. They have partnered with local universities to develop branded HSBC courses to recruit top talent locally and leverage relationships with fellow businesses to collaborate and problem-solve using technology-forward solutions.

GSC: Guangzhou, China (June 2024)

8,571	19	7
FTE permanent employees	countries serviced	languages supported

- Brendan Nelson and José Meade visited the Guangzhou GSC during planned Board travel to Hong Kong. They participated in several sessions during their visit, including those on risk capabilities delivered by the GSC and systems developed in collaboration with business and Technology to help enhance data accuracy. Directors had the opportunity to share and exchange their experiences with local GSC employees on topics such as talent, GSC intelligence, operations, and the future of HSBC.
- The local GSC in Guangzhou continues to act as a strategic centre specifically for markets across Hong Kong, Singapore and the UK. The visit underpinned how the GSC works to identify both issues and opportunities alike and deliver digital solutions in response, to the benefit of global business lines.

GSC: Cairo, Egypt (September 2024)

2,243	23	3
FTE permanent employees	countries serviced	languages supported

- Rachel Duan and José Meade visited the Cairo GSC during planned Board travel to the Middle East. A deep dive session with the local HR lead allowed for insights into how the Cairo GSC supports its employees and seeks to attract and retain top talent through development opportunities to help ensure that employees are engaged with their own growth within the organisation. Interactions with employees across Group operations, through local office floorwalks and networking lunches, allowed José Meade to understand how these policies work in practice and obtain first-hand feedback from employees on how the Group is working to promote their voice and ideas.
- Group strategy remained a key theme during the GSC visit to Cairo, and Directors learnt more about the legacy and history of HSBC Egypt, as well as how it looks to progress in the future.

Looking to the Future

“In 2024 we connected with our colleagues across the business and throughout the world. We focused discussions on our strategy, inclusion and our GSCs. This approach enabled us to highlight to the Board and senior management the strengths of our inclusive workforce. By engaging with our talented workforce directly, understanding and valuing their contributions, we continue to work together to open up a world of opportunity and achieve our strategic aims. In 2025, I look forward to working with my fellow Directors and senior leadership to build on this engagement and design a programme aligned to the refreshed strategic priorities, and help support the Group‘s ambitions, guided by our values, for the benefit of its many stakeholders.“ **José Meade**

Board and committee effectiveness, performance and accountability

Actions following the 2023 Performance Review

As disclosed in last year's report, the 2023 Board review concluded that the Board was performing well as an engaged, global governance body. The review highlighted, amongst other things, strong Board performance in areas including Stakeholder Accountability, Board Culture, Relationship with Senior Management, and Board Resources and Support, and identified some minor areas where further enhancement to the Board's operating practices may be beneficial.

During 2024, the Board successfully implemented the actions agreed to address the findings from the 2023 review. This included the establishment of the Group Technology Committee ('GTC') to provide oversight of technology-related matters across the Group. The GTC's remit was later expanded to include responsibility for Operations, and as a result was renamed as the Group Technology and Operations Committee ('GTOC'). Further details of the work of the GTC/GTOC can be found on pages 276 to 278.

In addition, the Board approved a revised set of Key Performance Indicators, ensuring that the Board can effectively oversee the performance of the business, and receive insights into execution, trends, and emerging areas of risk. These are kept under regular review.

Other actions have resulted in changes to the Board's operating practices, including through greater training on effective Board reporting and enhanced stakeholder engagement plans to ensure the Board has the opportunity for regular engagement with the full spectrum of key stakeholder groups.

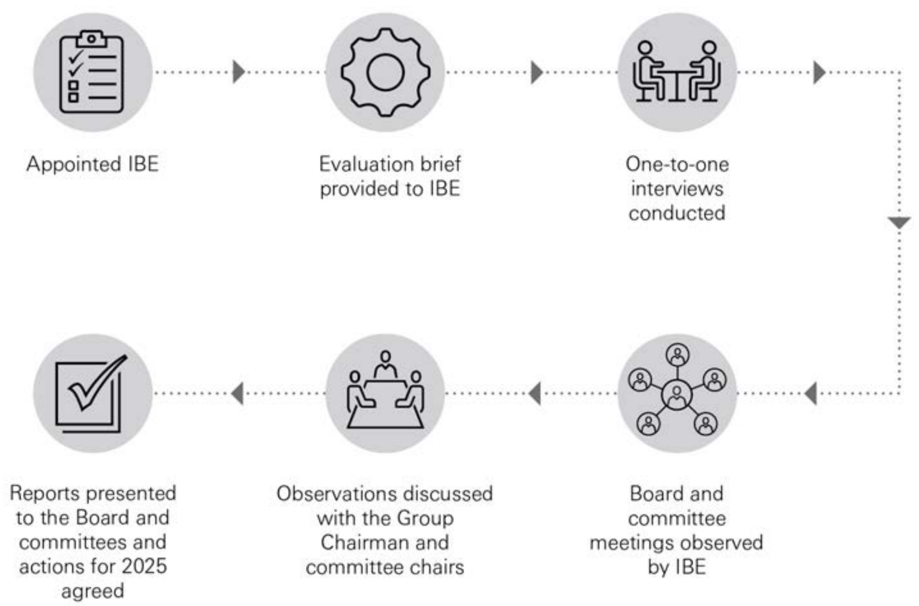
2024 Board and committee performance review process

Performance reviews are an important part of the effective governance and operation of the Board and its committees. In 2024, the Nomination & Corporate Governance Committee invited Independent Board Evaluation ('IBE') to conduct a follow-up review to the 2023 external performance review. IBE is an independent external service provider with no other connection with the Group or any individual Directors.

A comprehensive brief was provided to IBE to ensure focus on priority areas relevant to the Board and committees, IBE were also asked to provide an independent view as to whether the actions taken following the 2023 review had appropriately addressed the findings of that review.

The review took the form of detailed 1-2-1 interviews with members of the Board and select members of management and advisers. IBE also attended and observed the Board and committee meetings in December 2024, and were provided with relevant meeting materials for review in advance.

Initial observations were shared with the Board in December 2024, following which a report was compiled by IBE based on the views supplied by those interviewed as well as IBE's observations as part of the review process. The process and findings set out in this report were shared and agreed with the Group Chairman, committee chairs and IBE.



Findings and recommendations

Overall, the review concluded that the Board and its committees continued to operate effectively, with the 2023 report findings having been appropriately addressed and a few minor areas identified for further improvement. Positive feedback and practices were highlighted in relation to succession planning for the Board and senior management, with the pace and robustness of the Group CEO selection process considered to be particularly strong. Key strengths highlighted included the efficient, inclusive and transparent communication with the wider Board, and regulators through the duration of the process. The good practices would be leveraged for future senior succession practices, with the importance of a sufficient handover period being noted.

The report from IBE also confirmed that the culture of the Board continues to be regarded as a key strength. The major organisational and leadership changes that took place during 2024 further demonstrated the flexibility of the Board governance and operating rhythm, and its commitment in response to the needs of the Group and its stakeholders. It was acknowledged that the refresh of the senior leadership team and executive governance framework would require ongoing strong and open communication between the Board and the new Group Operating Committee. The new committee structure, in particular the establishment of the Group Technology and Operations Committee and the launch of the Sustainability Working Group, have enhanced Board oversight and support to management in these areas of critical strategic importance. Further, it was acknowledged that work continues to ensure the quality and insight of reporting to the Board, with concise reports that focus on the most material and emerging risks.

IBE presented its report to the December 2024 Board meeting, and was present for the Board's discussion, led by the Group Chairman, on the findings identified through IBE's review. Actions arising from the Board and committee review will be monitored by the Board over the coming months. Further details on the findings specific to each committee can be found within the respective committee reports later in this section.

Nomination & Corporate Governance Committee

"We have full confidence in Georges and the new senior leadership team. They have the skills, experience and track record necessary to deliver the next exciting phase of the Group's development and growth."

Sir Mark E Tucker
Chair
Nomination & Corporate Governance Committee

Membership

	Member since	Meeting attendance in 2024[1]
Sir Mark Tucker (Chair)	**Oct 2017**	**9/9**
Geraldine Buckingham	**May 2022**	**9/9**
Rachel Duan	**Sep 2021**	**9/9**
Dame Carolyn Fairbairn	**Sep 2021**	**8/9**
James Forese	**May 2020**	**9/9**
Ann Godbehere	**Sep 2023**	**9/9**
Steven Guggenheimer	**May 2020**	**9/9**
José Antonio Meade Kuribreña	**Apr 2019**	**9/9**
Kalpana Morparia	**Mar 2023**	**9/9**
Eileen Murray[2]	**Jul 2020**	**8/9**
Brendan Nelson	**Sep 2023**	**9/9**
David Nish[3]	**Apr 2018**	**3/3**
Swee Lian Teo	**Oct 2023**	**9/9**

1 In addition to the scheduled Committee meetings, various sub-groups of the Committee were established during the year to oversee the succession process for the Group CEO and other senior leadership changes.
2 Due to personal reasons, Eileen Murray was unable to attend the Committee meeting in September 2024.
3 David Nish retired from the Board on 3 May 2024.

Key responsibilities

The Committee's key responsibilities include:

– overseeing succession planning and leading the process for identifying and nominating candidates for appointment to the Board and its committees;
– overseeing succession planning and development of senior leadership;
– overseeing and monitoring the corporate governance framework of the Company and its subsidiaries; and
– ensuring that the corporate governance framework is consistent with relevant standards and best practices.

I am pleased to present the Nomination & Corporate Governance Committee report, which provides an overview of the Committee's activities during 2024.

Succession planning was central to the Committee's agenda during the year. The main area of focus was the Group CEO succession planning, which was triggered by Sir Noel Quinn's decision to retire as Group CEO. The Committee undertook a formal search process, which built upon the Committee's long-term work to develop potential internal and external succession options for the Group CEO role. Additional details on this process, which unanimously concluded that Georges Elhedery was an outstanding candidate and the right person for the role, are set out later in this report. The rigorous and detailed work undertaken by the Committee over the prior years on Group CEO succession enabled us to conduct a thorough, robust and market-leading process, at pace. The process received positive feedback from key stakeholders, including from Committee members, as part of the 2024 Board and Committee performance review.

The Committee also oversaw and supported the changes made to the Group's organisational structure and leadership team. This included endorsing the establishment of the new Group Operating Committee ('Group OpCo'), which serves as the leading decision-making executive committee of the Group. The Committee was fully supportive of Georges' recommendations for appointments to the Group OpCo. We have full confidence in Georges and the new senior leadership team. They have the skills, experience and track record necessary to deliver the next exciting phase of the Group's development and growth.

We were delighted to welcome Pam Kaur to the Board as an Executive Director, following her appointment as Group CFO. Pam is well known to the Board, having served as Group Chief Risk Officer since 2020, and in the expanded role of Group Chief Risk and Compliance Officer since 2021, and we look forward to working closely with her in this new capacity. Georges and Pam formed an effective partnership in their prior roles, and I am confident that the Group and its stakeholders will continue to benefit from this relationship in the years ahead. I would also like to thank Jonathan Bingham, for his excellent work and valuable contributions during his tenure as Interim Group CFO.

We have continued to review our governance structure in light of evolving business needs to ensure that it remains appropriate in supporting the delivery of Group strategy and aligned with stakeholder expectations. During 2024, this led to several changes to our Board and Committee operations, including the establishment of the Group Technology Committee and of the Sustainability Working Group. We subsequently agreed to expand the remit of the Group Technology Committee to include Operations. Going forward, the

Group Technology and Operations Committee will oversee the work of the new Group CIO and Group COO.

Both forums have strengthened our governance oversight in the key areas of technology and sustainability, which are two critical elements of our strategy and risk management activity. Additional details on these forums can be found on pages 23, and 276.

Separately, following the changes to the organisational structure announced in October 2024, the Committee considered what further enhancements to the Group's governance arrangements were necessary. This resulted in two principal changes. Firstly, in order to strengthen the connectivity between the Group and our most significant subsidiary boards, the Committee recommended that Ann Godbehere and Brendan Nelson be appointed as directors of HSBC Bank plc and HSBC UK Bank plc, respectively. Secondly, the Committee approved changes to the Group's executive governance framework and operating rhythm aimed at ensuring enhanced, clearer lines of accountability and decision-making.

The annual Board and Committee performance review is critically important for ensuring that our governance practices meet the highest standards and work effectively. Following the externally facilitated review in 2023, conducted by IBE, the Committee invited them again to conduct a follow-up review in 2024. The objective was to provide assurance that the recommendations made had been addressed and that the Board and its Committees were working effectively. The findings and agreed actions from the 2024 review can be found from page 257.

Finally, there were changes to the UK and Hong Kong Corporate Governance Codes, which take effect from this year. Whilst our existing governance practices are aligned with the requirements of these revised Codes, the Committee continues to assess possible enhancements, monitoring market practices to ensure that we not only remain compliant, but also meet our objective of having world class governance.

Sir Mark E Tucker
Group Chairman

Committee governance

The Group Chief People & Governance Officer, in her capacity as the Group Company Secretary, attended all Committee meetings during the year. She supported the Group Chairman in ensuring that the Committee fulfilled its governance responsibilities. The Group CEO selectively attended Committee meetings, joining when required.

Russell Reynolds Associates ('RRA') supported the Committee and the management team with Board succession planning and appointments. RRA also provided support to management on senior management succession, and on development and recruitment. Representatives from RRA regularly attend meetings during the year and have no other connection with the Group or members of the Board.

Board composition and succession

The Committee continued to keep the composition of the Board and of its Committees under review, with assessments focused on the skills, knowledge, and experience necessary to oversee, challenge and support management, in the achievement of the Group's strategic and business objectives.

The Committee has a long-standing policy under which non-executive Directors are expected to serve two three-year terms. Any appointments that extend beyond this are reviewed on an annual basis, with consideration given to the future needs of the Board, and the performance and contributions of the individual.

José ('Pepe') Meade, Workforce Engagement non-executive Director, will complete his second three-year term at the 2025 AGM. As a result, a review was conducted, which took into account the broader needs of the Board and the Group, to determine whether his term should be extended. Pepe has played an important and valuable role, significantly enhancing the Board's engagements with all colleagues and its understanding of their views. In order to allow him to build on this work, as the business embarks on a period of change under new leadership, the Committee agreed that his appointment should be extended by a year, leading up to the 2026 AGM, subject to his re-election by shareholders. It is the Board's strong belief that this extension of Pepe's appointment, given his performance and contributions to the Board in 2024, is in the best interests of the Group and all of its stakeholders.

The Committee will continue to monitor the market throughout 2025 for potential candidates for appointment to the Board in both the short and medium-term. This will ensure that the Board has a pipeline of credible successors with the relevant skills, knowledge, and experience.

Committee composition

As communicated in the 2023 Annual Report and Accounts, the Board-level Group Technology Committee ('GTC'), chaired by Eileen Murray, was established on 1 March 2024. In December 2024, reflecting the changes to the Group COO role and its inclusion in the newly formed Group OpCo, the Committee approved changes to the remit of the GTC, adding responsibility for Operations, in addition to Technology. As a result, the GTC was renamed as the Group Technology and Operations Committee. Additional information on the work undertaken by the Group Technology and Operations Committee since its formation, along with its priorities for the year ahead, can be found from page 276.

As part of the decision to establish the Sustainability Working Group ('SWG'), it was agreed that Geraldine Buckingham would be appointed as its Chair. Additional details on the work undertaken by the SWG can be found on page 23.

The Committee also reviewed the composition of the Board Committees, to ensure that it remains appropriate, with consideration given to the Board diversity and inclusion policy, and to ensure effective use of the skills and expertise of the Directors. Several changes to the Committees' composition were agreed during the year. The Committee will continue to review the Committees' composition to ensure that it remains appropriate.

Board diversity

The Board recognises the importance of gender, social and ethnic diversity, and the benefits that diverse identities and backgrounds bring to Board effectiveness. Representation is a consideration in succession plans and appointments at both Board and senior management level, as well as more broadly across the Group. The Committee also considers representation on Board Committees when reviewing their composition.

At the end of 2024, the Board had 54% female representation, with seven female Board members out of a total of 13, which is above the year-end 2025 target set by the FTSE Women Leaders Review. Following Pam Kaur's appointment as an Executive Director on 1 January 2025, female representation increased to 57%. The Board now also has two female leaders holding one of the four senior positions. These four senior roles, as defined by the FTSE Women Leaders Review, are Chair, Chief Executive Officer, Senior Independent Director and Chief Financial Officer.

Beyond gender, the Committee remains focused on enhancing the ethnic heritage diversity of the Board, reflecting the international nature of our business and HSBC's Asia heritage.

The Board's diversity and inclusion policy highlights our commitment to diversity, while providing specifics on the approach taken to achieving our relevant ambitions. Additional details on activities aimed at improving representation across senior management and the wider workforce, together with supporting statistics, can be found on page 64. The Board's diversity and inclusion policy is available at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities

Group CEO succession

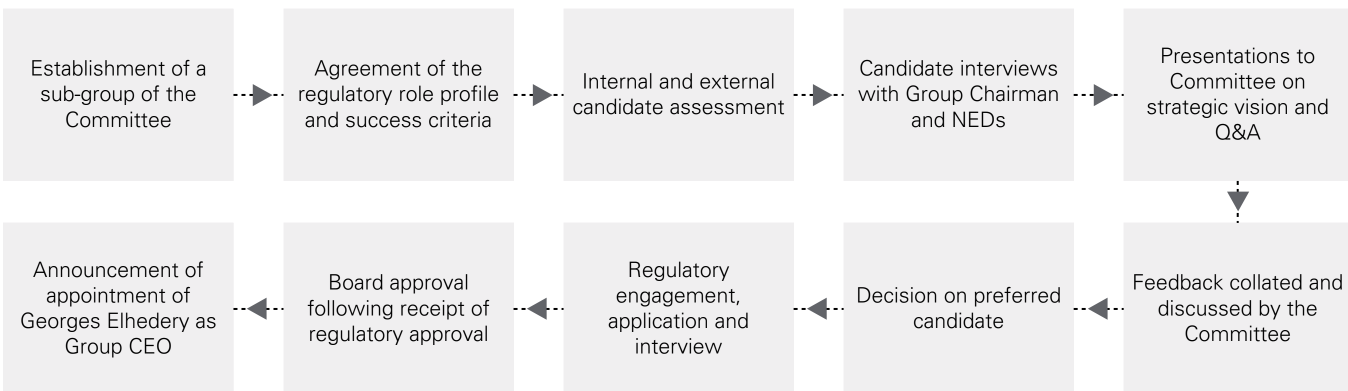
Following the announcement on 30 April 2024 that Sir Noel Quinn would retire as Group CEO, the Committee oversaw a rigorous formal search, selection and appointment process to identify the next leader of the Group. A high-level overview of the process is shown in the graphic below.

The Committee's focus on Group CEO succession planning since Sir Noel Quinn's appointment in 2020, supported its objective to complete the search at pace and provide clarity on future leadership to the organisation and our stakeholders.

The process to select Sir Noel Quinn's successor was led by the Group Chairman and the Committee, who were supported by a leading external search partner.

Key steps in the process included:

- The establishment of a committee sub-group, comprising the Group Chairman, Senior Independent non-executive and Committee Chairs, to oversee the process. Regular updates were provided to the broader Committee through weekly update notes from the Group Chairman, who also engaged with the Group's principal regulators throughout the process.
- Agreement on the regulatory role profile and key selection criteria, which included key technical, experiential and leadership competencies that were determined to be essential for the successful candidate.
- The assessment of all internal and external candidates against this role profile and selection criteria, with the support of a leading external search firm. Candidates also provided a written articulation of their strategic vision for the Group, which was followed by the shortlisting of the final candidates.
- Thorough referencing and background checks, which were conducted on the final candidates, to provide the Committee with a deeper understanding of their character and motivations.
- The final candidates were interviewed with all non-executive Directors. They also presented their strategic vision for the Group to the Committee and participated in Q&A.
- Interview feedback, which included non-executive Directors scoring each candidate against the successful selection profile, as well as qualitative feedback based on candidate interviews, presentation and Q&A, which was collated and discussed by the Committee.



Based on the information gathered on the candidates over the past four years, as well as the succession process, the Committee selected Georges Elhedery as the preferred candidate.

Georges then participated in the required regulatory interviews with the PRA and FCA, after which the Committee received confirmation of regulatory approval, and announced Georges' appointment on Wednesday 17 July 2024.

The Committee also agreed on a comprehensive induction and development plan to best support Georges' transition to Group CEO. The Committee continues to oversee this plan and receives regular updates on progress.

Senior executive succession and development

Jonathan Bingham, Global Financial Controller, was appointed as Interim Group CFO with effect from 2 September 2024. This interim appointment allowed Georges to focus on his new responsibilities as Group CEO, whilst the process to identify a permanent successor was conducted. The process to select the permanent Group CFO was led by the Group CEO, with the support of the Group Chief People & Governance Officer and a leading external search firm. Consistent with the approach taken for the selection of Georges Elhedery as Group CEO, internal and external candidates were considered and assessed against the agreed role profile and selection criteria. Following the completion of interviews with members of the Board, Pam Kaur was selected to join the Board as an Executive Director and Group CFO.

Following Pam's selection for the role of Group CFO, Richard Blackburn, Global Head of Traded and Treasury Risk Management & Global Head of Risk Analytics, was appointed as Interim Group Chief Risk and Compliance Officer with effect from 1 January 2025. An update on permanent succession for this position will be provided in due course.

In conjunction with the announcement on the new, simpler organisational structure, designed to unleash the full potential of HSBC, the Committee also approved several changes to the senior leadership team, based on the recommendations of the new Group CEO. These included the approval of the new Group OpCo terms of reference, together with its membership. Members of the Committee were closely involved in the assessment and selection process for roles on the new Group OpCo, including the roles of CEO of Corporate and Institutional Banking and Western Markets, and the split of the previous Group COO's responsibilities into two new Group OpCo roles – those of Group CIO and Group COO.

Committee performance review

The 2024 annual review of the effectiveness of the Board and Board Committees, including the Nomination & Corporate Governance Committee, was conducted externally by IBE.

It determined that the Committee continued to perform effectively. There were no specific actions identified for the Committee. The review acknowledged the Committee's role in the Group CEO succession process, which was very well managed, and identified several good practices that would be applied to future succession processes for key roles across the Group. Additional details on the annual review of the Board and Committees' effectiveness can be found from page 257.

Subsidiary governance

In line with the subsidiary accountability framework, the Committee continued to oversee the corporate governance and succession arrangements across the principal subsidiary portfolio. Additional details on the subsidiary accountability framework are set out on page 247.

Given the improvement in quality of the succession planning updates over the previous years, the Committee agreed that, for 2024, the material subsidiary plans no longer required direct oversight. Principal Subsidiaries continued to oversee plans for their respective subsidiaries, with the Committee retaining the ability to review material subsidiary succession plans, where necessary.

The Committee continued to support and seek opportunities to enhance subsidiary connectivity. That included leveraging the Chairman's Forum and Remuneration Committee Chairs' Forum, which regularly brought together the chairs of the principal subsidiaries to discuss issues of common interest.

In order to further strengthen connectivity between the Board and the most significant subsidiary boards, the Committee took relevant steps with two of the principal UK regulated entities. It recommended that Ann Godbehere be appointed to the HSBC Bank plc board and Brendan Nelson be appointed to the HSBC UK Bank plc board. Given that the Board has benefitted from James Forese's leadership of the HSBC North America Holdings Inc. Board, the Committee is confident that these appointments will enhance governance arrangements and connectivity.

The committee continues to provide support and look for opportunities to enhance subsidiary connectivity through non-executive Director events and other engagement forums. The Group's flagship events held in 2024 included the Bank Director Programme and the Bank Chair Programme. The Group Chairman also hosted an annual Global NED Update, which was attended by over 200 subsidiary non-executive Directors.

	Jan	Feb	Apr	May	Jun	Jul	Sep	Sep	Dec
Board composition and succession									
Board composition, including succession planning and skills matrices	◆	◆	◇	◆	◇	◇	◇	◆	◆
Executive talent and development									
Senior executive succession and appointments	◇	◆	◆	◆	◆	◆	◆	◆	◆
Governance									
Board and corporate governance developments	◆	◆	◇	◇	◆	◇	◇	◆	◇
Board and committee performance review	◆	◇	◇	◇	◇	◆	◇	◆	◆
Subsidiary governance	◇	◇	◇	◆	◇	◇	◇	◆	◇
Subsidiary appointments	◆	◆	◇	◆	◇	◇	◆	◇	◆

◆ Matter considered   ◇ Matter not considered

Group Audit Committee

"Given changes in the external operating environment and as a result of the reorganisation of the Group, the Group Audit Committee will play an important role in monitoring the impact on the control environment during this period of change."

Brendan Nelson
Chair
Group Audit Committee

Membership

	Member since	Meeting attendance in 2024[1]
Brendan Nelson (Chair)	**Sept 2023**	**10/10**
Geraldine Buckingham[2]	**Oct 2024**	**2/2**
Rachel Duan[3]	**Apr 2022**	**9/10**
James Forese[3]	**May 2020**	**9/10**
Ann Godbehere[4]	**Feb 2024**	**7/7**
Eileen Murray[5, 6]	**June 2022**	**6/8**
David Nish[7]	**May 2016**	**4/4**

Notes:

1 These included one ad hoc meeting held on 31 January 2024 and a joint meeting with the Group Risk Committee ('GRC'), which took place on 18 June 2024.
2 Geraldine Buckingham was appointed as a member of the GAC on 1 October 2024.
3 Rachel Duan and James Forese were unable to join one ad hoc GAC meeting, due to prior commitments.
4 Ann Godbehere joined the GAC on 21 February 2024.
5 Eileen Murray stepped down from the GAC on 1 October 2024.
6 Eileen Murray was unable to attend the meeting held on 25 September 2024 due to personal reasons.
7 David Nish stepped down from the GAC on 3 May 2024 upon his retirement from the Board.

Key responsibilities

The Committee's key responsibilities include:

- monitoring and assessing the integrity of the financial statements, formal announcements and regulatory information in relation to the Group's financial performance, as well as significant accounting judgements;
- reviewing the effectiveness of internal controls;
- reviewing management's arrangements for compliance with prudential regulatory financial reporting;
- reviewing the annual financial resource plan, including annual budget, capital expenditure and business plans;
- reviewing and monitoring the relationship with the external auditor and overseeing its appointment, remuneration and independence;
- overseeing the Group's policies, procedures and arrangements for capturing and responding to whistleblower concerns and ensuring they are operating effectively; and
- overseeing the work of Global Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

I am pleased to introduce the Group Audit Committee ('GAC') report, my first as GAC Chair. In this report, I have provided an overview of the key matters and issues considered by the GAC in 2024. I assumed the role of GAC Chair following the publication of the FY23 results and Annual Report in February 2024, succeeding David Nish. I would like to acknowledge and thank David for his leadership of the GAC during his time as Chair.

Internal controls have been a key focus during 2024, and the GAC assumed responsibility for the oversight of all internal controls - which was previously limited to those related to financial reporting. We have overseen management's proposed enhancement of controls, including the creation of a new Group Chief Controls Oversight Office function. This will enhance effective operation and monitoring of the Group's control environment. This will include the work to support preparations for the Board's declaration on the effectiveness of material controls, which will be required from 2026 under the 2024 UK Corporate Governance Code.

Given changes in the external operating environment and as a result of the reorganisation of the Group, the GAC will have an important role in monitoring the impact on the control environment during this period of change. A key element of this continues to be our progress in enhancing the control environment regarding the Group's regulatory reporting obligations. Remediation of errors in regulatory reporting and achieving a sustainable controls environment over these returns, remains a priority for the Committee, management and our regulators globally. Further details on progress under this programme can be found later in this report.

The GAC received regular updates from the Group Chief Financial Officer and Global Financial Controller on key financial reporting issues and the related management judgements. These included spending significant time on the appropriateness and clarity of the Group's market guidance, including in relation to returns, costs and expected credit losses ('ECL'). Given the uncertain global macroeconomic environment, the GAC carefully considered its disclosures on ECLs, in particular those relating to the Group's exposure to the mainland China and Hong Kong corporate real estate sectors.

I have spent time with several of the subsidiary audit committee chairs, building on the important connectivity between the Group and subsidiaries established over the past few years. Regular engagement with our subsidiary audit chairs will continue to be an important part of the GAC's governance practices through 2025 and beyond.

The GAC also oversaw the External Quality Review of the Global Internal Audit function during the year, which was conducted by Deloitte in accordance with the Internal Audit Code. I am pleased to report that the function is highly valued across the HSBC Group, and received a 'Generally Confirms' rating, which is the highest attainable under the internal audit International Professional Practices framework.

Finally, I was pleased that the review of the GAC's performance concluded that the GAC continued to operate effectively. Further details on the review, which also considered the performance of the Board and the other Board committees, can be found as part of the 'How we are governed' section on page 257.

Brendan Nelson
Chair of the Group Audit Committee

Committee governance

The Committee operates under delegated authority from the Board, and advises the Board on matters concerning the Group's financial reporting requirements. The Committee Chair reports on the key matters and discussions at the subsequent Board meeting, and the Board also receives copies of the Committee agendas and minutes. This supports the Board's oversight of the work carried out by management, Global Internal Audit and PricewaterhouseCoopers LLP ('PwC'), as the Group's statutory auditor.

The Nomination & Corporate Governance Committee has confirmed that each member of the Committee is independent according to the criteria of the US Securities and Exchange Commission, and the Committee and individual members continue to possess competence relevant to the banking and broader financial services sector in which the Group operates. The Board has determined that Brendan Nelson and Ann Godbehere are the audit committee 'financial experts' for the purposes of section 407 of the Sarbanes-Oxley Act and have recent and relevant financial experience for the purposes of the UK and Hong Kong Corporate Governance Codes.

The Committee Chair continued to engage with various key stakeholders, including the UK PRA, to understand their views, key themes and areas of focus within the broader financial services sector on matters relevant to the work of the Committee. This included trilateral meetings involving the Group's external auditor, PwC, and the UK PRA.

Members of senior management routinely attended meetings of the GAC. The external auditor attended all meetings.

The Chair holds regular meetings with management, Global Internal Audit and PwC, as the external auditor, to discuss relevant items as they arose during the year outside the formal Committee process. The Committee also regularly meets with the internal and external auditors, without management present. Private discussions are also held with relevant members of senior management, including the Group Chief Financial Officer and Group Chief Risk and Compliance Officer.

Matters considered during 2024

	Jan	Feb	Apr	Jun	Jul	Sep	Oct	Dec
Reporting								
Financial reporting matters including: – review of financial statements, ensuring that disclosures are fair, balanced and understandable – significant accounting judgements – going concern assumptions and viability statement – supplementary regulatory information	◆	◆	◆	◆	◆	◆	◆	◆
Review of the Group's annual financial resource plan	◇	◇	◇	◇	◇	◆	◆	◆
ESG and climate reporting	◆	◆	◆	◆	◇	◆	◇	◆
Regulatory reporting-related matters including: – oversight of the Group's engagement with PRA-requested skilled person reviews – reports from the principal subsidiaries on progress and learnings in relation to their local remediation efforts – adequacy of resources across Finance and other SME teams to deliver the Group-wide remediation programme	◆	◆	◆	◆	◆	◆	◆	◆
Certificates from principal subsidiary audit committees	◇	◆	◇	◇	◆	◇	◇	◇
Control environment								
Control enhancement programmes	◆	◆	◆	◆	◆	◆	◆	◆
Group transformation	◇	◇	◆	◇	◆	◇	◇	◇
Review of deficiencies and effectiveness of internal financial controls	◆	◇	◆	◇	◆	◇	◆	◇
Internal audit								
Reports from Global Internal Audit	◇	◆	◆	◇	◆	◇	◆	◆
Audit plan updates, independence and effectiveness	◇	◆	◆	◇	◆	◇	◆	◆
External audit								
Reports from external audit, including external audit plan	◆	◆	◆	◆	◆	◆	◆	◆
Appointment, remuneration, non-audit services and effectiveness	◆	◆	◆	◆	◆	◆	◆	◆
Compliance								
Accounting standards and critical accounting policies	◇	◆	◇	◇	◆	◇	◇	◇
Corporate governance codes and listing rules	◇	◆	◇	◇	◇	◇	◇	◇
Whistleblowing								
Whistleblowing arrangements and effectiveness	◇	◆	◇	◇	◇	◇	◇	◆

◆ Matter considered ◇ Matter not considered

How the Committee discharged its responsibilities

Financial, sustainability and climate reporting

The GAC is responsible for reviewing the Group's financial reporting during the year, including the Annual Report and Accounts, Interim Report, quarterly earnings releases, analyst presentations and Pillar 3 disclosures.

Furthermore, as an area of expanded assurance, the GAC, supported by the executive-level ESG Committee, provided close oversight of the disclosure risks in relation to sustainability and climate reporting, amid rising stakeholder expectations. The work will continue throughout 2025 in partnership with the Sustainability Working Group.

As part of its review, the GAC:

- challenged and evaluated management's application of critical accounting policies and material areas in which significant accounting judgements were applied;
- reviewed and challenged management's judgements and disclosures in relation to impairment reviews of HSBC's investment in Bank of Communications Co., Limited, performed using a value-in-use methodology;
- gave particular regard to the analysis and measurement of IFRS 9 ECL, including the key judgements and management adjustments made in relation to the forward economic guidance, underlying economic scenarios and reasonableness of the weightings, as well as modelling and adjustments;
- focused on preparation for disclosures to ensure these were consistent, appropriate and could be validated under the relevant financial and governance reporting requirements;
- tracked and monitored delivery against the external audit plan; and
- provided advice to the Board on the form and basis underlying the long-term viability statement.

We also received independent third-party limited standalone assurance on the Group's climate reporting. Further details can be found in 'Assurance relating to ESG data' on page 44.

In conjunction with the GRC, the GAC considered the current position of the Group, along with the emerging and principal risks, and carried out a robust assessment of the Group's prospects. This assessment informed the GAC's recommendation to the Board on the Group's long-term viability. The GAC also undertook a detailed review before recommending to the Board that the Group continues to adopt the going concern basis in preparing the annual and interim financial statements. Further details can be found on page 40.

Following the October 2024 announcement in relation to the Group's organisation structure, the GAC oversaw management proposals regarding the external disclosure requirements following the reorganisation of the Group around four core business. The GAC reviewed the financial resource plan, prior to approval by the Board, which helped to support the revised guidance, including in relation to the expected benefits from the reorganisation and simplification of the Group, which were communicated to the market as part of the FY24 results. In relation to the expected benefits specifically, the GAC considered the independent validation report provided by a third party, and which provided additional comfort on the appropriateness of management's proposed guidance.

The GAC will complete a thorough review of the pro-forma historical financial performance for 2023 and 2024, based on the new organisational structure, prior to their communication to the market next month.

Financial planning

The GAC reviewed and debated the robustness of the financial plan for the financial years 2025 to 2029. The GAC considered the risks and challenges, and ensured that the process to develop the financial resource plan was robust and that the assumptions driving the financial performance of the Group were appropriate and subject to appropriate challenge.

Fair, balanced and understandable

Following review and challenge of the disclosures, the Committee recommended to the Board that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable. These provided the shareholders with the necessary information to assess the Group's position and performance, business model, strategy and risks facing the business.

The Committee reviewed the draft Annual Report and Accounts 2024 and results announcements to provide feedback and challenge to management. It was supported by the work of the Group Disclosure and Controls Committee, which also reviewed and assessed the Annual Report and Accounts 2024 and investor communications.

This work enabled the GAC to discharge its responsibilities and support the Board in making the statement required under the UK and Hong Kong Corporate Governance Codes.

Internal controls

During the year, the Board approved changes to the scope of the GAC's responsibilities in relation to internal controls. These changes saw the GAC assume responsibility for oversight of the effectiveness of all internal controls. This reflected the GAC's experience in overseeing internal controls over financial reporting, and the responsibility that will apply from the 2026 financial year to make a declaration on the effectiveness of material controls under the 2024 UK Corporate Governance Code.

Regular updates and confirmations are provided to the GAC on the action management takes to remediate any failings or weaknesses identified through the operation of the Group's framework of internal financial controls. This is supplemented by reviews of these controls by the second line of defence and internal audit, and the external auditors, who provided additional comfort to the Committee on the effectiveness of these controls. These reviews confirmed that there were no material weaknesses as at the year-end.

These updates included the Group's work on compliance with section 404 of the US Sarbanes-Oxley Act. Based on this work, the GAC recommended that the Board support its assessment of the internal controls over financial reporting.

The GAC continued to focus on controls over the Group's Insurance business following the implementation of the IFRS 17 'Insurance Contracts' accounting standards. The GAC welcomed management's progress in improving the control environment during 2024. However, there remains further work to ensure that the Insurance business embeds the control standards expected on a consistent basis across all markets.

For further details of how the Board reviewed the effectiveness of key aspects of internal control, see page 323.

Regulatory reporting

Regulatory reporting has been a key priority for the Committee over recent years and will continue to be a priority for 2025. The Committee is focused on monitoring the programme of work to address the quality and reliability of regulatory reporting to meet regulatory expectations.

Management provided updates on the status of ongoing HSBC-specific external reviews, and discussed the issues and themes identified from the increased assurance work and focus on regulatory reporting. The GAC also discussed root cause themes, remediation of known issues and new issues identified through the increased assurance work. The Committee challenged management on remediation plans, to assess whether there was a sustainable reduction in issues and that dependencies with other key programmes were well understood.

Further details can be found in the 'Principal activities and significant issues considered during 2024' table on page 268.

Adequacy of resources

The Committee is responsible, under the Hong Kong Listing Rules, to annually assess the adequacy of resources of the accounting, internal audit, financial reporting and ESG performance and reporting functions. It also monitored the legal and regulatory environment relevant to its responsibilities.

The Committee determined that each of the functions provided thorough information with regards to people capacity and capability and endorsed the annual update to the Board.

In recognition that the enhancement of the Group's regulatory reporting processes and controls was a priority for both the Committee and the Group's regulators, the GAC also considered the adequacy of regulatory reporting resources as part of the year-end activities.

Connectivity with principal subsidiary audit committees

The Committee recognises the importance of strong connectivity and alignment with principal subsidiary audit committees. The mechanisms to support this are well established and continued to operate effectively during the year.

This included information sharing and targeted collaboration between audit committee chairs and management to ensure there was appropriate focus on the local implementation of programmes. During 2024 this included a particular focus on regulatory reporting, with the subsidiary audit committee chairs, chief executive officers and chief financial officers of the Europe, Asia-Pacific, Middle East and Americas regions attending Committee meetings to update on progress, share local challenges, and areas of focus with the Committee.

In addition to the Chair's regular meetings with the audit chairs of the Group's UK, European, US, Middle Eastern and Asian principal subsidiaries, and their attendance at GAC meetings for relevant items, they provided quarterly reports on their local audit committee activity. This included updates on internal control, and financial and regulatory reporting matters that are significant from a local or enterprise-wide perspective. In addition, the Committee received escalations from subsidiary boards for information and action, as appropriate. The connectivity between the Group and subsidiary audit committees is supplemented by attendance at committee meetings by the Group and subsidiary audit committee chairs.

On a half-year basis, principal subsidiary audit committees provided certifications to the Committee that regarded the preparation of their financial statements, adherence to Group policies and escalation of any issues that required the attention of the Committee. These certifications also included information regarding the governance, review and assurance activities undertaken by principal subsidiary audit committees in relation to prudential regulatory reporting.

External auditor

The GAC has the primary responsibility for overseeing the relationship with the Group's external auditor, PwC.

PwC completed its tenth audit, providing robust challenge to management and sound independent advice to the Committee on specific financial reporting judgements, sustainability reporting and the overall control environment. The senior audit partner is Matthew Falconer, who assumed the role as part of the regular rotation of audit partners in support of the independence of PwC for the 2024 financial year. The Committee reviewed the external auditor's approach and strategy for the annual audit and received regular updates on the audit, including observations on the control environment.

Key audit matters discussed with PwC are set out in its report on page 331. The Committee reviewed, and concluded that, all requirements of the Financial Reporting Council's ('FRC') Audit Committee and the External Audit: Minimum Standard ('the Standard'), where relevant, were met during 2024.

The GAC reviewed the PwC external audit approach, including the materiality, risk assessment and scope of the audit. PwC highlighted the changes being made to its approach to enhance the quality and effectiveness of the audit. PwC's plan supports its, and the GAC's, focus on audit quality through standardisation, centralisation and the use of technology.

Following commitments made as part of the audit tender process conducted in 2022, specifically in relation to plans for greater utilisation of digital solutions on the HSBC audit, the Committee received a demonstration of how PwC were leveraging digital audit tooling as part of the audit of the Group's accounts. PwC continue to look for opportunities to further leverage technology to enhance the efficiency, robustness and quality of the Group statutory audit.

Effectiveness of external audit process

The GAC assessed the effectiveness of PwC as the Group's external auditor, using a questionnaire that focused on the overall audit process, its effectiveness and the quality of output.

In addition, the GAC Chair, certain principal subsidiary audit chairs and members of the Group Executive Committee met with the Senior Audit Partner to discuss findings from the questionnaire and provide in-depth feedback on the interaction with the PwC audit team.

Key strengths identified through the review included strong independent challenge, the knowledge of the audit team and the good understanding of the Group's businesses and associated risks that were demonstrated through the course of the audit. The review also identified some areas for improvement, including with regards to communication and coordination with management, and planning.

The GAC receives regular updates from PwC and management on performance across the audit quality indicators, which provides wider visibility of ongoing and emerging issues.

There were no breaches of the policy on hiring employees or former employees of the external auditor during the year. The lead audit partner attends all Committee meetings and the GAC Chair maintains regular contact with the senior audit partner and his team throughout the year.

During the year, the Committee considered the impact of the fine and six-month suspension on PwC's China Firm upon PwC UK's ability to act as auditor for the Group. The GAC received assurance from PwC's Global Leadership Team that the issues leading to the sanctions did not impact the Group, and that PwC were taking appropriate steps to prevent reoccurrence. The GAC will continue to monitor until the completion of the suspension, which is due to expire during March 2025.

Independence and objectivity

The Committee assessed any potential threats to independence that were self-identified or reported by PwC. Based on the reporting received, PwC are deemed to be independent and PwC, in accordance with professional ethical standards and applicable rules and regulations, provided the GAC with written confirmation of its independence for the duration of 2024.

The Committee confirms it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial statements.

Following the Committee's recommendation to reappoint PwC as the auditor, shareholders passed the associated resolution at the 2024 AGM. At the same time, shareholders authorised the Committee to determine PwC's audit fee for the financial year ended 31 December 2024, which was approved by the Committee at its July 2024 meeting.

Non-audit services

The Committee is responsible for setting, reviewing and monitoring the appropriateness of the provision of non-audit services by the external auditor. It also applies the Group's policy on the award of non-audit services to the external auditor. The non-audit services are carried out in accordance with the external auditor independence policy to ensure that services do not create a conflict of interest. All non-audit services are either approved by the GAC Chair, or by Group Finance when acting within delegated limits and criteria set by the GAC.

The non-audit services carried out by PwC included 16 engagements approved during the year where the fees were over $100,000 but less than $1m. Group Finance, to whom the GAC has delegated authority for non-audit services below $1m, considered that it was in the best interests of the Group to use PwC for these services because they were:

- audit-related assurance services, with the work closely related to work performed in the audit and in some instances required by local regulators to be performed by the external auditor; or
- other assurance services that involve obtaining appropriate audit evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information, including attestation reports on internal controls of a service organisation primarily prepared for and used by third-party end users.

There were no engagements during the year where the fees exceeded $1m, above which GAC approval would be required.

	2024	2023
Auditors' remuneration	**$m**	$m
Total fees payable	**146.6**	155.9
of which fees for non-audit services	**43.8**	46.1
Ratio of non-audit fees to audit fees[1]	**43.0%**	42.0%

1 The calculation is on a simple ratio and is not based on FRC guidance on non-audit fees ratio thresholds.

Whistleblowing and speak-up culture

An important part of HSBC's values is speaking up when something does not feel right. HSBC remains committed to ensuring colleagues have confidence to speak up and acting when they do. A wide variety of channels are provided for colleagues to raise concerns, including the Group's whistleblowing channel, HSBC Confidential (see page 80 for further information).

The Board has delegated responsibility to the GAC to oversee the effectiveness of HSBC's whistleblowing procedures. The Chair of the GAC is a Group Senior Manager ('SMF7'), and has a prescribed responsibility as the Whistleblowers' Champion to ensure integrity of HSBC's policy and procedure on whistleblowing and protecting those who report concerns. As part of his responsibility, the GAC Chair reports to the Board on the GAC's oversight of whistleblowing as part of his regular reporting updates.

The Group Head of Regulatory Compliance regularly updates the GAC on whistleblowing effectiveness, including controls assessments and internal audit findings. In 2024, the GAC has been briefed on actions to improve the timeliness of HSBC Confidential investigations against internal standards. The Committee is also briefed on culture and conduct risks from whistleblowing cases and actions taken. In 2024, the GAC Chair also met with the Group Head of Regulatory Compliance for briefings on significant whistleblowing matters.

Global Internal Audit

The primary role of the Global Internal Audit function is to help the Board and Management to strengthen the organisation's ability to create, protect and sustain value. Global Internal Audit does this by providing independent, risk based and objective assurance on the design and operating effectiveness of the Group's governance, risk management and control framework and processes, prioritising the greatest areas of risk. The independence of Global Internal Audit from day-to-day line management responsibility is fundamental to its ability to deliver objective audit coverage of all parts of the Group. Global Internal Audit is free from interference by any element in the organisation, including on matters of audit selection, scope, procedures, frequency, timing, or internal audit report content. The Group Head of Internal Audit reports to, and meets frequently with, the Chair of the GAC.

In addition, in 2024, there was continued heightened interaction between Global Internal Audit Senior Management and the members of the GAC, aimed at increasing knowledge and awareness of the audit universe and existing and emerging risks identified by Global Internal Audit. Global Internal Audit adheres to The Institute of Internal Auditors' mandatory guidance.

Consistent with previous years, the 2025 audit planning process includes assessing the inherent risks and strength of the control environment across the audit entities representing the Group. Results of this assessment are combined with a top-down analysis of risk themes by risk category to ensure that themes identified are addressed in the annual plan. Audit coverage is achieved using a combination of business and functional audits of processes and controls, risk management frameworks and major change initiatives, as well as regulatory audits, investigations and special reviews. In addition to the ongoing importance of regulatory-focused work, key risk theme categories for 2025 audit coverage remain as: strategy, governance and culture; financial crime, conduct and compliance; financial resilience; and operational resilience. A quarterly continuous monitoring assessment of key risk themes will form the basis of thematic reporting and plan updates and will ultimately drive the 2026 planning process.

Global Internal Audit has made updates to the audit universe and risk assessment to reflect the Group reorganisation. As a result, audits have been added to the 2025 Annual Audit Plan, and audits have been refocused, to reflect the risks arising from the Group reorganisation.

In addition to the Group reorganisation, Global Internal Audit's new or heightened areas of coverage for 2025 are: Group strategy; significant change initiatives including regulatory change; material regulatory obligations; compliance; anti-money laundering and sanctions; conduct, internal and external fraud; credit risk management; financial forecasting; regulatory reporting; enterprise wide risk management, operational resilience; Financial Reporting Council Corporate Governance reporting on material controls; model risk management; data management; technology resilience and cybersecurity; and incident and escalation management. In addition, Global Internal Audit will continue its programme of culture audits to assess the extent that behaviours reflect HSBC's purpose, ambition, strategy and values. The annual audit plan and material plan updates made in response to changes in the Group's structure and risk profile are approved by the GAC.

The results of audit work, together with an assessment of the Group's overall governance, risk management and control framework and processes are reported to the GAC, GRC and local audit and risk committees, as appropriate. This reporting highlights key themes identified through audit activity, and the output from continuous monitoring. This includes business and regulatory developments and an independent view of emerging and horizon risk, together with details of audit coverage and any required changes to the annual audit plan. Based on regular internal audit reporting to the GAC, private sessions with the Group Head of Internal Audit, the Global Professional Practices annual assessment and quarterly quality assurance updates, the GAC is satisfied with the effectiveness of the Global Internal Audit function and the appropriateness of its resources. In December 2024, Global Internal Audit's External Quality Assessment Review was reported to the GAC, which concluded that Global Internal Audit is a well-respected, independent provider of assurance which is highly valued across the Group and that Global Internal Audit generally conforms with the 2017 International Professional Practices framework ('IPPF'), which includes the IIA Standards and Code of Ethics. 'Generally Conforms' is the highest rating attainable and means the function is compliant with the requirements of the Standards in all material aspects. Global Internal Audit also generally meets the CIIA's IA Financial Services Code of Practice requirements.

Executive management is accountable for addressing the matters raised by Global Internal Audit, which must be addressed within an appropriate and agreed timetable. Confirmation to this effect must be provided to Global Internal Audit, which validates closure on a risk basis.

Global Internal Audit maintains a close working relationship with HSBC's external auditor, PwC. The external auditor is kept informed of Global Internal Audit's activities and results, and is afforded free access to all internal audit reports and supporting records.

Principal activities and significant issues considered during 2024

Areas of focus	Key issues	Conclusions and actions
Significant accounting judgements	**Expected credit losses** The measurement of expected credit losses involves significant judgements, particularly under current economic conditions. There remains uncertainty over ECL estimation due to sustained high inflation, interest rate volatility, economic policy changes following election outcomes globally and weaker economic growth in the Group's key operating markets.	– The Committee reviewed economic scenarios for the key countries and territories in which the Group operates and challenged management's judgements on the weightings assigned to the scenarios. The Committee also challenged management's judgemental adjustments to account for uncertainty in specific sectors and geographies, including the controls underpinning the adjustments process and conditions under which the adjustments would be reduced or removed. – The Committee continued to monitor management's updates on areas of particular focus, including downside risk in mainland China and Hong Kong commercial real estate sectors.
	Valuation of defined benefit pension obligations The valuation of defined benefit pension obligations involves highly judgemental inputs and actuarial assumptions which include interest rate, inflation rate, mortality rates and other demographic assumptions. Management considered these assumptions in consultation with actuarial experts to determine the valuation of the defined benefit obligations.	– The GAC has considered the effect of changes in key assumptions on the HSBC UK Bank plc section of the HSBC Bank (UK) Pensions Scheme, which is the principal plan of HSBC Group. Details of key assumptions can be found on pages 378 to 379 of the 'Notes on the financial statements'.
	Valuation of financial instruments During 2024, management continuously refined its methodology and approach to valuing the Group's portfolio in relation to investments, trading assets and liabilities and derivatives.	– The Committee received periodic updates on the key valuation metrics and judgements involved in the determination of the fair value of financial instruments, and agreed with the judgements applied by management, which were validated through appropriate governance and control forums.
	Investment in subsidiaries Management has reviewed investments in subsidiaries for indicators of impairment and conducted impairment reviews where relevant. These involve exercising significant judgement to assess the recoverable amounts of subsidiaries, by reference to projected future cash flows, discount rates and regulatory capital assumptions.	– The Committee reviewed the judgements in relation to the impairment review of HSBC Overseas Holdings (UK) Limited and the key inputs such as projected profits, underpinning the recoverable amounts of its subsidiaries.

Principal activities and significant issues considered during 2024 (continued)

Areas of focus	Key issues	Conclusions and actions
Significant accounting judgements	**Investment in an associate – Bank of Communications Co., Limited** During the year, management performed impairment reviews of HSBC's investment in Bank of Communications Co., Ltd ('BoCom'). This included assessment as to whether there is indication of further impairment, or that previously recognised impairment may no longer exist or may have decreased. The impairment reviews are complex and require significant judgements, such as the appropriateness of projected future cash flows, discount rate, and regulatory capital assumptions.	– The GAC reviewed and challenged management's judgements and disclosures in relation to impairment reviews of HSBC's investment in BoCom, performed using a value-in-use methodology. – The Committee reviewed the appropriateness of key assumptions such as projected future cash flows, with particular focus on the potential impacts of the publicly announced policies aimed at promoting growth and economic development in China during the fourth quarter of 2024. – The GAC considered the consistency of judgements with prior period impairment reviews, reflecting available details as at 31 December 2024 as to how these policies may be enacted.
	Interest rate management During 2024, management proposed a framework for the disposal of selected hold-to-collect-and-sell securities to improve risk management of hold-to-collect-and-sell positions and to stabilise and protect net interest income over the medium term.	– The GAC received regular management updates on hedging strategy, including the repositioning of structural interest rate hedges. – The Committee reviewed controls on, and financial outcomes of, disposals of hold-to-collect-and-sell securities.
	Impairment of goodwill and non-financial assets During the year, management tested for impairment goodwill and non-financial assets including additional consideration for the future impacts resulting from the announced organisational restructure. Key judgements in this area relate to long-term growth rates, discount rates and projected future cash flows to include for each cash-generating unit tested, both in terms of compliance with the accounting standards and reasonableness of the forecasts.	– The Committee reviewed and challenged management's approach and methodology used for the impairment testing of goodwill and non-financial assets, with a key focus on the projected cash flows included in the forecasts and discount rates used. – The GAC also challenged management's key judgements and considered the reasonableness of the outcomes against business forecasts and strategic objectives of HSBC.
	Legal proceedings and regulatory matters Management has used judgement in relation to the recognition and measurement of provisions, as well as the existence of contingent liabilities for legal and regulatory matters.	– The Committee reviewed reports from management on legal proceedings and regulatory matters, and challenged related accounting judgements and disclosures.
	Tax-related judgements HSBC has recognised deferred tax assets to the extent that they are recoverable through expected future taxable profits. Significant judgement continues to be exercised in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and expected outcomes relating to uncertain tax treatments.	– The Committee considered the recoverability of deferred tax assets. The Committee also considered management's judgements relating to tax positions in respect of which the appropriate tax treatment is uncertain, open to interpretation or has been challenged by the tax authority.
	Long-term viability and going concern statement The GAC has considered a wide range of information relating to present and future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios and the implications of: – geopolitical tensions including the ongoing Russia-Ukraine and Middle East conflicts, US-China tensions and the consequential impacts on the supply chains globally; – macroeconomic risks including inflationary risks, mainland China and Hong Kong real estate sector risks and economic policy uncertainty following election outcomes globally; and – climate risk, operational resilience, and other top and emerging risks, and the related impact on profitability, capital and liquidity.	– In accordance with the UK and Hong Kong Corporate Governance Codes, the Directors carried out a robust assessment of the principal and emerging risks of the Group and parent company. The GAC considered the statement to be made by the Directors and concluded that the Group and parent company will be able to continue in operation and meet liabilities as they fall due, and that it is appropriate that the long-term viability statement covers a period of three years.
	Impact of acquisitions and disposals HSBC engaged in a number of business acquisitions and disposals, notably in Canada, Germany, South Africa, Argentina, Armenia and Russia. Judgement was involved in determining the timing of recognition of assets held-for-sale, gains or losses, and the measurement of assets and liabilities on acquisition or disposal.	– The Committee reviewed management's judgements related to the completion of the sale of the Group's banking business in Canada and of HSBC Argentina, as well as the planned sales of the German private bank business and the business in South Africa, such as the timing of classification as held-for-sale and the remeasurement of assets.
Financial and regulatory reporting	**Environmental, social and governance ('ESG') reporting** The Committee considered management's efforts to enhance ESG disclosures and associated verification and assurance activities, with a specific focus on the net zero transition plan and climate-related disclosures made in the Annual Report and Accounts 2024.	– The Committee considered ESG disclosures for the Annual Report and Accounts 2024 in detail, to ensure these were fair and balanced, and were also transparent on the challenges faced and aligned with the Group's progress in the embedding of sustainable and climate-related policies across the business. In addition, the committee reviewed the narrative relating to our net zero ambitions and targets and the planned annual net zero transition plan review.

Principal activities and significant issues considered during 2024 (continued)

Areas of focus	Key issues	Conclusions and actions
	Regulatory reporting The GAC monitored progress by management in delivering a sustainable control environment for regulatory reporting across the Group.	– The Committee reflected on the continued focus on the quality and reliability of regulatory reporting by the PRA and other regulators globally. – The Committee oversaw management's execution against the agreed remediation plans, and challenged management on the approach and timeframes to deliver accurate reporting submissions to the Group's global regulators. Discussions included a focus on shared dependencies across various Group-wide programmes, for example and in particular, data.
Control environment	**Sustainable control environment** The GAC oversaw the effectiveness of the internal control environment of the Group, including with regards to the requirements of US Sarbanes-Oxley Act. During the year, the remit of the GAC with regards to internal control was extended beyond financial reporting controls to include oversight of all internal controls.	– The Committee received regular updates on the control environment, and broader change framework, to review the impact on financial reporting and tax risk within the Group, with regular updates provided on IFRS 17 and Basel 3.1. – In these updates the Committee monitored the assessment of the financial reporting risk, tax risk and progress made on remediation of US Sarbanes-Oxley Act significant deficiencies. This oversight helped the Committee to understand the progress being made by management to set out strategic actions to remediate identified issues and uplift the control environment to enable a sustainable reduction in risk. – Management's updates were supplemented by further focus and assurance work from Global Internal Audit, including audits of significant programmes of activity during 2024. – The Committee oversaw the work to support the Group's oversight of internal controls, including the establishment and scope of responsibilities of the new Group Controls Oversight Office.
Regulatory change	**Basel 3.1 Reform** The GAC considered the implementation of the Basel 3.1 Reform and the impact on the capital requirements and RWA assurance. This was considered in the context of the strategy and structure of the balance sheet.	– The Committee received updates on the progress and impact of the Basel 3.1 programme on the Group, including following the publication by the PRA on 12 September 2024 of the second near-final policy statement and rules covering their implementation. – Management discussed the delayed implementation dates, ongoing uncertainty over the final definition of the rules by regulators, and the work undertaken to mitigate delivery risks given the concentration of delivery during 2024 & 1H25. The discussion highlighted the dependencies of the Basel 3.1 programme with data, models and subject matter resources. – The Committee reviewed the ongoing management of risks, issues and dependencies and challenged management to prioritise deliverables across each jurisdiction in line with regulatory timelines. The Committee discussions focused on ensuring, in each case, that the Group complied with the applicable minimum standards under the regulation.

Committee performance review

In 2024, the annual review of the performance of the Board committees, including the GAC, was conducted externally by IBE. On the basis of the review, directors concluded that the GAC continued to operate effectively.

Positive feedback was noted on the refreshed Committee composition, in particular the change of Committee leadership and the new practices and focus introduced, including on the control environment. The Committee will consider scheduling an extra meeting in 2025 to provide additional, dedicated time for discussion, given the range and complexity of topics under the Committee's remit. The review highlighted the continued importance of strong interaction between the GAC, GRC, and GTOC agendas, via the Committee Chairs, and this will continue to be an area of focus in 2025.

Further details of the annual review of the Board and Committee effectiveness can be found on page 257.

Group Risk Committee

"Managing the impacts of political change and policy volatility has been a key trend this year, with changes in governments globally, having economic and commercial implications for both the Group and the industry."

James Forese
Chair
Group Risk Committee

Membership

	Member since	Meeting attendance in 2024[1]
James Forese (Chair)	**Jun 2022**	**10/10**
Geraldine Buckingham[2]	**Jun 2022**	**8/8**
Dame Carolyn Fairbairn	**Sep 2021**	**10/10**
Steven Guggenheimer	**May 2020**	**10/10**
Kalpana Morparia[3]	**Jul 2020**	**8/8**
Eileen Murray[4]	**Oct 2024**	**2/2**
Brendan Nelson	**Sep 2023**	**10/10**
David Nish[5]	**Feb 2020**	**3/4**
Swee Lian Teo	**Oct 2023**	**10/10**

1 These included six scheduled meetings, two ad hoc meetings and two joint meetings, one with the Group Remuneration Committee and one with the Group Audit Committee.
2 Geraldine Buckingham stepped down from the GRC on 1 October 2024.
3 Kalpana Morparia stepped down from the GRC on 1 October 2024.
4 Eileen Murray was appointed to the GRC on 1 October 2024.
5 David Nish stepped down from the GRC on 3 May 2024. He was unable to attend one meeting due to a prior commitment.

Key responsibilities

The Group Risk Committee ('GRC') has overall non-executive responsibility for the oversight of risk-related matters and the risks impacting the Group. The GRC's key responsibilities include:

- overseeing and advising the Board on all risk-related matters, including financial and non-financial risks;
- advising the Board on risk appetite-related matters, and key regulatory submissions;
- reviewing the effectiveness of the Group's risk management framework and how effectively management is embedding and maintaining an effective risk management control system;
- reviewing and challenging the Group's stress testing exercises; and
- overseeing the Group's approach to conduct, fairness and the prevention of financial crime.

I am pleased to present the GRC report.

The GRC membership has been refreshed this year to ensure that the mix of skills and experience remains appropriate for the business of the Committee and due to the retirement of David Nish, who stepped down from the Committee in May after completing eight years of service with the Group. I would like to thank David for his contribution to the GRC as a valued member. Geraldine Buckingham and Kalpana Morparia stepped down from the GRC in order to join other Board Committees. Eileen Murray joined the GRC to complement her chair responsibilities for the Group Technology and Operations Committee.

From a macroeconomic perspective, the year has been characterised by a fluctuating interest rate outlook. There have been persistent concerns over potential 'hard landings' in major economies, and 'higher for longer' policy rate predictions gradually shifting to market expectations for more and rapid rate cuts, though with significant ongoing volatility and uncertainty. Managing the impacts of political change and policy volatility has been a key trend this year, with changes in governments having economic and commercial implications for both the Group and the industry. While performance in Hong Kong has improved, mainland China continues to experience a slow economic recovery. The Group's wholesale credit risk and retail credit risk portfolios remain resilient despite these challenges and the GRC has regularly reviewed portfolio performance throughout the year.

Financial risks have been well managed this year, and the GRC has continued to focus on treasury, capital and liquidity risk management activities, including dedicating time to its assessment of the internal capital adequacy assessment process ('ICAAP') and internal liquidity adequacy assessment process ('ILAAP'), which the GRC considers to be one of its primary responsibilities. This is alongside prudential sensitivity analysis and its recovery and resolution responsibilities. The Group made its Resolvability Assessment Framework public disclosure in August, receiving positive feedback from the Bank of England, which recognised the progress made and our success in remediating previously identified shortcomings. The Group Recovery Plan was submitted in June and we await feedback from the PRA.

Non-financial risk has necessitated considerable GRC attention this year. The fast-paced regulatory landscape has resulted in dynamic, and in many cases, increasing expectations from regulators around the world. With the ongoing conflict between Russia and Ukraine, navigating sanctions obligations has been an ongoing challenge, and the Israel-Hamas conflict poses a significant risk to security in the region, with associated potential customer, staff and operational impacts. With the publication of Supervisory statement 1/23 – 'Model risk management principles for banks' last year, the GRC has undertaken to better understand its responsibilities under the new regime, by challenging the revised Group policy and framework, and holding an education session to increase knowledge. The GRC supported management through an exercise to enhance the HSBC Risk Management Framework, which has resulted in several areas of improvement and brings us into line with industry best practice. The Committee has also considered updates to the Global Risk Appetite Framework and Group Risk Appetite Statement to promote more transparency and consistency across the Group. The Group continues to prepare for the PRA's regulatory requirements relating to Operational Resilience by improving its capabilities, identifying its vulnerabilities and undertaking an extensive programme of testing. Risk culture and its importance has also featured extensively throughout committee discussions, including the development and implementation of the Risk Culture Framework. Other areas of focus and challenge include the Group's data strategy and remediation programme, conduct and financial crime, technology and cyber risk, ESG and ongoing Risk Transformation programmes. As explained in the Report of the GAC on page 265, responsibility for oversight of all internal controls transitioned to the GAC during 2024.

Further details on these and other areas of GRC oversight during the year are set out below.

I am proud to have led the GRC this year and am pleased at the effective execution of its duties. I am confident the Committee remains well placed to discharge its responsibilities and provide valuable advice to the Board in 2025 and the future.

Committee governance

The Group Chief Risk and Compliance Officer, Group CFO, Group Chief Operating Officer, Group Chief Information Officer, Group Chief People & Governance Officer, Group Chief Legal Officer and Group Head of Internal Audit are standing attendees at GRC meetings. The Chair and members of the GRC also hold private meetings with the Group Chief Risk and Compliance Officer, the Group Head of Strategy and Corporate Development, the Group Head of Internal Audit and the external auditor, PwC, following scheduled GRC meetings.

The participation of our senior business leaders, including the Group CEO who attended five scheduled GRC meetings in 2024, and the chief executive officers of the three global businesses reaffirmed the ownership of, and accountability for, risks in the first line of defence.

Outside of formal meetings, the Chair meets regularly with the Group Chief Risk and Compliance Officer, and, where appropriate, members of senior management, to discuss priorities and track progress on key actions. The Chair also meets regularly with the GRC Secretary to ensure the GRC addresses its governance responsibilities. A summary of coverage is set out in the 'Matters considered during 2024' table.

Matters considered during 2024

	Jan[2]	Feb	Mar[2]	May	Jun	Jul	Sep	Dec
Holistic enterprise risk monitoring including Group risk profile[1]	◆	◆	◇	◆	◆	◆	◆	◆
Risk framework and policies	◆	◇	◇	◇	◇	◆	◇	◇
Treasury and traded risk	◆	◆	◆	◆	◆	◆	◆	◆
Wholesale/retail credit risk	◇	◆	◇	◆	◆	◆	◇	◆
Financial reporting risk	◇	◆	◇	◇	◇	◆	◇	◇
Resilience risk (including IT and operational risk)	◇	◆	◇	◆	◆	◆	◆	◆
Financial crime risk	◆	◆	◇	◆	◇	◆	◆	◆
People and conduct risk	◇	◇	◇	◆	◇	◆	◇	◆
Regulatory compliance risk	◇	◆	◆	◇	◇	◆	◆	◆
Legal risk	◇	◆	◇	◇	◆	◇	◆	◆
Model risk	◇	◇	◆	◆	◇	◆	◇	◆
Climate risk	◇	◆	◇	◇	◇	◆	◆	◆
Strategic risk	◇	◆	◇	◆	◇	◆	◆	◆

◆ Matter considered   ◇ Matter not considered

1 The GRC receives updates on all risk types through the Group risk profile, which is presented to all regular meetings.
2 The January and March meetings are ad hoc meetings with a reduced agenda.

How the Committee discharged its responsibilities

Activities outside formal meetings

The GRC held a number of meetings outside its regular schedule to facilitate deeper and more effective oversight of the risks impacting the Group. Areas covered included ICAAP and ILAAP preparations, interest rate risk in the banking book, operational resilience and model risk management, as well as briefings on the Resolvability Assessment Framework and the Group Risk Appetite Framework. Further details of these sessions are included in the 'Principal activities and significant issues considered during 2024' table starting on page 273.

Connectivity with principal subsidiary risk committees

During 2024, the GRC continued to actively engage with principal subsidiary risk committees through the scheduled participation of principal subsidiary risk committee chairs at relevant GRC meetings, and through regular connectivity meetings with the principal subsidiary risk committee chairs. These meetings are also attended by the Group Chief Risk and Compliance Officer. This participation and connectivity promoted the sharing of information and best practices between the GRC and principal subsidiary risk committees, as well as encouraging director relationships. Principal subsidiary risk committee chairs were invited to attend a joint meeting between the GRC and the GAC in order that a consistent message on changes to committee responsibilities with regards to internal controls was received.

The GRC has also received certifications from the principal subsidiary risk committees, confirming that management had been challenged on the quality of the information provided, the committees had reviewed the actions proposed by management to address any emerging issues and that risk management and internal control systems had been operating effectively.

These interactions furthered the GRC's understanding of the risk profile of the principal subsidiaries, leading to more comprehensive review and challenge by the GRC.

Collaborative oversight by the GRC, GAC, Group Technology and Operations Committee ('GTOC') and Group Remuneration Committee ('RemCo')

The GRC worked closely with the GAC and the GTOC to address any areas of significant overlap, and to oversee risk and controls more comprehensively through inter-committee communications and joint meetings.

The GRC and the GAC convened on one occasion to consider a range of issues, including changes being made to how each committee manages and oversees internal controls.

The GRC and GTOC worked closely to ensure appropriate alignment in the review, discussion, challenge and conclusions on topics including risk and control issues relating to digital assets and currencies, the Group's data strategy, artificial intelligence and cybersecurity. This ensured that the committees benefited from each other's expertise and challenge.

Coordination between the GRC, GAC and the GTOC is supported by cross-membership. The GRC Chair attends the GAC, the GTOC Chair attends the GRC, and the GAC Chair attends both the GTOC and GRC, strengthening connectivity and the flow of information between the committees.

The GRC and Group RemCo work collaboratively to consider risk adjustment to the variable pay pool as part of the Group reward process, given the integral nature of risk management to the Group's performance culture. This year, the committee has also considered improvements to the Risk and Reward framework.

Principal activities and significant issues considered during 2024

Risk areas	Key issues	Conclusions and actions
Holistic enterprise risk monitoring, including Group risk profile	Macroeconomic, geopolitical and other emerging risks have the potential to present significant challenges to revenue growth, operational resilience and our commitment to serve customers and local markets.	– The GRC closely monitored geopolitical and macroeconomic risks that could impact the Group's strategy, business performance or operations. These risks were exacerbated by ongoing conflict between Russia-Ukraine, the Israel-Hamas conflict and rising political tensions between the US and China. The resulting sanctions risk from these events has required significant focus and oversight by the Committee. While market sentiment and economic growth had been more positive than forecast, the real estate sector continued to experience pressure, particularly in mainland China and Hong Kong. – The GRC continued to track top and emerging risks, our risk appetite and other management information metrics, as well as other early warning measures to understand sensitivities and the likelihood of the potential impact to our operations, customers and stakeholders. The GRC provided oversight and challenge of a robust book of strategic management actions to respond to potential downside scenarios. – The GRC requested reports on the risk profile of key business areas in local geographies and invited principal subsidiary chairs and relevant management to attend and participate in discussions.
Risk framework and policies	Effective risk management policies, frameworks, appetites and thresholds, and oversight of these, are essential for HSBC to safely, consistently and sustainably support customers, manage risk and deliver strategic aims.	– The Group has a risk appetite statement to define risk appetite and tolerance thresholds, which forms the basis of the risk management procedures for the first and second lines of defence, the Group's capacity and capabilities to support customers, and the achievement of strategic goals. The GRC maintained oversight of the Group's risk appetite framework, reviewing changes to the Group's risk appetite statements and recommending these to the Board for approval. This year's update to the risk appetite statement was focused on providing essential coverage of the key risks facing the Group and setting thresholds that reflected its desired risk profile for these risks. A review of the Group risk appetite framework was also undertaken to assess the dimensions of the framework and consider principles and approaches to support effective and consistent appetite setting for the Group's broader business strategy. Areas of proposed improvement included: expanding assessments against appetite to an evaluation-based risk appetite that considers the entire risk profile; and enhancing Board-level overall statements to explicitly define the Group's targeted appetite and the risks outside of appetite or tolerance, as well as qualitative context. – The GRC met with the Group Chief Risk and Compliance Officer and the Global Head of Enterprise Risk Management individually to ensure clarity and understanding of the changes being proposed, and how the improved design would support better outcomes for the Group. The framework has been validated by Oliver Wyman and brings the risk appetite framework into line with industry peers. – The GRC also reviewed and approved proposed annual updates to HSBC's Risk Management Framework, providing a standardised, Group-wide approach to the identification, treatment and reporting of risk.
Treasury risk	It is essential that capital and liquidity risk is monitored effectively, and the Group takes active steps to maintain its capital and liquidity positions. Regular stress testing is undertaken to ascertain the Group's operation when under stress. Developing action plans and guardrails to cover scenarios of recovery or resolution at a subsidiary or Group level is an essential part of HSBC's prudential management.	– The Group proactively tracks and maintains safeguarding of its capital and liquidity positions. It performs internal and regulatory stress tests to measure resilience and performance against a range of stress scenarios, and to challenge the strategic management actions that could be applied against anticipated stress events and headwinds. – The GRC conducted its annual review and challenge of the Group's ICAAP and ILAAP, and provided its recommendation to the Board for approval. The GRC continued to monitor Interest Rate Risk in the Banking Book ('IRRBB') sensitivity, structural hedging strategy and the ongoing activities to develop the Group's capabilities for internal reporting and enhanced external disclosures. An education session on IRRBB was held in April to provide the Committee with the Group's latest position, context around the regulatory feedback and an overview of the different components of IRRBB. – The GRC reviewed the Group's ongoing activities to identify, manage and mitigate treasury, capital and liquidity risks, including early warning indicators, sensitivity analysis, capital and liquidity reporting and adequacy. – In relation to stress testing exercises, the GRC reviewed the Group Recovery Plan stress scenarios in March and September. The GRC also considered the Group-wide internal stress test, scenarios and outputs, which contribute to the Group's commitment to regularly test the resilience of the balance sheet and profit and loss under multiple scenarios of varying severity. An internal climate scenario analysis was undertaken, with results presented in February 2024. – As part of its regulatory obligations, the Group is required to show how its recovery and resolution strategies could be executed effectively and identify any risks to successful implementation. The GRC continued its oversight of the Group's progress in maintaining and developing its capabilities under the Bank of England's requirements for resolvability. The GRC has been regularly updated on the Group's implementation of the PRA's Trading Activity Wind Down requirements in preparation for the March 2025 deadline, which will require the Group to have implemented a set of capabilities that will allow the execution of a full or partial wind down of its trading activities in an orderly fashion. In March 2024, the GRC reviewed the Resolvability Assessment Framework public disclosure and made a recommendation to the Board for approval. In June 2024, management presented the 2024 Group Recovery Plan ahead of its submission to the PRA in June. The plan was also recommended to the Board for approval. The Chairs of the GRC and the GAC both received comprehensive briefings prior to the presentation of both submissions.

Principal activities and significant issues considered during 2024 (continued)

Risk areas	Key issues	Conclusions and actions
Model risk	HSBC can face risks from inappropriate or incorrect business decisions arising from the use of models that have been inadequately designed, implemented or used, or do not perform in line with expectations and predictions.	– The GRC has had significant engagement on model risk management due to the release of Supervisory Statement (SS) 1/23 – 'Model risk management principles for banks' in 2023, and the required remediation in order to be in compliance with the PRA's new expectations. The GRC has overseen revisions to the model risk policy and framework, plus the self-assessment exercise required by the statement. In addition, a separate education session was held in July, providing an in-depth overview of model risk, how models are used within the business, and with a specific focus on Wholesale IRB Models and the data challenges.
Resilience / Operational risk	A failure in resilience could lead to a situation where HSBC customers might suffer significant disruption to services or loss of data. Technology risks (including cybersecurity) could cause unmanaged disruption to any IT system within HSBC, as a result of malicious acts, accidental actions, poor IT practice, or IT system failure.	– The GRC continued its oversight of the Group's implementation of operational resilience capabilities in line with PRA and FCA policies. The GRC reviewed and challenged the operational resilience self-assessment against regulatory expectations and was briefed on the methodology used to identify vulnerabilities from the mapping and testing of Important Group Business Services and Entity Important Business Services in line with regulatory policy. An additional briefing session on operational resilience was held in June to prepare the Committee for the self-assessment in June. – The GRC regularly reviewed reports on the Group's technology risk profile, as well as receiving updates on cybersecurity risk. Reports have focused on the risk and control environment, as well as the current threat landscape and emerging risks. The GRC will continue to work with the Group Technology and Operations Committee to consider the risks and opportunities in the use of AI (generative and advanced) and digital assets and currencies in 2025. – The GRC continued with its strong focus on understanding the Group's data risk landscape, its data strategy and data management programme. This has included the tracking of progress made against the Group's data execution programme and timelines are being monitored closely. – Third-party risk management received additional focus this year in light of a number of external incidents that had largely occurred due to the failure of third-party vendors. The GRC will continue this focus into 2025, working closely with the GTOC.
Wholesale/ retail credit risk	HSBC faces risk from the possibility of losses resulting from the failure of a counterparty to meet its agreed obligations to pay the Group. The commercial real estate sector has presented unique challenges for the wholesale credit risk portfolio, particularly for office properties.	– The GRC received briefings on the macroeconomic and policy landscape impacting credit risk, both retail and commercial, and reviewed updates on the strategy and approach to managing credit risk and credit risk capabilities. The GRC received regular updates on the Group's expected credit losses and provisions, and the credit risk arising from the wholesale portfolio and mortgage books. Throughout the year, the GRC focused on building even stronger credit capabilities for specialty sectors, including the continued implementation of the Country and Industry components of the Credit Risk Appetite Framework. – The GRC challenged on changes made to the Commercial Real Estate cap to ensure adequate control of the business, given commercial real estate is the largest corporate sector concentration in the wholesale portfolio. – The GRC had oversight of the development of stronger portfolio management capabilities and further improving the Group's credit risk culture. A key focus area continued to be maintaining appropriate tools and treatments available to our customers to support anyone experiencing financial difficulty, having the right people available to give the right advice and ensuring that conduct and good customer outcomes are first priorities.
Financial reporting risk	HSBC is exposed to risks where controls supporting the reporting of its financial statements are not effective, resulting in material error or misstatement	– While the GAC has primary responsibility in relation to internal control systems (including financial controls), with further detail on page 265, the GRC receives reports on entity level control assessments to enable the oversight of the effectiveness of such controls in support of the Group's financial reporting.
Financial crime risk	There is a risk that HSBC's products and services could be exploited for criminal activity, including fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing. Insider threat also presents the risk that an individual with access to bank data, systems, infrastructure or finances could use that access to intentionally cause harm to the bank and its customers.	– The GRC was updated regularly on the operation and effectiveness of the systems and controls pertaining to financial crime risk across geographies and businesses. This included reviewing updates to the Group's financial crime policy, enhancing the approach to insider risk, and monitoring the fraud landscape and strategies for managing fraud risk. – Specific updates on Russia sanctions have been necessary with the ongoing conflict between Russia and Ukraine, in particular due to the increasing severity of US sanctions and the Group's unique global position in many of the affected markets. The GRC has been appraised of all management engagement with local governments and regulators in impacted regions. – The GRC increased their focus on Insider Threat, as HSBC's inherent risk has increased due to factors including cost-of-living challenges and inflation affecting markets, the potential impact of restructures on staff morale, and the inherent risks associated with growth.

Principal activities and significant issues considered during 2024 (continued)

Risk areas	Key issues	Conclusions and actions
People and conduct risk	People are central to everything HSBC does and it is essential to manage the risk of not having the right people with the right skills, and to ensure staff always have the customer's interest at the forefront. Monitoring of conduct outcomes is integral to ensuring the needs of our customers are adequately met.	– The GRC considered people risk issues with a focus on capacity, capability, culture and conduct. It also considered remuneration risks, and strategies to retain talent and acquire new capabilities in key areas, with a particular focus on approaches to maintain low attrition rates. – The GRC now considers an Annual Conduct Update, further to the implementation of the Purpose Led Conduct Framework in 2023. – The GRC and Group RemCo met in September to consider improvements to the Risk and Reward framework. The proposed changes support better understanding of the risk factors used to drive performance assessments and how judgements made align to the application of the Risk Modifier. – The GRC met in November to review the Group's risk and reward alignment framework to promote sound and effective risk management in meeting PRA and FCA remuneration rules and expectations.
Regulatory compliance risk	As a result of operating in multiple jurisdictions globally, HSBC is exposed to risks associated with inappropriate market conduct or breaching related financial services regulatory standards or expectations.	– The GRC and its members actively engage with regulators and act on feedback. The Committee closely monitors the progress of regulatory remediation activities, with support from the Group Chief Risk and Compliance Officer as well as principal subsidiary risk committee chairs. Throughout the year, the GRC had oversight over reports providing feedback from regulators, including a summary of regulatory deliverables to ensure HSBC remains in line with regulatory standards and expectations. – The GRC also considered the 'Statement of Compliance' exercise, which is an assessment of Significant Regulatory Matters undertaken for principal subsidiary CEOs, providing an opinion as to how well managed these are and where gaps may exist. Further to a pilot undertaken in Mexico, this approach is now being rolled out across all principal subsidiaries.
Legal risk	HSBC is exposed to the risk of financial loss, legal or regulatory action resulting from contractual risk, dispute management risk, breach of competition law or intellectual property risk.	– The GRC oversees and receives regular updates on key legal developments and material legal issues from the Group Chief Legal Officer. The updates also cover material litigation and regulatory enforcement matters and an overview of the legal risk profile of HSBC.
Climate risk	Environmental, social and governance risks present significant risks to organisations both in terms of their own operations and how they engage with stakeholders and communities.	– The GRC remained focused on climate risk and greenwashing risk. The GRC received reports on climate risk management and sustainability risk policies, while maintaining oversight of delivery plans and risk appetite breaches to help ensure that the Group continues to develop and maintains robust climate risk management capabilities. Reputation risk considerations have also formed part of these discussions. – The GRC approved the 2024 internal climate scenario analysis in February 2024. The outcomes will be used to respond to multiple regional regulatory climate exercises as well as meeting regulatory expectations on incorporating climate change within the Group's strategic plans and ICAAP.

Committee performance review 2024/2025

In 2024 the annual review of the performance of the Board Committees, including the GRC, was conducted externally by IBE. On the basis of the review, Directors concluded that the GRC continued to operate effectively.

Areas for enhancement were identified, including the need for: continued focus on paper quality and content to increase focus on the most significant enterprise and emerging risks; ongoing refinement of the GRC agenda to streamline and enable greater attention to strategic risk areas; continued additional educational and 'deep dive' sessions outside of the formal schedule of meetings to allow for greater debate, insights and learnings, coupled with other mechanisms to guide the scheduled Committee discussions; ongoing work with Management to ensure effective and timely follow up to Committee challenge. The collaboration across the GRC, GAC and GTOC agendas, via the Committee Chairs, will continue in 2025.

The outcomes of the performance review have been reported to the Board, and the GRC will track the progress in implementing recommendations during 2025.

Further details of the annual review of the Board and Committee effectiveness can be found on page 257.

Focus of future activities

The GRC's focus for 2025 will include the following activities:

- to continue to monitor the effective delivery of risk transformation programmes and to seek assurance that the enhanced capabilities have been fully embedded into the business;
- to support the continued enhancement of the Group's risk appetite and risk management frameworks further to the improvements made in 2024, particularly in light of continued geopolitical and macroeconomic headwinds;
- to continue to assess the Group's operational resilience capability and to track the completion of the programme of work required by the PRA rules coming into effect in March 2025;
- to continue to support and challenge the remediation activities identified to enhance Model Risk Management capabilities in line with SS 1/23;
- to continue to oversee treasury risk to strengthen our capital and liquidity management capabilities;
- to continue the oversight of recovery and resolution planning activities to assess our capabilities if such a situation arises, with particular focus on our Trading Activity Wind Down obligations;
- to monitor delivery against our climate ambitions and the development of appropriate data and model management tools and capabilities; and
- to continue to oversee financial crime risk and the strengthening of the financial crime control framework, including proactive management by the business.

Group Technology and Operations Committee

"The Committee oversees all aspects of the Group's technology and operations strategies, which enable the efficient provision of resilient, sustainable, and innovative products and services to our customers."

Eileen Murray
Chair
Group Technology and Operations Committee

Membership

	Member since	Meeting attendance in 2024[1]
Eileen Murray (Chair)	**Mar 2024**	**7/7**
Steven Guggenheimer	**Mar 2024**	**7/7**
Kalpana Morparia[2]	**Mar 2024**	**6/7**
Brendan Nelson	**Mar 2024**	**7/7**
Swee Lian Teo	**Mar 2024**	**7/7**

1 These included seven scheduled meetings.
2 Kalpana Morparia was unable to attend the November meeting due to a prior commitment.

Key responsibilities

The GTOC has overall responsibility for the oversight of HSBC's technology and operations strategies and alignment with the overall HSBC Group strategy, including global business and global function priorities. The GTOC's key responsibilities include:

– reviewing, challenging, and making recommendations to the Board on technology strategy and related matters;
– overseeing HSBC's data strategy and framework;
– overseeing HSBC's cybersecurity strategy and framework; and
– overseeing HSBC's global operations, including payments, procurement, corporate real estate and operational resilience.

I am pleased to present the first report of the Group Technology and Operations Committee ('GTOC'), which was established in March 2024 as the Group Technology Committee with the responsibility for oversight of execution against the Group's Technology strategy. In December 2024, the remit of the Committee was extended to also cover global operations, including payments, procurement, corporate real estate, and operational resilience, reflecting changes to the Group organisational structure and the importance of operations to delivery of the Group's strategy. I would like to thank Steve Guggenheimer, Kalpana Morparia, Brendan Nelson and Swee Lian Teo, all of whom joined the Committee alongside me in March. Each director has brought their unique skills, experience and perspectives to the matters we have spent time on.

Since our first meeting in March 2024, a key area of oversight and focus has been oversight of the enterprise-wide programme established to simplify the Group's technology infrastructure, enhance system resilience, and accelerate digital transformation across the bank. The GTOC has challenged management on its plans and prioritisation and has overseen progress in execution of what is a multi-year deliverable, seeking assurance from Risk and Global Internal Audit on the robustness of the approach.

The GTOC has worked closely with management since its inception to reinforce and enhance the guardrails supporting technology investments and transformation, the tracking of benefits and outcomes, and to enhance accountability for delivery. It has received updates on key projects and programmes, and has considered the technology deliverables within our payments, core banking, and global private banking and wealth strategies.

The GTOC has also received regular updates on management's programme to meet regulatory deliverables and address technology-related risk and control matters and we have again challenged the approach to prioritisation and delivery timelines.

Other areas of focus for the GTOC during the year have included the Group's data and cybersecurity programmes. We provided input and challenge to management's remediation plans and efforts to enhance technology, cybersecurity, and data metrics and key performance indicators. We also considered the innovation agenda, including opportunities in respect of artificial intelligence and digital assets.

To support engagement and connectivity across the Group on key technology matters, I invited observers from each of the four largest principal subsidiaries to join the GTOC meetings. We held two subsidiary-focused meetings during 2024, with a focus on operational resilience, including data and third-party risks. We discussed regulatory regimes across the different markets, progress against agreed timelines, challenges to meet expectations, and dependencies on Group-level programmes and deliverables.

In October 2024, the GTOC hosted a training session to which all Board members were invited, to hear external insights and perspectives on third-party suppliers, including key risks and trends.

Further details on these and other areas of GTOC oversight during the year are set out below.

Committee governance

The GTOC operates under delegated authority from the Board and advises the Board on matters concerning the Group's technology and operations strategies and related matters. The GTOC Chair reports on the key matters and discussions at the subsequent Board meeting, and the Board also has access to the GTOC papers and receives copies of meeting agendas and minutes.

The Group Chief Information Officer, Group Chief Operating Officer, Group Chief Risk and Compliance Officer, Global Head of Enterprise Risk Management, Group CFO, Group Head of Internal Audit, and the external auditor are standing attendees at GTOC meetings. The Chair and members of the GTOC also hold private meetings with the Group Chief Information Officer, Group Chief Operating Officer, Group Chief Risk and Compliance Officer, and Group Head of Internal Audit, as required.

The GTOC Chair meets regularly with the Group Chief Information Officer and Group Chief Operating Officer and other members of senior management, to discuss priorities and track progress on key actions. The Chair also meets regularly with the GTOC Secretary to ensure the GTOC addresses its governance responsibilities. A summary of coverage is set out in the 'Matters considered during 2024' table.

Matters considered during 2024

	Mar	May	Jun	Jul	Sep	Nov	Dec
Technology	◆	◆	◆	◆	◆	◆	◆
Investment and transformation	◆	◆	◆	◆	◆	◆	◆
Resilience	◆	◆	◆	◆	◆	◆	◆
Innovation	◇	◇	◆	◇	◆	◇	◆
Cybersecurity	◇	◆	◆	◆	◆	◆	◆
Data	◇	◆	◇	◆	◆	◇	◆
Resource and capability	◇	◇	◇	◆	◇	◇	◇

◆ Matter considered ◇ Matter not considered

How the Committee discharged its responsibilities

Engagement outside formal meetings

The GTOC Chair held several meetings outside its regular schedule to facilitate deeper and more effective oversight of all key topics under its remit. The Chair regularly met with key stakeholders, including executives, programme sponsors, second and third line of defence, and independent third parties.

On 16 October 2024, KPMG held an education session on Third Party Management for the HSBC Holdings Board covering industry insights, trends, and the regulatory landscape. Further details of this and similar sessions are included in the 'Principal activities and significant issues considered during 2024' table starting on page 277.

Connectivity with principal subsidiaries

Board members representing the four principal subsidiaries (UK, Asia, Europe and the US) are invited to attend the GTOC. As described above, two additional 'GTOC - Principal Subsidiaries' meetings were held covering Operational Resilience (resiliency challenges, regulatory requirements and action plans to address resilience issues).

Collaborative oversight by the GTOC, GRC and GAC

The GTOC worked closely with the GRC and the GAC to address any areas of significant overlap, and to oversee technology more comprehensively through inter-committee communications.

The committees worked closely to ensure appropriate alignment in the review, discussion, challenge, and conclusions on topics including technology, cybersecurity, data and innovation. This ensured that the committees benefited from each other's expertise and challenge.

On 16 September 2024, members of the Group Technology, Group Risk and Group Remuneration Committees met to consider proposed changes to HSBC's risk and reward alignment framework and to promote accountability for technology deliverables.

Coordination between the GTOC, GRC and the GAC is supported by cross-membership. The GTOC Chair attends the GRC, the GRC Chair attends the GAC, and the GAC Chair attends both the GTOC and GRC, strengthening connectivity and the flow of information between the committees.

Principal activities and significant issues considered during 2024

Area of focus	Key issues	Conclusions and actions
Technology strategy	There is Group-wide focus to implement the technology strategy. This requires clarity and alignment of priorities and collaboration across businesses, functions, and markets to deliver the most critical initiatives.	– The GTOC regularly reviewed and challenged updates in relation to the technology strategy and the programmes in place to deliver. The committee oversaw and requested more granularity on timelines, the prioritisation approach, key risks, dependencies and challenges. – Additionally, the GTOC challenged that focus, funding and resource was being applied to enable the execution timelines to be met and requested assurances from Risk and Global Internal Audit on the robustness of the approach and progress being made.
Technology strategy: management information and KPIs	The Board and Board Committees rely on quality management information, KPIs and metrics to effectively oversee the areas under their remit.	– The GTOC provided detailed feedback and insights on work to refine Board level metrics to ensure strong governance and accountability across technology, cybersecurity and data. Discussions included the calibration of quantifiable triggers and tolerance levels.
Investment and transformation	A number of significant programmes with material technology components have been subject to replanning and/or did not deliver the benefits expected.	– The GTOC challenged management on the quality of business cases and provided inputs to the enhanced investment case framework, which has been refined to require: – articulation of risks and dependencies to ensure that these are well understood by management, and appropriately considered; – detailed insights on the opportunity and peer insights; and – accurate and informed cost estimations.
Investment and transformation: Global Payments Solutions	Payments is a significant proposition for HSBC and is subject to an ongoing investment programme.	– The GTOC provided oversight of the Global Payments Solutions strategy, including the risk profile, effectiveness of the control environment, investment and expected benefits, and alignment of the current technology stack to the desired target state architecture.

Principal activities and significant issues considered during 2024 (continued)

Area of focus	Key issues	Conclusions and actions
Investment and transformation: Global Private Banking and Wealth	GPB and Wealth is a significant proposition for HSBC and is subject to an ongoing investment programme.	– The GTOC provided oversight of the Global Private Banking and Wealth strategy, including the risk profile, effectiveness of the control environment, investment and expected benefits, and alignment of the current technology stack to the desired target state architecture.
Resilience	Operational resilience is a key priority for HSBC	– The GTOC regularly discussed actions being taken to improve resiliency, including work to simplify the technology estate and to enhance controls to reduce service interruptions impacting customers. – In view of our reliance on services provided by third parties, the GTOC also reviewed the third-party risk management framework that is in place to monitor associated risks and identify and implement mitigating actions, and provided oversight of third-party related topics in relation to: regulatory feedback/ trends; technology and cybersecurity resilience; third-party security risk; spend and usage – In addition, committee members met with principal subsidiaries to discuss resiliency challenges, regulatory requirements, and action plans to address resilience issues.
Innovation strategy	While AI, and particularly generative AI, is likely to provide much opportunity for the bank, the risks need to be understood and managed appropriately.	– The GTOC has reviewed strategies to leverage the opportunities presented by innovation and new technologies, including in relation to digital assets and generative AI. These discussions set clear expectations with regard to risk, control and governance frameworks, enhancements (where required) and associated funding needs.
Cybersecurity	Cybersecurity remains one of the most significant risks faced by the financial services industry.	– The GTOC provided oversight of cybersecurity; receiving regular updates from the Group Chief Information Officer and Group Chief Information Security Officer relating to: key controls; service and resilience; the external threat environment; enhancements to metrics; and progress updates on key programmes. The Committee also discussed the impacts of cyber issues experienced by suppliers and challenged management on what additional actions could be taken to mitigate those risks. – The GTOC reviewed and challenged regular updates on the cybersecurity programme, including specific focus on the results of an industry-wide peer review and the timelines for ongoing enhancements to the cyber risk and control framework.
Data	Significant work is ongoing to develop the Group's data strategy and deliver the data remediation programme.	– The GTOC requested several specific updates on the Group's data remediation programme, including on progress made, and challenges encountered, to meet regulatory commitments. Additionally, the Committee challenged to understand the assessment of the control landscape, residual risk and plans to mitigate, both short and long term. The GTOC challenged management to articulate a clear data strategy, and this will remain an area of material focus in 2025. – The Committee demonstrated oversight of the key priorities to implement improvements to the integrity of regulatory reporting; enhance data quality measures across priority processes; and meet regulatory commitments.
Resource and capability	Having the right skills and resources is critical to achieving our strategic ambitions.	– The GTOC reviewed management's technology people and capability plans. Key resources, dependencies on subject matter experts, and future skills needs were also considered in respect of programme updates.

Committee performance review

In 2024 the annual review of the effectiveness of the Board committees, including the GTOC, was conducted externally by IBE. On the basis of the review, directors concluded that the GTOC was operating effectively.

Positive feedback was noted on the leadership of the GTOC Chair, the quality of information received, and the responsiveness of management in relation to the topics of focus during 2024. The review highlighted the importance of continued connectivity between the Board Committees, in particular the GTOC and GRC given the overlap of issues within their respective remits.

Further details of the annual review of the Board and Committee performance can be found on pages 257 to 258.

Focus of future activities

The GTOC's focus for 2025 will include the following activities:

- Oversight and review of the Group's global operations strategy, including payments, procurement, corporate real estate and operational resilience;
- continued oversight and review of the Group's technology strategy, cybersecurity strategy and related matters;
- continued oversight of key transformation programmes, with a particular focus on accountability;
- continued focus on data remediation activities and management's articulation of its data strategy, and the monitoring of progress to execute;
- continued focus on the resilience of services; and
- continued consideration of technology innovation initiatives and how these might be leveraged in support of the Group strategy.

Directors' remuneration report

"Our new remuneration policy will support the delivery of our strategy and materially strengthen the alignment between performance, pay and shareholder interests."

Dame Carolyn Fairbairn
Chair
Group Remuneration Committee

Membership[1]

	Member since	Meeting attendance in 2024
Dame Carolyn Fairbairn (Chair)	**Sep 2021**	**9/9**
Geraldine Buckingham	**Jun 2022**	**9/9**
Rachel Duan	**Sep 2021**	**9/9**
Ann Godbehere	**Sep 2023**	**9/9**
José Antonio Meade Kuribreña	**May 2021**	**9/9**
Kalpana Jaisingh Morparia[2]	**Oct 2024**	**2/2**
Eileen Murray	**May 2023**	**9/9**

1 All members of the Committee are independent non-executive Directors of HSBC Holdings plc.
2 Kalpana Jaisingh Morparia joined the Committee on 1 October 2024.

Key responsibilities

The Committee's key responsibilities include:

– making recommendations to the Board, for approval by shareholders, on the Group's remuneration policy;

– setting the overarching principles, parameters and governance framework of the Group's remuneration policy;

– approving the remuneration of executive Directors and other senior Group employees; and

– regularly reviewing the effectiveness of the remuneration policy of the Group and its subsidiaries in the context of strategy, culture, conduct and effective risk management.

All disclosures in the Directors' remuneration report are unaudited unless otherwise stated. Disclosures marked as audited should be considered audited in the context of financial statements taken as a whole.

Dear shareholders,

I am delighted to present our 2024 Directors' remuneration report on behalf of the members of the Group Remuneration Committee (the 'Committee'). I would like to thank Geraldine Buckingham for her valued contribution and to welcome Kalpana Morparia.

I also thank you, our shareholders, for your support of our remuneration resolutions at the 2024 Annual General Meeting ('AGM'). Our implementation of the current Directors' remuneration policy and our resolution to provide the Committee with discretion to set an appropriate variable to fixed pay ratio received respectively over 97% and 99% of votes cast in favour.

The most significant item on the Committee's agenda this year was the review of the Directors' remuneration policy. The changes and supporting rationale are set out over the following pages. We present the formal policy for shareholder approval before describing the key remuneration decisions for our executive Directors for 2024, our approach to wider workforce reward and Committee governance. Further information and disclosure is provided at the end of the report to meet our reporting obligations in the UK and Hong Kong.

2025 executive Director remuneration policy

Commencing in 2023, the Committee undertook a detailed review of the executive Directors' remuneration policy to ensure it remains appropriate given the size and complexity of the Group, the talent market in which we compete and regulatory and best practice developments.

We extensively engaged with major shareholders, representing 65% of those who voted at the 2024 AGM, and proxy advisory bodies. Shareholders were supportive of the proposals and understood the rationale for change. We received valuable feedback on our disclosure, which we have covered within this report. Our discussions focused on the need for stretching performance targets, and some individual shareholders had feedback on specific performance measures. The Committee carefully considered all feedback received, which has directly influenced final proposals.

Context for the review and overall remuneration structure

In 2014, as a result of European legislation (CRD IV), the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') introduced a 2:1 cap on the ratio between variable and fixed pay for material risk takers ('MRTs'). In response to this change, in line with other global banks operating in Europe, we introduced Fixed Pay Allowances ('FPAs') so that HSBC could balance being competitive on a total compensation basis and complying with the remuneration rules.

For our executive Directors, we converted part of their variable pay opportunity (annual incentive of 300% of salary and long-term incentive of 600% of salary) into new FPAs at an effective discount of 50% to reflect the greater certainty of fixed pay. The change materially weakened the link between performance and pay and reduced the maximum total remuneration opportunity from £13,125,000 to £10,725,000 for the Group CEO and from £7,350,000 to £6,000,000 for the Group CFO. The total opportunity has remained largely unchanged over the last decade, despite subsequent changes to the Directors' remuneration policy and changes in incumbents and scope of the Group CFO role.

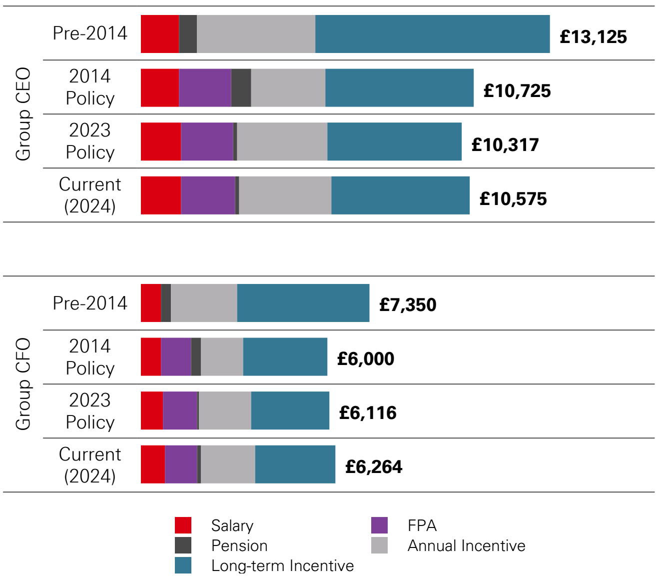
Over several years, the Committee has expressed concerns that the 2:1 cap was having a material impact on the competitiveness of the executive Director remuneration opportunity at HSBC versus international peers.

Now that the 2:1 variable to fixed pay ratio has been removed by UK regulators, the Committee feels it is the right time to return to a remuneration structure with a higher proportion of variable pay linked to performance that is more closely aligned to the experience of our shareholders. This will also help address compression between the total compensation of our executive Directors and some of our Group Operating Committee roles.

We have received strong support from shareholders for our existing policy over many years, which we discussed in our recent engagement. In determining the new policy, the Committee considered several different incentive structures, recognising the diversity in approach among our global peers. This included more complex models such as hybrid structures, the use of restricted stock and retaining part of the FPA. These were ultimately rejected in the interests of simplicity and transparency, and a fundamental desire for pay to be linked to performance and shareholder value creation.

The Committee concluded that the current framework of an annual incentive and single performance-based long-term incentive is most appropriate. It is a simple and well understood structure and supports the delivery of our strategy and alignment with performance through the cycle.

Evolution of our maximum opportunity over time (£000)



We propose to reverse the changes made in 2014 to increase the proportion of pay linked to long-term performance. This means removing FPAs in their entirety and resetting the maximum variable pay opportunity to 900% of salary, split between 300% in annual incentive and 600% in long-term incentive (‘LTI’).

At this level, the LTI enables the Committee to target an appropriate maximum opportunity relative to peers with significantly less reliance on fixed pay. Specifically, the proposed structure reduces fixed pay by 49% for the Group CEO and 51% for the Group CFO.

The Committee considered a lower maximum LTI opportunity for the Group CFO but decided against this, reflecting on the relative complexity of the Group CFO role at HSBC compared to other listed peers in the FTSE 30, practice at international banks, and internal pay compression. We tested this with shareholders during our engagement who were largely supportive of the approach.

In line with current market practice and in direct response to investor feedback, we propose to increase the shareholding guideline to equal the LTI opportunity of 600% of salary for both the Group CEO and Group CFO.

The Committee also intends to implement a post-employment shareholding guideline in line with Investment Association guidelines, which will apply for two-years post cessation of employment.

Overall, the structure ensures that a significant portion of pay is tied to the creation of long-term, sustainable shareholder value.

Shareholders we spoke to were supportive of the principle and simplicity of returning to our 2014 structure, reducing reliance on fixed pay and increasing the proportion of variable pay.

2025 total remuneration opportunity

The Committee reflected on the appropriate maximum opportunity for the Group CEO and Group CFO considering (i) the maximum opportunity in 2014; (ii) market data for our international banking peers and the largest FTSE 30 companies; and (iii) internal pay compression challenges with members of the Group Operating Committee.

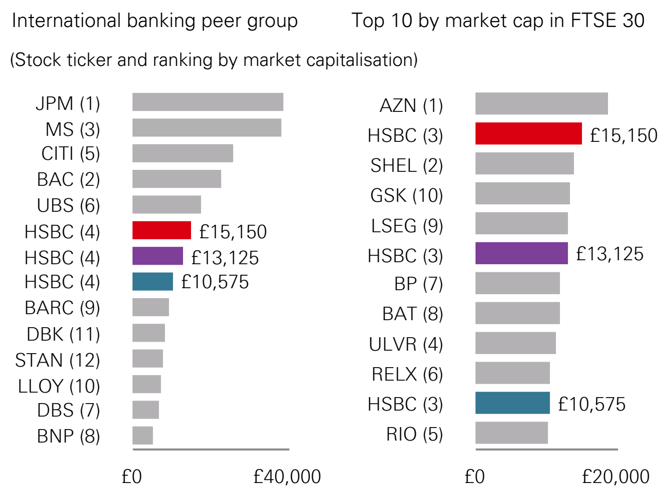
After considering these factors, which are described further below, the Committee determined the appropriate maximum opportunity for 2025 should be £15,150,000 for the Group CEO role and £8,837,500 for the Group CFO.

Returning to the pre-2014 structure increases the proportion of pay subject to performance to 89%, compared to 69% under the current policy. This provides less certainty in pay outcomes with higher pay at maximum performance offset by lower pay for weaker performance. The Committee felt that a higher maximum opportunity was required to reflect the additional volatility given the lower fixed pay and reverse the reduction in total compensation when FPAs were introduced.

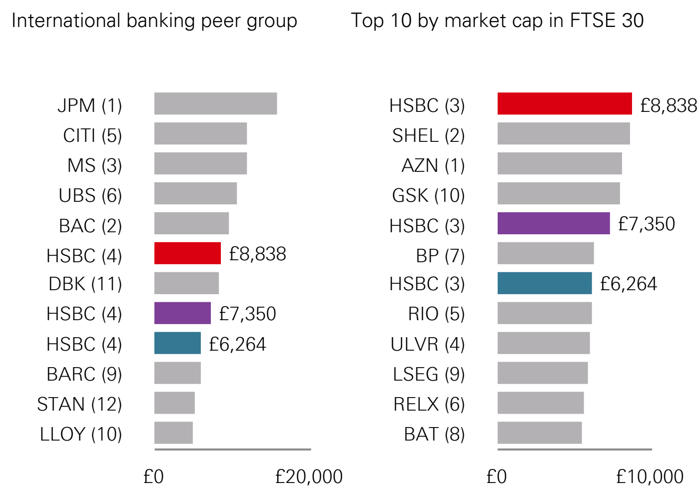
Group CEO payout under different performance scenarios (£m)

‘Target’, ‘Minimum’ and ‘Below Minimum’ scenarios assume performance outcomes of 50%, 25% and 0% respectively for both the annual incentive and LTI.

Group CEO maximum total compensation opportunity (£000)



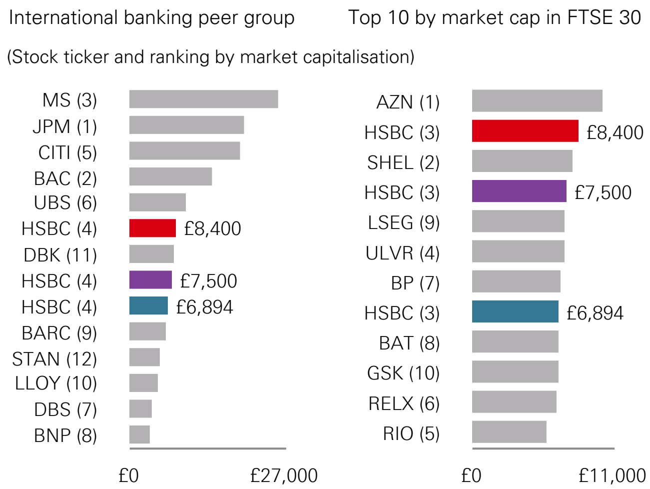
Group CFO maximum total compensation opportunity (£000)



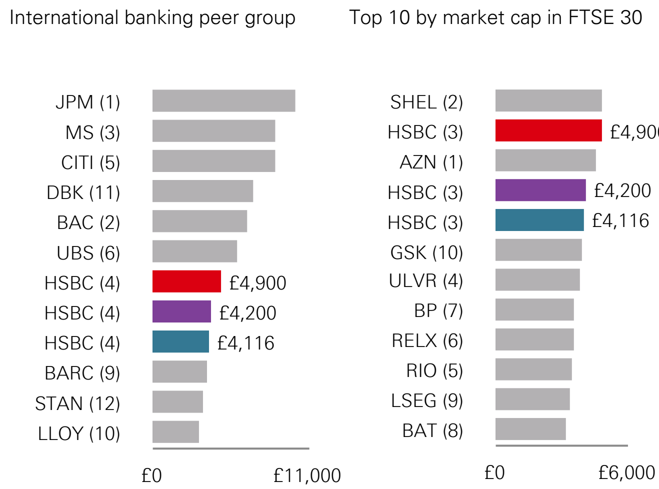
HSBC proposed   HSBC current   HSBC pre-2014

Data source: Deloitte. 2024 total compensation is based on 2023 year-end disclosures. The market capitalisation ranking shown in brackets is based on a 3-month average as at 31 December 2024.

Group CEO target total compensation (£000)



Group CFO target total compensation (£000)



■ HSBC proposed ■ HSBC current ■ HSBC pre-2014

Data source: Deloitte. 2024 total compensation based on 2023 year-end disclosures. 'Target' value of total compensation based on 50% of the maximum value for the annual incentive, or target value if disclosed; 50% of the maximum value for performance-based LTI; the maximum value of restricted shares; and one third of face value for share options. Market capitalisation ranking shown in brackets based on 3-month average as at 31 December 2024.

Over several years, the Committee has seen increases to pay opportunities and changes to pay structures, which have further widened the gap between HSBC and some of our US and European banking peers. In determining the new policy, we have not targeted the quantum or structure of pay in US banks given the differences in market and business models compared to HSBC. However, we believe it is appropriate to narrow the gap to these roles as we recruit from this talent base across various levels of the organisation and this will help alleviate some of the challenges of pay compression.

HSBC is the third-largest company in the FTSE by market capitalisation, a proxy for the scale and complexity of the Group. Operating within 58 countries and territories and employing over 211,000 full-time equivalent employees means that HSBC is also one of the most geographically diverse companies and one of the largest employers in the FTSE 30. The Committee believes that the maximum pay opportunities towards the upper end of the FTSE 30 are reflective of the size and scope of HSBC. These also remain below the pay levels had the growth in median executive Director salaries observed amongst FTSE 30 companies over the last 10 years been applied to our 2014 maximum opportunities.

Compared to our international banking peers, the maximum pay opportunities place HSBC second amongst our European peers, and behind all comparable US roles. The Committee believe this is appropriate given HSBC is one of the largest banking and financial services organisations in the world, which is listed in the UK, whilst recognising the different pay environment in the US.

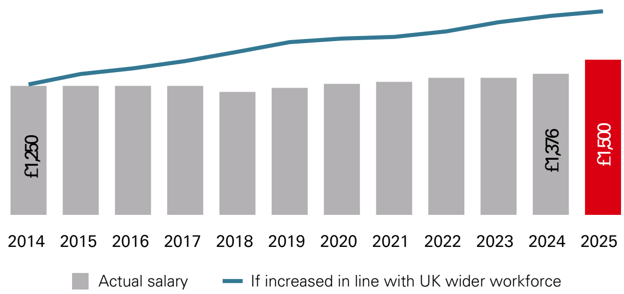
The Committee also reflected on the challenges of pay compression between the executive Directors and members of the Group Operating Committee in the context of succession planning, and considering pay outcomes and market benchmarks for each role. From 2021 to 2023, the expected total compensation of nearly a third of Group Executive Committee members was higher by on average 30% than the Group CFO. The proposed maximum opportunity for the Group CFO helps to restore the pay differential expected by the market versus other senior roles, albeit a gap still remains.

2025 fixed pay

To achieve the increased maximum pay opportunity, base salary for Georges Elhedery will increase to £1,500,000, up 9%. Whilst this is higher than the average 2025 fixed pay increase of 2.9% for UK employees, overall fixed pay for Georges will reduce by 49% following removal of his FPA.

Georges' proposed salary remains behind the level we would expect had average UK wider workforce salary increases of 4% been applied since 2014, when the 2:1 cap was introduced. The average annual HSBC Group CEO salary increase over the same period was 1%.

Evolution of Group CEO salary over time (£000)



We considered higher base salaries given the significant reduction in fixed pay but elected to keep the base salary increase lower, recognising wider cost of living challenges faced by colleagues and customers. This was a view shared by shareholders and reflects our disciplined approach to executive pay.

For Pam Kaur, base salary will increase to £875,000, up 9%. This enables a maximum pay opportunity reflecting the scale and complexity of the Group CFO role at HSBC and limits pay compression with comparable roles on our Group Operating Committee. Similar to Georges, though Pam's salary increase is above the average fixed pay increase for UK employees, her overall fixed pay will reduce by 51% following removal of the FPA.

Subject to shareholder approval of the remuneration policy, salary increases for both Georges and Pam will be effective from 1 March 2025, in line with the UK workforce.

Performance measures and targets

Our proposal represents a material change in structure and quantum, but this will only be realised if stretching performance targets are met and value is delivered for shareholders.

The Committee has undertaken a comprehensive review of the performance measures used for our incentive arrangements to ensure alignment to the Group's priorities and balance delivery of financial and strategic performance. Performance targets and ranges have been set with stretch to reflect the increased pay opportunities. This topic has been a strong focus of policy discussions with shareholders and their views are reflected in our decisions.

For the 2025 annual incentive scorecard, we will:

– Retain our core measures of PBT, Group RoTE and costs, each assessed excluding notable items, and introduce a measure on fee income growth relative to balance sheet growth to incentivise growth with less reliance on capital.

- Reduce the weighting for PBT to 10% and remove Asia RoTE to reduce overlap with Group RoTE and simplify the scorecard. This change retains financial measures at 60% of the scorecard, which the Committee believes appropriately balances investor views with regulatory expectations for a balanced scorecard.
- Maintain customer Net Promoter Score as a strategic measure to reflect our ambition to be a top-three bank for customer satisfaction and/or improve customer satisfaction rank.
- Include people and culture measures that support us in strengthening our inclusive culture of high-performance.

For the 2025–2027 LTI, we will:

- Retain Group RoTE, relative total shareholder return ('TSR') and environment measures.
- Increase the weighting of RoTE to 40%, reflecting that the delivery of a strong stable return on tangible equity is a core measure of the sustainable returns expected by our investors.
- Increase the weighting of relative TSR to 40% as it is a key measure of shareholder returns, a material relative measure used by our peers and in line with investor expectations.
- Reduce the weighting of the environment measure from 25% to 20% following feedback from our shareholders on the metrics and targets used given the higher LTI opportunity, recognising that financed emissions targets remain difficult to include at this time. This ensures a greater proportion of the scorecard is aligned to value creation while supporting our ESG ambitions.

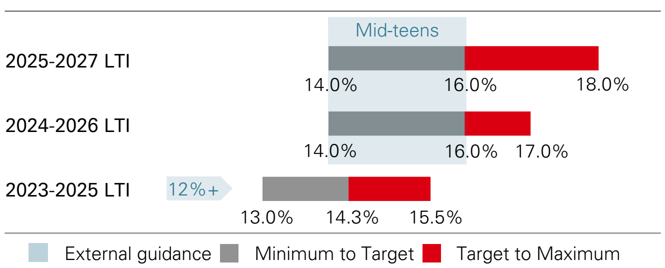
We will not use financed emission targets for the 2025-2027 LTI awards given current challenges in methodology and the timeliness and frequency of reporting, which was generally accepted by the investors we spoke to. The Committee will keep this under review for future performance cycles.

Group RoTE is the only measure used in both our annual incentive and LTI scorecards, reflecting our focus on delivering sustainable returns and a strong preference for the measure by most shareholders. This ensures we incentivise capital productivity for the current year whilst supporting our external commitment to deliver sustainable returns and mid-teens RoTE over the medium-term.

We will continue to utilise a risk modifier and operate a judgement-based approach to adjustments for all risk and compliance matters, aligned to shareholder feedback and the expectations of our regulators. The Committee considers the application of the risk modifier each year and has applied it in three instances for our executive Directors since its introduction in 2021.

When setting performance targets, we consider our internal financial planning and strategy process, our strategic guidance and analyst consensus where available such that minimum, target, and maximum performance levels are set with stretch. This was a key focus of investors in our consultation, who recognised that our recent LTI targets have been set to deliver maximum payouts only for outperformance. The Committee remains committed to ensuring there is sufficient stretch in our targets in future years, which is demonstrated in the maximum RoTE target for the 2025-2027 LTI and illustrated below.

LTI Group RoTE performance range versus external guidance



Changes in non-executive Director fees

The Board, excluding non-executive Directors, has reviewed the fees payable to non-executive Directors in the context of changes to the organisational structure. Following this review, it was considered that the fees payable for chairing or being a member of a Board Committee (excluding the Nomination & Corporate Governance Committee) should be increased to recognise the responsibilities and material additional time commitment associated with such a role.

Giving due consideration to the highly regulated and complex industry in which HSBC operates, it was agreed to align the additional fee for chairing a Board Committee at £150,000 per annum (i.e., in line with the current fee for chairing the Group Risk Committee). The increase in the fee for chairing a Board Committee will be phased over two years, with an increase to £125,000 per annum for 2025, and a further increase to £150,000 per annum with effect from 1 January 2026.

The Board also agreed increases to the additional fee for being a member of a Board Committee, and for the role of designated non-executive Director for workforce engagement to £50,000 per annum. These increases reflect the additional activity being undertaken during this period of organisational and cultural change. No other changes are proposed to non-executive Director fees for 2025.

Performance in 2024

Financial performance

Our financial performance in 2024 demonstrates that our strategy is working and is delivering strong returns for our shareholders.

We delivered a reported profit before tax of $32.3bn, up $2.0bn compared with 2023. This increase included a $1.0bn net favourable impact from notable items, which in 2024 included gains and losses relating to our disposals in Canada and Argentina. Constant currency profit before tax excluding notable items increased by $1.4bn to $34.1bn.

Reported revenue of $65.9bn was stable compared to 2023, despite a net adverse movement in gains and losses on our strategic transactions. This reflected higher customer activity in our Wealth products in WPB and in Equities and Securities Financing in GBM.

2024 costs on a target basis grew by around 5% in line with our targeted growth.

Our RoTE for 2024 was 14.6%, compared with 14.6% in 2023. Excluding notable items, RoTE was 16.0%.

The Board approved a fourth quarterly dividend of $0.36 per share, bringing the total dividend announced for 2024 to $0.87 per share. This includes the special dividend of $0.21 per share that was paid in June following the completion of the sale of HSBC Bank Canada. Furthermore, in respect of 2024 we announced three share buy-backs worth a total of $9bn, and today we have announced a further share buy-back of up to $2bn.

Strategic performance

We continue to make good progress in reshaping the Group. In 2024, we completed the sales of our retail banking operations in France, our banking business in Canada, and our businesses in Argentina, Russia and Armenia. We acquired SilkRoad Property Partners Group in Singapore and Citi's retail wealth management portfolio in mainland China. We announced divestments in our private banking business in Germany and our business in South Africa, as well as the planned sale of our life insurance business in France. In October 2024, we announced a simplified organisational structure to accelerate delivery against our strategic priorities.

We continue to strengthen our scale positions in Hong Kong and the UK and drive strong profit generation in these businesses. We remain focused on our goal to become a digital-first bank and have continued to see growth in customer adoption of our digital services across all our businesses, which is reflected in our Net Promoter Scores.

Over 88% of colleagues participated in our 2024 Snapshot survey where our employee engagement index rose a further three percentage points to reach an all-time high of 80%, six percentage points above the global financial services benchmark.

Key remuneration decisions for executive Directors

Executive Director changes

Sir Noel Quinn stepped down as Group CEO and as an executive Director of the Board on 2 September 2024 and was succeeded by Georges Elhedery. Pam Kaur was appointed Group CFO from 1 January 2025. All remuneration decisions in respect of this change were made in accordance with our shareholder-approved policy.

Given his retirement from the Group on 30 April 2025, Sir Noel Quinn will be treated as a good leaver for the purpose of unvested incentive awards. He remained eligible for a 2024 annual incentive but will not receive an LTI award for the 2025–2027 performance period, nor will he be eligible for a 2025 annual incentive.

Annual incentive for 2024 performance

Scorecards were set at the start of the year to align with our reported financial performance, excluding the impact of strategic transactions and one-offs on the Group's financial performance in 2024.

Georges Elhedery's formulaic scorecard outcome of 78.79% (2023: 76.75%) results in an annual incentive outcome of £1,677,000 (2023: £1,287,000). This was calculated by applying respective formulaic scorecard outcomes to the pro-rated maximum opportunities for the Group CEO and Group CFO roles, based on the period spent in each role during 2024.

The formulaic scorecard outcome for Sir Noel Quinn was 77.81% (2023: 75.93% pre risk adjustment, 70.24% post risk adjustment), which results in an annual incentive outcome of £1,540,000 (2023: £2,018,000), after pro-rating for his time as Group CEO during 2024.

Taking into account the Group’s performance against risk metrics, and inputs from the Group Risk Committee, the Committee used its judgement and applied no adjustment in respect of risk matters to executive Director annual incentive outcomes for 2024.

2022–2024 LTI vesting

Georges Elhedery and Sir Noel Quinn participated in the 2022–2024 LTI that will vest in March 2025.

The maximum RoTE and relative TSR targets were exceeded, reflecting the strong absolute and relative performance of the Group over the performance period. The capital reallocation to Asia measure was not met and performance against the environment measures exceeded the maximum target. 75% of the original award will vest on a pro-rata basis over the next five years.

2025–2027 LTI awards

The Committee intends to grant both Georges Elhedery and Pam Kaur the maximum 2025-2027 LTI award of 600% of base salary (Georges Elhedery: £9,000,000, Pam Kaur: £5,250,000), subject to shareholder approval of the LTI opportunity under the new policy.

The value realised from the award is subject to performance over the next three years and the award will vest over a further five years with a one-year retention period on vesting shares.

For further details, see ‘Long-term incentive (’LTI’) awards’ on page 298.

Rewarding our colleagues

We are taking actions that improve our ability to attract, retain and energise colleagues to deliver high performance and growth.

In 2024, we changed our performance approach by simplifying ratings and focusing on better performance routines. In our Snapshot survey, 87% of colleagues reported a clear understanding of what is expected of them and 77% confirmed at least two performance check-in conversations with their manager. We also introduced a new target variable pay plan, which covers over 150,000 colleagues in 46 markets to increase transparency and differentiation of variable pay.

The Committee is encouraged by increasing pay sentiment year-on-year in most areas because of actions taken through 2023, which is expected to improve further following changes introduced in 2024.

For further details, see ‘Our approach to workforce reward’ on page 301.

Fixed pay

We are pleased to be accredited as a global living wage employer in 2025 and meet or exceed living wage benchmarks in all our markets. This gives confidence that we provide core financial security to colleagues through fixed pay, which is the largest part of most colleagues' reward.

Fixed pay is primarily reviewed through our annual pay cycle. Effective in 2025, we have awarded an overall fixed pay increase of 3.6%. The level of increases vary by market, depending on the economic situation and individual roles. The highest increases were made to lower paid colleagues relative to relevant market benchmarks.

Variable pay

The Committee determined total variable pay of $3,800m, broadly flat compared with the $3,774m awarded in 2023. This was determined based on a review of our performance against financial and non-financial metrics. We considered the strength of our financial performance in 2024 and the ratio between variable pay and pre-variable pay profit before tax, the Group’s performance against key risk and compliance metrics, and our total compensation position compared with market and the broader economic outlook.

Total compensation across all our businesses increased relative to 2023, rewarding our colleagues for their contribution to our performance. Distribution of variable pay by business considered relative performance against RoTE, reported profit before tax and cost targets, and performance against risk and compliance metrics. Strong differentiation has meant our highest performers received the largest increases in variable pay compared with the previous year.

Ex-post risk adjustments were made to the variable pay of relevant individuals for material risk events over 2024. This included adjustments for some individuals following the conclusion of the investigation into the PRA’s 29 January 2024 Notice for historic depositor protection failings arising in HSBC Bank plc and HSBC UK Bank plc and the Committee now considers this matter closed.

Other remuneration matters

HSBC's variable to fixed pay ratio

Following shareholder approval at the 2024 AGM, the Committee reviewed several options to set new pay ratios and concluded that a single overall ratio of 10:1 was most appropriate, supported by internal guidance to manage expectations on its application. The ratio will apply across the Group, where permitted by regulation.

The ratio will support us to materially strengthen alignment of pay and performance in our executive Directors’ remuneration policy. The ratio has limited impact on the wider workforce and is higher than we intend on using in practice. However, the new cap gives us flexibility to reward extraordinary individual performance delivered by a small number of employees in frontline roles.

We will continue to keep our pay principles and approach under review, monitoring market developments and competitiveness, to increase the proportion of pay for performance over time.

PRA/FCA consultation on UK remuneration rules

The Committee welcomes the recent consultation announced by the PRA and FCA to review the UK remuneration rules to improve overall competitiveness of UK capital markets.

We have introduced a degree of flexibility into our policy to ensure it remains competitive against peers once the final rules are known. Any changes made would always be in line with the key principles used by the Committee when setting the policy. We would engage with major shareholders ahead of making any material changes, and provide clear and comprehensive disclosure in our Annual Report and Accounts.

We remain supportive of the use of deferral mechanisms and will continue to deliver a substantial portion of variable pay in shares to ensure alignment between shareholder interests, good risk management and individual reward. Our policy commits to a weighted average time horizon of at least five years for the deferral period of LTI awards, in line with UK Corporate Governance requirements.

Plan limits under Share Plan 2011
The rules of the HSBC Share Plan 2011 currently include an annual individual limit on awards of 600% of salary, based on the market value of shares.

LTI awards are not eligible to receive dividend equivalents to comply with regulatory requirements. Consistent with our disclosed practice since 2017 when the regulatory change came into force, the number of shares awarded is calculated using a share price discounted for the expected dividend yield over the vesting period. The market value of the proposed LTI award would therefore exceed 600% of base salary.

Amending this limit to reflect the fair value of shares (defined in accordance with relevant accounting standards) will enable the Committee to grant up to the maximum award under the new policy. Shareholder support for this change will be sought at the 2025 AGM.

Conclusion

On behalf of the Committee, I would like to thank our shareholders for the time taken to engage with us and their valuable feedback as we developed our new policy. We are committed to regular engagement and I look forward to further dialogue in the year ahead.

As Chair of the Committee, I hope you will support the 2024 Directors' remuneration report, our new Directors' remuneration policy and the amendment to plan limits under Share Plan 2011 at this year's AGM.

Dame Carolyn Fairbairn
Chair
Group Remuneration Committee
19 February 2025

2024 executive remuneration at a glance

This section sets out an overview of our performance and 2024 remuneration outcomes for executive Directors.

Our performance

Reported profit before tax
$32.3bn
(2023: $30.3bn)

Operating expenses
$33.0bn
(2023: $32.1bn)
Target basis operating expenses up 5% to $32.6bn

Return on average tangible equity
14.6%
(2023: 14.6%)
Return on average tangible equity excluding notable items of 16.0% (2023: 16.2%)

HK customer net promoter score in WPB and CMB relative to peers
1st
(2023: WPB: 3rd; CMB: 1st)

Employee engagement index
80%
(2023: 77%)

Inclusion index
78%
(2023: 78%)

Percentage of women in senior leadership roles
34.6%
(2023: 34.1%)

Percentage of colleagues of Asian heritage in senior leadership roles
39.3%
(2023: 37.8%)

Remuneration outcomes for executive Directors

Summary remuneration outcomes for 2024 are set out below. Further details are set out in our annual report on Directors' remuneration on pages 296 to 298.

Sir Noel Quinn

Annual incentive outcome (£000)

Maximum opportunity	£1,980	
2024 annual incentive	£1,540	77.81%

Long-term incentive (LTI) outcome (£000)

Maximum opportunity	£4,131		
2022–2024 LTI	£3,968	£1,330	£5,298

Vesting long-term incentive; Share price appreciation on long-term incentive

Single total figure of remuneration (£000)

Base salary and fixed pay allowance; Pension and benefits; Annual incentive; Long-term incentive; Notional returns on deferred cash awarded in respect of prior role

Georges Elhedery

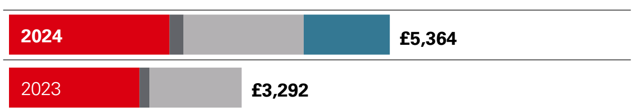
Maximum opportunity	£2,134	
2024 annual incentive[1]	£1,677	78.79%

1 Calculated based on Group CFO and Group CEO scorecard outcomes applied to the respective salary for each role.

Maximum opportunity[2]	£941		
2022–2024 LTI	£904	£303	£1,207

Vesting long-term incentive; Share price appreciation on long-term incentive

2 Received in prior role as Co-CEO, GBM.



Base salary and fixed pay allowance; Pension and benefits; Annual incentive; Long-term incentive; Notional returns on deferred cash awarded in respect of prior role

Directors' remuneration policy

This section sets outs the Directors' remuneration policy proposed for shareholders' approval at the AGM on 2 May 2025.

The Committee is responsible for reviewing and recommending to the Board the Directors' remuneration policy for shareholder approval.

The policy is intended to apply for three years to the end of the AGM in 2028, although we may seek shareholders' approval for a new policy during the period depending on regulatory developments, changes to our strategy or competitive pressures.

Remuneration policy – key principles

The Committee determined the policy using the following key principles:

- The rationale and operation of the policy should be easy to understand and transparent.
- There should be a strong alignment between reward and the interests of our stakeholders, including shareholders, customers and employees.
- The policy should maintain a focus on long-term performance.
- Total remuneration should be competitive to ensure we can retain and attract talent to deliver our strategic priorities.
- The structure should meet the expectations of investors and our regulators.

Setting the policy

The Committee reviewed the Director's remuneration policy in the context of significant regulatory change following removal of the 2:1 variable to fixed pay ratio. Input was received from the Group Chairman and management while ensuring that conflicts of interest were suitably mitigated. Input was provided by the Committee's appointed independent advisers throughout the process.

Key changes to the policy as a result of this review include:

- removal of Fixed Pay Allowances.
- an increase in the maximum opportunity of the annual and long-term incentives.
- an increase in shareholding guidelines and the introduction of a post-cessation shareholding guideline.

We extensively engaged with major shareholders, representing 65% of those who voted at the 2024 AGM, and proxy advisory bodies. The Committee carefully considered all feedback received, which has directly influenced the final proposal.

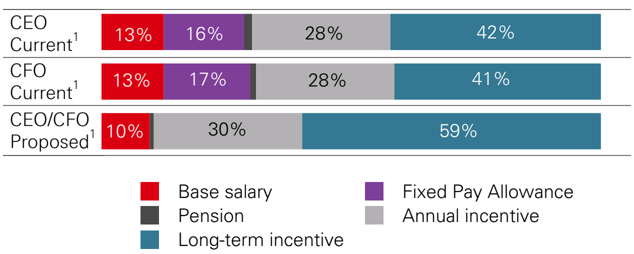
Full detail on the context for the review, the Committee's key considerations, including how the Committee has responded to shareholder feedback, is provided in the Chair's letter on pages 279 to 284.

Remuneration policy at a glance

This section sets out the key changes in our Directors' remuneration policy and our proposed implementation for 2025.

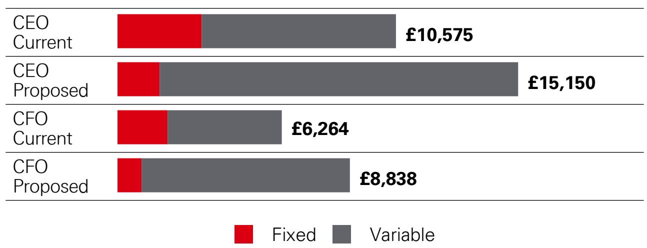
Policy structure

Total remuneration mix



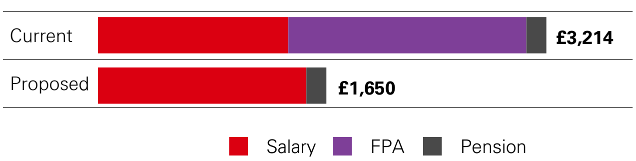
1 Pension accounts for 1% of the total remuneration mix.

Maximum total remuneration opportunity (£000)

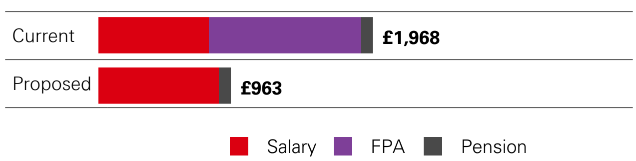


Fixed pay - 2025 implementation (£000)

Georges Elhedery

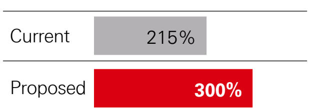


Pam Kaur

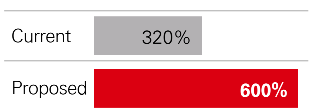


Variable pay

Annual incentive opportunity

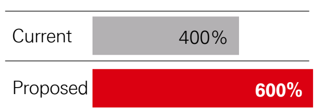


Long-term incentive opportunity

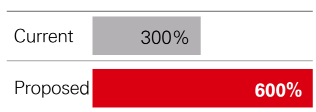


Shareholding requirement

Group CEO



Group CFO



Remuneration policy – executive Directors

Fixed pay

Elements	Details
Base salary	To attract, retain and develop key talent by being market competitive and rewarding ongoing contribution to role.
Operation	– The base salary for an executive Director is designed to reflect the individual’s role, experience and responsibility. – Base salaries are normally reviewed on an annual basis against relevant comparator groups and may be reviewed more frequently at the discretion of the Committee.
Maximum opportunity	– No maximum opportunity. – Increases may be made at the Committee’s discretion, taking into consideration factors such as increases to scope and responsibilities of the role, development of the individual within the role, salary increases for the wider workforce and competitiveness against market.
Cash in lieu of pension	To help executive Directors build retirement savings.
Operation	– Directors receive a cash allowance in lieu of a pension entitlement.
Maximum opportunity	– The maximum opportunity will be aligned with the maximum contribution rate that HSBC could make for the majority of employees in the relevant jurisdiction. This is currently set at 10% of base salary in line with the maximum contribution rate, as a percentage of salary, that HSBC could make for a majority of employees who are defined contribution members of the HSBC Bank (UK) pension scheme in the UK.

Benefits and all employee share plans

Elements	Details
Benefits	To provide support for physical, mental and financial health in accordance with local market practice.
Operation	Benefits take account of local market practice and include, but are not restricted to: – taxable benefits (gross value before payment of tax) including provision of medical insurance, accommodation, car, club membership, independent legal advice in relation to a matter arising out of the performance of employment duties for HSBC, tax return assistance or preparation, and travel assistance (including any associated tax due, where applicable); and – non-taxable benefits including the provision of a health assessment, life assurance and other insurance coverage. Additional benefits may also be provided when an executive is relocated or spends a substantial proportion of their time in more than one jurisdiction for business needs, or in such other circumstances as the Committee may determine in its discretion. Such benefits could include, but are not restricted to, airfare, accommodation, shipment, storage, utilities, and any tax and social security that may be due in respect of such benefits.
Maximum opportunity	– No maximum opportunity. – The maximum value is determined by the nature of the benefit provided. The benefit amount will be disclosed in the single total figure of remuneration table for the relevant year.
All employee share plans	To promote share ownership by all employees.
Operation	– Executive Directors are entitled to participate in all employee share plans, such as HSBC Sharesave, on the same basis as all other employees in the relevant jurisdiction. – Under Sharesave, executive Directors can make monthly savings over a period of three or five years towards the grant of an option over HSBC shares. The option price can be at a discount, currently up to 20%, on the share price at the time the option is granted.
Maximum opportunity	– The maximum number of options is determined by the maximum savings limit set by HM Revenue and Customs. This is currently £500 per month. – Executive Directors may also receive additional share options at no extra cost via the Sharesave bonus mechanism, with applicable rates set by HM Revenue and Customs.

Variable pay

Adhering to HSBC's values-aligned behaviours and conduct standards is a prerequisite to be considered for variable pay. Executive Directors receive an overall performance assessment that considers performance against goals and role expectations, and demonstration of our values-aligned behaviours. This is considered by the Committee when applying discretion to the formulaic scorecard outcomes.

Elements	Details
Annual incentive	To drive and reward performance against annual financial and non-financial objectives that are consistent with the strategy and align to shareholder interests.
Operation	Annual incentive awards are discretionary and can be delivered in any combination of cash and shares under the HSBC Share Plan 2011 ('HSBC Share Plan'). Shares will not normally represent less than 50% of any award and are normally immediately vested. On vesting, shares equivalent to the net number of shares that vested (after those sold to cover any income tax and social security payable) must be held for a retention period up to one year, or such other period as may be expected by regulators. The awards will be subject to clawback (i.e. repayment or recoupment of paid/vested awards) on or after vesting for a period of seven years from the date of award, or such other period as required by regulators. This may be extended to 10 years, or such other period as required by regulators in the event of an ongoing internal/regulatory investigation at the end of the seven-year period. Details of the clawback provision are set out in the bottom section of this table. Any deferred shares may be entitled to dividend equivalents during the vesting period, which will be paid on vesting. Where awards do not receive dividend equivalents during the vesting period (to meet regulatory requirements), the number of shares to be awarded will be determined using a fair value share price (defined in accordance with relevant accounting standards) discounted for the expected dividend yield. Any deferred cash award may be entitled to notional returns during the deferral period, or any appropriate adjustment to reflect such notional returns, as determined by the Committee. The Committee retains discretion to: – apply a longer retention period; – increase the proportion of the award to be delivered in shares; or – defer the vesting of a portion of the awards, subject to such conditions that the Committee may determine at its discretion (which may include continued employment). The deferred awards will be subject to malus (i.e. reduction and/or cancellation of unvested awards) provisions during any applicable deferral period. The Committee also retains discretion to amend the structure and terms of awards to reflect changes in regulatory requirements whilst ensuring that any changes will align with the key principles of the Directors' remuneration policy. The Committee may adjust and amend awards in accordance with the relevant plan rules.
Maximum opportunity	The maximum opportunity for the annual incentive award in respect of a financial year is up to 300% of base salary.
Performance measures	Performance is normally measured against an annual scorecard, based on targets set for financial and non-financial measures, determined at the beginning of the financial year. The scorecards may vary by individual. Measures with financial targets will generally have a weighting of 60% for both the Group CEO and the Group CFO. The Committee will review the scorecard annually and may vary the measures, weighting and targets each year. The overall payout of the annual incentive could be between 0% (for below minimum performance) and 100% of the maximum opportunity. Minimum and maximum performance levels for each measure are defined in the scorecard. 25% of the award opportunity will pay out for achieving minimum performance and 100% of the award will pay out for achieving maximum performance. Details on payout between these levels will be disclosed in the respective Directors' Remuneration Report. The Committee exercises its judgement to determine performance achieved and awards at the end of the performance period, which in normal circumstances will be one financial year, to ensure that the outcome is fair in the context of overall Group and individual performance. The Committee can adjust the payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Group for the relevant performance period. The scorecard outcome may also be subject to a risk and compliance modifier and/or a capital underpin under which the Committee will have the discretion to adjust down the overall scorecard outcome, taking into account performance against those factors. The Committee has the discretion to: – change the overall weighting of the financial and non-financial measures, whilst ensuring the overall balance remains appropriate; – vary the measures and their respective weightings within each category. The specific performance measures will be disclosed in the 'annual report on remuneration' for the relevant year; and – make adjustments to performance targets, measures, weightings and/or outcomes in exceptional circumstances. This may be to reflect significant one-off items that occur during the measurement period and/or where the Committee determines that original measures, targets or conditions are no longer appropriate or that amendment is required so that the measures, targets or conditions achieve their original purpose. Full and clear disclosure of any such adjustments will be made in the 'annual report on remuneration' for the relevant year, subject to commercial confidentiality.
Malus and clawback (applicable to both annual incentive and LTI)	The Committee has the discretion to operate malus and clawback provisions. Malus can be applied to unvested awards in circumstances including: – detrimental conduct, including conduct that brings the business into disrepute; – past performance being materially worse than originally reported; – restatement, correction or amendment of any financial statements; and – improper or inadequate risk management. Clawback may be applied in circumstances including: – participation in, or responsibility for, conduct that results in significant losses; – failing to meet appropriate standards and propriety; – reasonable evidence of misconduct or material error that would justify, or would have justified, summary termination of a contract of employment; – a material failure of risk management suffered by HSBC or a business unit in the context of Group risk management standards, policies and procedures; and – any other circumstances required by local regulatory obligations to which any member of the HSBC Group or its subsidiary is subject.

Elements	Details
Long-term incentives (‘LTI’)	To incentivise sustainable long-term performance and alignment with shareholder interests.
Operation	LTI awards are discretionary and are granted if the Committee considers that there has been satisfactory performance over the prior year. The awards are granted as rights to receive shares under the HSBC Share Plan, normally subject to a forward-looking three-year performance period from the start of the financial year in which the awards are granted. At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. These shares will then normally vest in five equal instalments, with the first vesting on or around the third anniversary of the grant date and the last instalment vesting on or around the seventh anniversary of the grant date, in accordance with current UK remuneration rules. On each vesting, shares equivalent to the net number of shares that vested (after those sold to cover any income tax and social security payable) must be held for a retention period up to one year (or such other period as may be permitted by regulators). Awards are subject to malus provisions prior to vesting. The awards will also be subject to clawback on or after vesting for a period of seven years from the date of award, or such other period as required by regulators. This may be extended to 10 years, or such other period as required by regulators, in the event of an ongoing internal/regulatory investigation at the end of the seven-year period. Details of the malus and clawback provisions are set out in the previous section on annual incentive awards. Awards may be entitled to dividend equivalents during the vesting period, which will be paid on vesting. Where awards do not receive dividend equivalents during the vesting period (to meet regulatory requirements), the number of shares to be awarded will be determined using a fair value share price discounted for the expected dividend yield. The Committee also retains discretion to amend the structure and terms of awards to reflect changes in regulatory requirements whilst ensuring that any changes will align with the key principles of the Directors' remuneration policy. In any event, we expect the weighted average time horizon of the deferral period to be at least five years. The Committee may adjust or amend awards in accordance with the rules of the HSBC Share Plan.
Maximum opportunity	The maximum opportunity for the LTI award in respect of a financial year is up to 600% of base salary.
Performance measures	The Committee will take into consideration prior performance when assessing the value of the LTI grant. Forward-looking performance is measured against a long-term scorecard, determined at the start of the financial year in which awards are granted. Financial measures will generally have a weighting of 60% or more. For each measure, the Committee will determine the extent of achievement based on actual performance against the target set and other relevant factors that the Committee considers appropriate to take account of in order to better reflect the Group's underlying performance. The overall payout level could be between 0% (for below minimum performance) and 100% of the maximum. Minimum, target and maximum performance levels for each measure are defined in the scorecard. 25% of the award opportunity will vest for achieving minimum performance, 50% of the award will vest for achieving target performance and 100% of the award will vest for achieving maximum performance. Where performance achieved is between the minimum, target and maximum level of performance set in the scorecard, the number of awards that will vest will be determined on a straight-line basis. The Committee can adjust the LTI payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Group during the performance period. The scorecard outcome may also be subject to a risk and compliance modifier and/or a capital underpin under which the Committee will have the discretion to adjust down the overall scorecard outcome, taking into account performance against those factors. Performance targets will normally be set annually for each three-year cycle. The Committee has the discretion to: – change the overall weighting of the financial and non-financial measures, whilst ensuring the overall balance remains appropriate; – vary the measures and their respective weightings within each category. The specific performance measures will be disclosed in the ‘annual report on remuneration’ for the relevant year; – vary the risk and compliance and/or any underpin measures; and – make adjustments to performance targets, measures, weightings and/or outcomes in exceptional circumstances. This may be to reflect significant one-off items that occur during the measurement period and/or where the Committee determines that original measures, targets or conditions are no longer appropriate or that an amendment is required so that the measures, targets or conditions achieve their original purpose. Revised targets/measures will be, in the opinion of the Committee, no less difficult to satisfy had they been set at the same time as the original targets. Full and clear disclosure of any such adjustments will be made within the 'annual report on remuneration' for the relevant year, subject to commercial confidentiality.

Other

Elements	Details
Shareholding guidelines	To ensure appropriate alignment with the interest of our shareholders.
Operation	Executive Directors are expected to satisfy the following shareholding requirement as a percentage of base salary within five years from the date of their appointment: – Group CEO: 600% – Group CFO: 600% On cessation of employment, executive Directors will normally be required to maintain the minimum shareholding requirement for two years (or, if their actual shareholding is lower at the time of cessation, the actual shareholding upon departure). For this purpose, unvested shares which are not subject to forward-looking performance conditions (on a net of tax basis) will count towards the shareholding requirement. HSBC operates an anti-hedging policy under which individuals are not permitted to enter into any personal hedging strategies in relation to HSBC shares subject to a vesting and/or retention period.
Maximum opportunity	Not applicable.

Committee discretion

The Committee welcomes the recent consultation announced by the PRA and FCA to review the UK remuneration rules to improve the overall competitiveness of UK capital markets. The proposals cover a wide range of areas, including the application of deferral and retention periods, which are directly applicable to our policy design.

Aligned to the key principles used by the Committee to set the policy, the Committee feel it is important that it retains discretion to amend the structure and terms of awards in the event of regulatory change to ensure the policy continues to meet the expectations of our regulators and it remains competitive versus peers.

Where discretion is exercised by the Committee, changes will always be made in line with the key principles used to determine the policy. We will engage with major shareholders ahead of making any material change, and clearly disclose any changes and their rationale in our Annual Report and Accounts.

One area discussed with shareholders as part of our engagement was how the Committee would exercise their discretion on the length and amount of deferral in the event of regulatory change.

The Committee believe that deferral mechanisms and the requirements to deliver a substantial portion of variable remuneration in shares are critical policy design elements to ensure ongoing alignment between reward and the interests of our shareholders.

We have therefore included in the policy a commitment to ensure that the weighted average time horizon of the deferral period for LTI awards is at least five years, in line with UK Corporate Governance requirements.

In addition to the specific areas of discretion expressly set out in the policy table, the incentive plans include a number of operational areas of discretion available to the Committee, including:

- the right to grant awards in the form of conditional share awards or options (including nil-cost options);
- the right to amend a performance condition in accordance with its terms, or if anything happens that causes the Committee to consider it appropriate to do so;
- the right to settle the award in cash, based on the relevant share price, or shares as appropriate; and
- the right to adjust the award on a variation of share capital or other corporate event that affects the current or future value of the award, or alternatively, the right to vest the award early in such circumstances.

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed:

- before the policy above or any previous policy came into effect;
- at a time where a previous policy, approved by shareholders, was in place provided the payment is in line with the terms of that policy; or
- at a time when the relevant individual was not a Director of the Group and the payment was not in consideration for the individual becoming a Director of the Group.

For these purposes, payments include the Committee satisfying awards of variable remuneration. This means making payments in line with the terms that were agreed at the time the award was granted.

Choice of performance measures and targets

The performance measures selected for the annual incentive and LTI awards will be set on an annual basis by the Committee, taking into account the Group's strategic priorities and any feedback received from our shareholders. The following table sets out the performance measures we currently consider for inclusion in our scorecards. The Committee retains the discretion to choose other measures that are appropriate for achieving our strategic priorities and meeting any regulatory expectations, taking into account the views of our shareholders.

Our objective when setting targets is to balance stretch and achievability so they act as an effective incentive whilst recognising outperformance.

Financial targets are set on a reported basis excluding notable items. This means items occurring outside the normal course of business and which are generally not expected to repeat, are excluded, and assessed performance is not impacted by one-offs. Performance targets are set taking into account a number of factors, including the targets set in our financial resource plan, our strategic priorities, shareholder expectations, the economic environment and risk appetite. Non-financial targets are set based on progress versus prior year actuals, external commitments and market benchmarks.

Minimum targets are set considering prior year(s) performance and downside risks to the financial resource plan. Maximum targets include a stretch above plan, considering upside opportunities.

The overall range is reviewed, taking into account external commitments and analyst consensus, where available. As a result, the final target ranges are not formulaically driven or always symmetrically spread around the plan.

Performance measures

Measures and modifier/underpin	Example measures for annual incentive scorecard	Example measures for LTI scorecard	Rationale
Financial measures	– Profit before tax – RoTE – Revenue growth – Volume growth – Costs	– RoTE – Total shareholder return – Underpin to maintain a minimum CET1 ratio	Measures are selected to incentivise the achievement of our financial targets as set out in our strategic priorities and financial resource plan.
Strategic measures	– Customer satisfaction – Employee engagement – Succession planning and inclusion – Carbon reduction and sustainable finance	– Reduce carbon emissions – Sustainable finance	Measures are selected to support the delivery of our strategic priorities.
Risk and compliance measures, modifier and/or underpin	– Sustained delivery of global conduct outcomes – Effective financial crime risk management – Effective management of material operational risks – Risk metrics to identify when business activities are outside of tolerance level for a significant period of time – Failures in risk management that have resulted in significant customer detriment, reputational damage and/or regulatory censure – CET1 level	– Modifier linked to risk and compliance performance	Measures are chosen to ensure a high level of accountability of risk and conduct, to promote an effective risk management environment and to embed a robust governance system.

Approach to recruitment remuneration – executive Directors

On the recruitment or appointment of a new executive Director, the Committee would adhere to the following principles:

- Remuneration packages should be in line with the approved policy for executive Directors.
- Remuneration packages must meet any applicable local regulatory requirements.
- Where necessary, compensation may be provided in respect of forfeiture of remuneration awards from an existing employer (for example, buy-out awards).

Outlined in the following table are all components that would be considered for inclusion in the remuneration package of a new executive Director appointment and, for each, the approach that would be adopted.

In the case of an internal appointment, any existing commitments will be honoured and any variable element awarded in respect of the prior role will be allowed to be paid out according to its existing terms.

Components of remuneration package of a new executive Director

Component of remuneration	Approach taken
Fixed pay	The base salary will reflect the individual’s role, experience and responsibility, and will be set in the context of market practice. The maximum cash in lieu of pension allowance will be no more than the maximum contribution, as a percentage of salary, that can be made for the majority of employees in the relevant jurisdiction.
Benefits	Benefits to be provided will be dependent on circumstances while in line with Group policy and the remuneration policy table, including the global mobility policy (where applicable) and local regulations.
Variable pay awards	New appointments will be eligible to be considered for variable pay awards consisting of an annual incentive and/or LTI award (or any other element which the Committee considers appropriate given the particular circumstances but not exceeding the maximum level of variable remuneration set out below). For the year in which the individual commences providing services as an executive Director, the Committee retains the discretion to determine the proportion of variable pay to be deferred, the deferral and retention period, whether any performance and/or continued employment conditions should be applied, and the period over which such performance should be assessed. In exercising this discretion, the Committee will take into account the circumstances in which the individual is appointed (for example, if it is promotion of an internal candidate or an external appointment), expectations of shareholders and any regulatory requirements. Total variable pay awarded for the year in which the individual is newly appointed as an executive Director will be limited to 900% of base salary. This limit excludes buy-out awards and is in line with the aggregate maximum variable pay opportunity set out in the remuneration policy table. Guaranteed bonuses are only permitted by exception and in very rare and limited circumstances (for example, where the individual loses a variable pay opportunity with the previous employer as a result of joining HSBC and such an award is considered essential to attract and hire the candidate). If such an award is provided, then in line with the PRA remuneration rules, it will be limited to the first year of service, subject to the Group deferral policy and performance requirements.
Buy-out awards	The Committee may make an award to buy out remuneration terms forfeited on resignation from the previous employer. The Group buy-out policy is in line with the PRA remuneration rules, which state that both the terms and amount of any replacement awards will not be more generous than the award forfeited on departure from the former employer. In considering buy-out levels and conditions, the Committee will take into account the type of award, performance measures and likelihood of performance conditions being met in setting the quantum of the buy-out. Buy-out awards will match the terms of forfeited awards with the previous employer as closely as possible, subject to proof of forfeiture and other relevant documentation. Where the vesting time is fewer than 90 days, cash or deferred cash may be awarded for administrative purposes. Where appropriate, the Committee retains the discretion to utilise the provisions provided in the UK Financial Conduct Authority's Listing Rules for the purpose of making buy-out awards.

Policy on payments for loss of office – executive Directors

The following table sets out the basis on which payments for loss of office may be made. Other than as set out in the table, there are no further obligations that could give rise to remuneration payments or payments for loss of office:

Payments for loss of office

Component of remuneration	Approach taken
Fixed pay and benefits	Executive Directors may be entitled to payments in lieu of: – notice, which may consist of base salary, cash in lieu of pension allowance, and other contractual benefits, or an amount in lieu of; and/or – accrued but untaken holiday entitlement. Payments may be made in instalments or a lump sum, and may be subject to mitigation, and subject to applicable tax and social security deductions.
Annual incentive and LTI	In exceptional circumstances, as determined by the Committee, an executive Director may be eligible for the grant of annual incentives and/or LTIs under the HSBC Share Plan, taking into account the time worked in the performance year and based on the individual's contribution.
Unvested awards	All unvested awards will be forfeited when an executive Director ceases employment voluntarily and is not deemed a good leaver. An executive Director may be considered a good leaver, under the HSBC Share Plan, if their employment ceases in specified circumstances, which include: – ill health, injury or disability, as established to the satisfaction of the Committee; – retirement with the agreement and approval of the Committee; – the employee's employer ceasing to be a member of the Group; – redundancy with the agreement and approval of the Committee; or – any other reason at the discretion of the Committee. If an executive Director is considered a good leaver, unvested awards will normally continue to vest in line with the applicable vesting dates, subject to performance conditions, the HSBC share plan rules, and malus and clawback provisions. Unless the Committee determined otherwise, awards made subject to forward-looking performance conditions, including LTI awards, will normally be subject to pro-rating for time in employment during the performance period. In the event of death, unvested awards will vest and be released to the executive Director's estate as soon as practicable. In respect of outstanding unvested awards, the Committee may determine that good leaver status is contingent upon the Committee being satisfied that the executive Director has no current or future intention at the date of leaving HSBC of being employed by any competitor financial services firm. The Committee determines the list of competitor firms from time to time, and the length of time for which this restriction applies. If the Committee becomes aware of any evidence to the contrary before vesting, the award will lapse.
Post-departure benefits	Executive Directors can be provided certain benefits for up to a maximum of seven years from date of departure for those who depart under good leaver provisions under the HSBC Share Plan, in accordance with the terms of the policy. Benefits may include, but are not limited to, medical coverage, tax return preparation assistance and legal expenses.
Other	Where an executive Director has been relocated as part of their employment, the Committee retains the discretion to pay the repatriation costs. This may include, but is not restricted to, airfare, accommodation, shipment, storage, utilities, and any tax and social security that may be due in respect of such benefits. Except in the case of gross misconduct or resignation, an executive Director may also receive retirement gifts.
Legal claims	The Committee retains the discretion to make payments (including professional and outplacement fees) in connection with an executive Director's cessation of office or employment. This may include payments that are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of that executive Director's office or employment.
Change of control	In the event of a change of control, outstanding awards will be treated in line with the provisions set out in the respective plan rules.

Other directorships

Executive Directors may accept appointments as non-executive Directors of companies that are not part of HSBC if so authorised by either the Board or the Nomination & Corporate Governance Committee.

When considering a request to accept a non-executive Director appointment, the Board or the Nomination & Corporate Governance Committee will take into account, among other things, the expected time commitment associated with the proposed appointment.

The time commitment for external appointments is also routinely reviewed to ensure that it will not compromise the executive Director's commitment to HSBC.

Service contracts

The service contracts of executive Directors do not have a fixed term. The notice periods of executive Directors are set at the discretion of the Committee, taking into account market practice and governance considerations.

Service agreements for each executive Director are available for inspection at HSBC Holdings' registered office. Consistent with the best interests of the Group, the Committee will seek to minimise termination payments. Executive Directors may be eligible for a payment in relation to statutory rights.

	Contract date (rolling)	Notice period (Director and HSBC)
Georges Elhedery	01 January 2023	12 months
Pam Kaur	01 January 2025	12 months

Remuneration scenarios

The following charts show how the total value of remuneration and its composition would vary under different performance scenarios for executive Directors under the proposed policy, which is effective from the date of the 2025 AGM, subject to shareholders’ approval.

The charts have been prepared using 2025 salaries and, therefore, the cash in lieu of pension, annual incentive and LTI opportunities have been computed as percentages of 2025 salaries. Benefits is represented by the value of regular benefits in the 2024 single figure of total remuneration. For Georges Elhedery, this is the annualised value of benefits for Sir Noel Quinn, and for Pam Kaur this is the value of benefits for Georges Elhedery.

The charts set out:

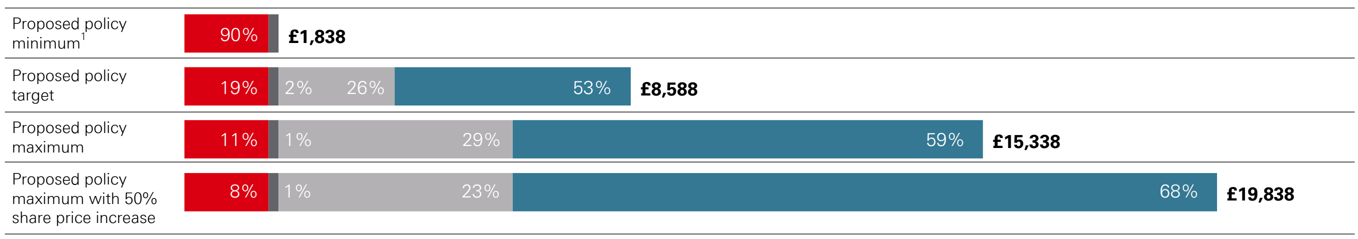
– the minimum level of remuneration receivable under the policy for each performance year;

– the remuneration level for achieving target level of performance (which assumes 50% of maximum variable pay opportunity is realised);

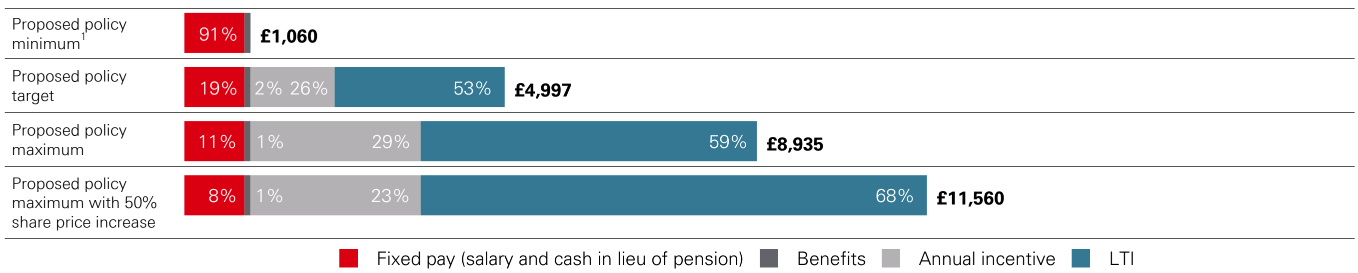
– the maximum level of remuneration (which assumes 100% of the variable pay opportunity is realised); and

– the maximum level of remuneration assuming a 50% increase in share price for LTI awards.

Georges Elhedery (£000)



Pam Kaur (£000)



1 Under the proposed policy minimum, benefits account for 10% of the total remuneration receivable for Georges Elhedery, and 9% of the total remuneration receivable for Pam Kaur.

Remuneration policy – non-executive Directors

The Nomination & Corporate Governance Committee has considered the time commitments required for all non-executive Directors as the Board supports HSBC through its ambitious agenda of governance reform, growth and organisational development in an environment of increasing regulatory, political and organisational complexity. Further information on the time commitment non-executive Directors are expected to fulfil is set out on page 322.

The following table sets out the framework that will be used to determine the fees for non-executive Directors during the term of this policy.

Elements and link to strategy	Operation	Maximum opportunity
Fees To reflect the time commitment and responsibilities of a non-executive Director of HSBC Holdings.	The policy for non-executive Directors is to pay: – base fees; and – further fees for additional Board duties, including but not limited to chairing a committee, membership of a committee, or acting as the Senior Independent Director and/or Deputy Chairperson. Fees are paid in cash. The Board retains the discretion to pay in shares rather than cash where appropriate. The non-executive Group Chairperson will be paid a fixed annual fee for all Board responsibilities based on their experience and the time commitments expected for the role, together with such other benefits as the Committee may in its absolute discretion determine. A newly appointed non-executive Director would be paid in line with the policy on a time-apportioned basis in the first year as necessary. No sign-on payments are offered to non-executive Directors. The Board (excluding the non-executive Directors) has discretion to approve changes to the fees. The Board may also introduce any new component of fees for non-executive Directors, subject to the principles, parameters and other requirements set out in this remuneration policy. Certain non-executive Directors may be entitled to receive fees for their services as directors of subsidiary companies of HSBC Holdings. Such additional remuneration is determined by the Board of Directors of each relevant subsidiary within a framework set by the Committee.	– The Board will normally review the amount of each component of fees periodically to assess whether, individually and in aggregate, they remain competitive and appropriate in light of changes in roles, responsibilities and/or time commitment of the non-executive Directors, and to ensure that individuals of the appropriate calibre are retained or appointed. – There is no prescribed maximum annual increase. The Committee is guided by the general increase for the employee population but on occasions may need to recognise other factors including, but not limited to, change in responsibility and/or variance to market levels of remuneration. – Travel allowances are set at an appropriate level, taking into account the time requirement for non-executive Directors to travel to overseas meetings.
Expenses/benefits	Any taxable or other expenses incurred in performing their role are reimbursed, as well as any related tax cost on such reimbursement. Non-executive Directors may on occasion receive reimbursement for costs incurred in relation to the provision of professional advice. These payments, if made, are taxable benefits to the non-executive Directors and the tax arising is paid by the Group on the Directors' behalf.	Not applicable
Shareholding guidelines To ensure appropriate alignment with the interests of our shareholders.	Non-executive Directors, individually or with their connected persons, are expected to satisfy a shareholding guideline of 15,000 shares within five years from their appointment. The Committee reviews compliance with the guidelines annually. The Committee has full discretion in determining any consequences in cases of non-compliance.	Not applicable

Service contracts

Non-executive Directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by shareholders at AGMs. Non-executive Directors do not have service contracts, but are bound by letters of appointment issued for and on behalf of HSBC Holdings, which are available for inspection at HSBC Holdings' registered office.

Policy on payments for loss of office – non-executive Directors

There are no obligations in the non-executive Directors' letters of appointment that could give rise to remuneration payments or payments for loss of office.

Non-executive Directors are entitled to notice under their letter of appointment. Non-executive Directors' current terms of appointment will expire as follows:

2025 AGM	2026 AGM	2027 AGM
José Antonio Meade Kuribreña	Kalpana Morparia	James Forese
Rachel Duan	Geraldine Buckingham	Steven Guggenheimer
Dame Carolyn Fairbairn		Eileen Murray
		Ann Godbehere
		Brendan Nelson
		Swee Lian Teo

Policy alignment with UK Corporate Governance Code

The table below details how the Group Remuneration Committee addresses the principles set out in the UK Corporate Governance Code with respect to the Directors’ remuneration policy. This covers both the 2018 UK Corporate Governance Code applicable in 2024, and the revised 2024 UK Corporate Governance Code applicable from 2025 onwards. Information related to malus and clawback can be found on page 287.

Provision	Approach
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	– The Committee regularly engages and consults with major shareholders to take into account shareholder feedback and to ensure there is transparency on our policy and its implementation. – Details of our remuneration practices and our remuneration policy for Directors are published and available to all our employees.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	– Our Directors’ remuneration policy has been designed so that it is easy to understand and transparent, while complying with the provisions set out in the UK Corporate Governance Code and the remuneration rules of the UK’s PRA and FCA, as well as meeting the expectations of our shareholders. The objective of each remuneration element is explained and the amount paid in respect of each element is clearly set out.
Risk Remuneration structures should identify and mitigate against reputational and other risks from excessive rewards, as well as behavioural risks that can arise from target-based incentive plans.	– In line with regulatory requirements, our remuneration practices promote sound and effective risk management while supporting our business objectives. – The Group Chief Risk and Compliance Officer attends Committee meetings and updates the Committee on the overall risk profile of the Group. The Committee also seeks inputs from the Group Risk Committee when making remuneration decisions. – Risk and conduct considerations are taken into account in setting the variable pay pool, from which any executive Director variable pay is funded. – Executive Directors' annual incentive and LTI scorecards include a mix of financial and non-financial measures. Financial measures are subject to a CET1 underpin to ensure CET1 remains within risk tolerance levels while achieving financial targets. In addition, the overall scorecard outcome is subject to a risk and compliance modifier. – The deferred portion of any awards granted to executive Directors is subject to a seven-year deferral period during which our malus policy can be applied. All variable pay awards that have vested are subject to our clawback policy for a period of up to seven years from the award date (extending to 10 years where an investigation is ongoing).
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	– The charts set out on page 292 show how the total value of remuneration and its composition vary under different performance scenarios for executive Directors.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear and outcomes should not reward poor performance.	– The annual incentive and LTI scorecards reward achievement of our financial resource plan targets, as well as long-term financial and shareholder value creation targets. – The Committee retains the discretion to adjust the annual incentive and LTI payout based on the outcome of the relevant scorecards, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Group during the performance period.
Alignment with culture Incentive schemes should drive behaviours consistent with the Group’s purpose, values and strategy.	– In order for any annual incentive award to be made, each executive Director must achieve a minimum standard of conduct, which is assessed by reference to HSBC values. – Annual incentive and LTI scorecards contain non-financial measures linked to our wider social strategy. These include measures related to reducing the environmental impact of our operations, improving customer satisfaction and inclusion. – Our Leadership 360 provides one of several ways for senior employees to ask for feedback about how they lead to help inform their ongoing development.

Remuneration arrangements for colleagues

Our reward principles and commitments guide our approach to workforce reward and support our focus on being a great place to work. The Committee reviews these principles and commitments to support HSBC’s overall ability to attract, retain, develop and energise the best people, and who are aligned to HSBC’s values. Full details of our remuneration framework for colleagues is provided on page 295. Our executive Directors’ remuneration policy aligns with the framework for colleagues as follows:

- Externally sourced market data is used to help guide pay decisions for colleagues, including executive Directors.
- The base salary increases for executive Directors take into consideration the base salary increases of colleagues across the Group, and relevant market conditions.
- The cash in lieu of pension allowance for executive Directors will not exceed the maximum contribution (as a percentage of salary) that can be made for the majority of colleagues in the relevant jurisdiction.
- All colleagues are eligible to be considered for an annual incentive award based on their overall performance assessment, which considers performance against goals and role expectations, and demonstration of our values-aligned behaviours. The variable pay for all colleagues, including executive Directors, is funded from a Group variable pay pool that is determined with reference to Group performance. Colleagues who receive a variable pay award above a certain level have a portion of their award deferred over a period of three to seven years, or other period as required by regulators.
- LTI awards are considered for senior management, given their ability to directly influence the Group's long-term performance.

The Board gathers views from our colleagues through a number of engagement channels. Our management engages with colleagues, either on a Group-wide basis or in the context of smaller focus groups, to solicit feedback generally on a wide range of matters, including pay. Our annual survey on pay seeks the views of all colleagues on their performance and pay outcomes. The Committee reviews the outcomes of the survey and determines the key remuneration priorities for the forthcoming year. Whilst we have not explicitly sought the views of colleagues on the new policy, many of our colleagues are also shareholders and therefore have the opportunity to vote on the policy at the 2025 AGM.

As part of our annual calendar, the Committee Chair also hosts a forum attended by the chairs of our principal subsidiary boards and remuneration committees. This allows the Committee to understand local market factors and feedback gathered from colleagues, within the regions where we operate, on pay and performance matters. This also helps both management and the Committee to determine the prioritisation of pay budgets, and allows the Committee to ensure that funding is directed to the areas of need in support of the Group’s strategic ambitions.

Remuneration structure for colleagues

We set out below the key features of our remuneration framework, which applies on a Group-wide basis, subject to compliance with local laws:

Remuneration components and objectives	Application for Group employees	Approach for executive Directors
Fixed pay Attract and retain colleagues with market competitive pay for the role, skills and experience required.	– Fixed pay may include base salary, fixed pay allowances, cash in lieu of pension and other cash allowances in accordance with local market practice. – It is based on predetermined criteria, non-discretionary, transparent and not reduced based on performance. – It represents a higher proportion of total compensation for more junior colleagues. – Fixed pay may change to reflect an individual's position, role or grade, cost of living in the country, individual skills, capabilities and experience. – Fixed pay is generally delivered in cash on a monthly basis.	– Consistent with approach for Group colleagues except that under our proposed new policy, executive Directors will not receive a fixed pay allowance.
Benefits Support the physical, mental and financial health of a diverse workforce in accordance with local market practice.	– Benefits may include, but are not limited to, the provision of a pension, medical insurance, life insurance and health assessment.	– Provision of medical insurance, life insurance, car and tax return assistance.
Variable pay Incentivise and reward performance based on annual financial and non-financial measures consistent with the medium- to long-term strategy, stakeholder interests and values-aligned behaviours.	– All colleagues are eligible to be considered for a discretionary variable pay award. Individual awards are determined against performance goals set at the start of the year. – Variable pay represents a higher proportion of total compensation for more senior colleagues to strengthen alignment between total compensation and business performance. – Variable pay for employees is limited to 10 times fixed pay, except where local regulations require otherwise. – Awards are generally paid in cash and shares. For MRTs, at least 50% of the awards are in shares and/or where required by regulations, in units linked to asset management funds.	– Annual incentive is determined based on the outcomes of an annual scorecard of financial and non-financial measures. – Executive Directors and members of the Group Operating Committee are also eligible to be considered for a long-term incentive award, which is subject to three-year forward-looking performance measures.
Buy-out awards Support recruitment of key individuals.	– Buy-out awards may be offered if an individual holds any outstanding unvested awards that are forfeited on resignation from the previous employer. – The terms of the buy-out awards will not be more generous than the terms attached to the awards forfeited on cessation of employment with the previous employer.	– For new hires, the approach is consistent with the approach taken for employees and the policy approved by shareholders.
New hire indicative variable pay Support recruitment of key individuals.	– New hire indicative variable pay is awarded in exceptional circumstances, typically involving a critical senior new hire, and is limited to an individual's first year of employment only. The award is subject to a number of factors (such as the respective performance of the Group, business unit and individual), and the final value paid remains at the full discretion of HSBC.	– For new hires, the approach is consistent with the approach taken for employees and the policy approved by shareholders.
Deferral Align employee interests with the medium- to long-term strategy, stakeholder interests and values-aligned behaviours.	– A Group-wide deferral approach is applicable to all employees. A portion of annual incentive awards above a specified threshold is deferred in shares vesting annually over a three-year period (33% vesting on the first and second anniversaries of grant and 34% on the third). – Awards for MRTs are paid in line with the PRA and FCA remuneration rules, and in compliance with local regulations. – This means that awards are generally subject to a minimum 40% deferral (60% for awards of £500,000 or more) over a minimum period of four years up to a maximum of seven years. – Group standard deferral generally applies to MRTs identified as 'de minimis'. Individuals based outside the UK and identified as MRTs under local regulations, would be subject to local requirements where necessary. – All deferred awards are subject to malus provisions, subject to compliance with local laws. Awards granted to MRTs on or after 1 January 2015 and awards granted to non-MRTs on or after 1 January 2022 are subject to clawback. – HSBC operates an anti-hedging policy for all employees, which prohibits employees from entering into any personal hedging strategies in respect of HSBC securities. – For all Group MRTs and the majority of local MRTs, excluding executive Directors, a minimum 50% of the deferred awards is in HSBC shares with the remaining portion in deferred cash. Local regulatory requirements would also apply where necessary. – For some employees in our asset management business, where required by the relevant regulations, at least 50% of the deferred award is linked to fund units reflective of funds managed by those entities, with the remaining portion in deferred cash awards. – Variable pay awards made in HSBC shares or linked to relevant fund units granted to MRTs are generally subject to a one-year retention period post-vesting. – MRTs who are subject to a five-year deferral period, except senior management or individuals in PRA- and FCA-designated senior management functions, have a six-month retention period applied to their awards. – Where an employee is subject to more than one regulation, the requirement specific to the sector and/or country in which the individual is working is applied.	– All of the LTI award, or at least 60% of the total variable award (including LTI), is deferred. The deferred awards will vest in five equal annual instalments, with the first vesting on or around the third anniversary of the grant date and the last instalment vesting on or around the seventh anniversary of the grant date. – All deferred awards are in HSBC shares and subject to a post-vesting retention period of one year.
Severance payments Adhere to contractual agreements with involuntary leavers.	– Where an individual's employment is terminated involuntarily for gross misconduct then, subject to compliance with local laws, the Group's policy is not to make any severance payment and all outstanding unvested awards are forfeited. – For other cases of involuntary termination of employment, the determination of any severance will take into consideration the performance of the individual, contractual notice period, applicable local laws and circumstances of the case. – Generally, for good leavers, all outstanding unvested awards will normally continue to vest in line with the applicable vesting dates. Where relevant, any performance conditions attached to the awards, and malus and clawback provisions, will remain applicable to those awards. – Severance amounts awarded to MRTs are not considered as variable pay for the purpose of application of the deferral and variable pay cap rules under the PRA and FCA remuneration rules where such amounts include: (i) payments of fixed remuneration that would have been payable during the notice and/or consultation period; (ii) statutory severance payments; (iii) payments determined in accordance with any approach applicable in the relevant jurisdictions; and (iv) payments made to settle a potential or actual dispute.	– Any payments will be in line with the policy on loss of office.

Annual report on Directors' remuneration

This section sets out how our approved Directors' remuneration policy was implemented during 2024.

Single total figure of remuneration

(Audited)

The following table shows the single total figure of remuneration of each executive Director for 2024, together with comparative figures. Sir Noel Quinn retired as Group CEO and as an executive Director of the Board on 2 September 2024 and was succeeded by Georges Elhedery. The figures below reflect the remuneration paid in respect of time spent as executive Director during 2024.

Single total figure of remuneration

	Sir Noel Quinn		Georges Elhedery	
(£000)	**2024**	2023	**2024**	2023
Base salary	**914**	1,336	**989**	780
Fixed pay allowance ('FPA')	**1,138**	1,700	**1,288**	1,085
Cash in lieu of pension	**91**	134	**99**	78
Taxable benefits[1]	**66**	127	**39**	4
Non-taxable benefits	**60**	89	**58**	52
Total fixed	**2,270**	3,386	**2,473**	1,999
Annual incentive[2,3]	**1,540**	2,018	**1,677**	1,287
Notional returns[4]	**56**	43	**8**	6
Replacement award	**—**	—	**—**	—
Long-term incentive[5,6]	**5,298**	4,949	**1,207**	—
Total variable	**6,894**	7,010	**2,891**	1,293
Total fixed and variable	**9,164**	10,396	**5,364**	3,292

1 Taxable benefits include the provision of medical insurance, car benefit, accommodation and tax return assistance (including any associated tax due, where applicable). Non-taxable benefits include the provision of life assurance and other insurance cover.
2 Sir Noel Quinn was not eligible to be considered for a 2025-2027 LTI award. To satisfy regulatory requirements, 40% of the annual incentive award for Sir Noel Quinn is delivered immediately and 60% is deferred. Both immediate and deferred portions of the award are split evenly between cash and shares. The shares portion of the award is subject to a retention period of one year and both the shares and the deferred cash portions of the award are subject to clawback provisions.
3 The annual incentive award for Georges Elhedery is awarded 50% in cash and 50% in shares. The shares portion of the award vests immediately at grant and is subject to a retention period of one year and clawback provisions.
4 Deferred cash awards granted in prior years include a right to receive notional returns for the period between the grant and vesting date. This is determined by reference to a rate of return specified at the time of grant and paid annually, with the amount disclosed on a paid basis.
5 LTI awards were made in February 2022 (in respect of 2021) at a share price of £5.380 for which the performance period ended on 31 December 2024. The value of the awards has been computed based on a share price of £7.184, the average share price during the three-month period to 31 December 2024. The value attributable to share price appreciation for Sir Noel Quinn is £1,330,238 and for Georges Elhedery is £303,006. The vesting LTI granted to Georges Elhedery was in respect of 2021 performance in his role as Co-CEO, GBM. See the following section for details of the performance assessment, which resulted in 75.00% vesting.
6 The value of the 2021-2023 LTI for Sir Noel Quinn has been restated based on a share price of £5.899 to reflect the value of the award on 12 March 2024, when the first tranche of the award vested. In 2023, the value was based on the average share price during the three-month period to 31 December 2023 of £6.192.

Benefits

The values of the significant benefits in the single total figure table are set out in the following table. The accommodation benefits in Hong Kong and the car benefits for Georges Elhedery are not included in the table below as they were not deemed significant.

	Sir Noel Quinn		Georges Elhedery	
(£000)	**2024**	2023	**2024**	2023
Group income protection (non-taxable)	**57**	84	**49**	49
Accommodation in Hong Kong (taxable)	**18**	67	**—**	—
Car and driver in UK and Hong Kong (taxable)	**15**	47	**—**	—

Determining executive Directors' incentive outcomes

(Audited)

Both executive Directors met the minimum standard of conduct and behaviour for an annual incentive award to be made.

The award is determined by applying the outcome of their annual scorecard to the maximum opportunity, set at 215% of base salary.

Sir Noel Quinn has been assessed on full-year performance against the Group CEO annual scorecard with his pay outcome pro-rated for time in role up to and including 1 September 2024. Georges Elhedery has been assessed on full-year performance against both the Group CEO and Group CFO scorecards with his pay outcome pro-rated based on the time spent and salary received in each role.

The financial measures, weightings and targets were set at the start of the year to align with our reported financial performance, excluding notable items, to ensure that out-turns were not impacted by one-offs. In setting the targets, the Committee considered the 2024 financial plan, 2023 performance, external commitments, scenario testing of upside and downside risks in the plan, and analyst consensus where available.

Diversity representation target ranges were set based on a trajectory to meet our external commitments. Other strategic measures were set based on maintaining or improving when compared with 2023 performance and/or market benchmarks.

In assessing performance, the Committee considered, and made no adjustment for, the impact of interest rates, re-confirming that variations in the macroeconomic environment and their impact on business outcomes remain for our executives to manage.

The Committee considered carefully the wider context in which performance was delivered in 2024 and judged that the overall scorecard outcome for both Sir Noel Quinn and Georges Elhedery was appropriate against the targets set at the start of the year for financial, strategic and personal measures.

Taking into account inputs from the Group Risk Committee, the Committee concluded that the risk and compliance modifier should not be applied for 2024 based on the Group's performance against key risk metrics for either Sir Noel Quinn or Georges Elhedery.

Annual incentive scorecard assessment

(Audited)

Summary assessment

	Minimum (25% payout)	Maximum (100% payout)	Performance	Weighting (%)	Assessment (%)	Sir Noel Quinn Outcome (%)	Georges Elhedery Outcome (%)
Profit before tax ($bn)[1]	**27.1**	**33.5**	**34.1**	**15.0**	**100.00**	**15.00**	**15.00**
Target basis operating expenses ($bn)[1]	**32.9**	**32.3**	**32.6**	**15.0**	**60.09**	**9.01**	**9.01**
Group RoTE[1,2]	**13.5%**	**16.5%**	**16.0%**	**25.0**	**87.50**	**21.88**	**21.88**
Asia RoTE[1,2]	**15.1%**	**18.1%**	**18.2%**	**5.0**	**100.00**	**5.00**	**5.00**
Customer satisfaction	**See following tables for commentary**			**15.0**	**75.00**	**11.25**	**11.25**
Employee experience				**10.0**	**70.00**	**7.00**	**7.00**
Wider society				**5.0**	**50.00**	**2.50**	**2.50**
Personal measures				**10.0**		**6.17**	**7.15**
Total				**100.0**		**77.81**	**78.79**
Scorecard outcome (000)						**£1,540**	**£1,677**
Risk adjustment (000)						**£—**	**£—**
Annual incentive (000)						**£1,540**	**£1,677**

1 Excluding notable items.
2 The CET1 capital ratio of 14.9% exceeded the tolerance level in the risk appetite statement as required by the underpin.

Strategic measures for both executive Directors

	Measures	Weighting	Performance achievement	Assessment	Outcome
Customer satisfaction	Maintain and improve NPS in the UK and Hong Kong, and in key growth markets	**15.0%**	– The Committee assessed performance against a scorecard of quantitative targets set at the start of the year, and using NPS data from external providers. – In Hong Kong we met our NPS targets, and are ranked in first place in both CMB and WPB. – In HSBC UK, WPB saw a modest improvement in rank by two positions to joint 11th. In CMB, as measured by the Savanta MarketVue Business Banking Survey, our Mid-Market Enterprise ('MME') segment has improved its rank to 2nd position at FY24 (FY23: 3rd). Our Large Corporate sector was ranked 3rd for NPS in the 2024 Coalition Greenwich UK Commercial Study. – For other key growth markets, in WPB we improved rank in Singapore, but saw a decline in India and rank remained stable in Mexico and China. In CMB, Singapore and India rankings are in the Top 3. – GBM has seen an improvement globally rising from 3rd to 2nd place. – Overall, the Committee assessed that the NPS targets were met.	**75.00%**	**11.25%**
Employee experience	Improve diversity and inclusion	**10.0%**	– Senior leadership representation for women increased by 0.5 percentage points year-on-year to 34.6%, exceeding the target set. – Senior leadership colleagues with Asian heritage increased by 1.5 percentage points year-on-year to 39.3%, exceeding target. – The percentage of Black heritage colleagues in senior leadership roles remained flat at 3.0%, which was above the minimum set, but behind target. – The Inclusion index in our employee Snapshot survey remained flat at 78%, above minimum, but behind target.	**70.00%**	**7.00%**
Wider society	Execution of sustainability commitments	**5.0%**	– Whilst the Sustainability Execution Programme ('SEP') is on track with mitigating actions in place for known risks, the Committee assessment considered that the pace of progress could have been accelerated with greater management focus. – The absolute financed emissions for oil & gas and thermal coal mining exceeded the 2024 goal on the trajectory towards our 2030 reduction target.	**50.00%**	**2.50%**

Personal measures for the Group CEO and the Group CFO

Personal measures were set at the start of the year and measured by the Committee against agreed targets and key performance indicators.

Group CEO	Weighting	Assessment	Performance achievement
Technology transformation	**4.67%**	**75.00%**	– Progress was made on our technology strategy through mobilisation of 83% value streams with clear accountability across technology and business leads. – Future State Architecture ('FSA'), which defines the technology roadmap, was agreed for four areas (Wholesale Credit & Lending, GPB & Wealth, Global FX and Wholesale Client Services Onboarding and Know Your Customer) with 97% of FSAs approved providing a better end-state view of our strategic application estate.
Driving data quality remediation	**2.33%**	**50.00%**	– The Committee's assessment balanced strong progress against the targets set at the start of the year, while noting that data risk is one of the three principal risk areas to have a material impact on the Group in 2024, and taking into consideration regulatory feedback.
Simplification of processes and organisation	**3.0%**	**50.00%**	– In 2024, we completed the sales of our retail banking operations in France, and businesses in Canada, Argentina, Russia and Armenia. We announced divestments in our private banking business in Germany and our business in South Africa, and announced the planned sale of our France life insurance business. We acquired SilkRoad Property Partners Group in Singapore and Citi's retail wealth management portfolio in mainland China. In October 2024, we announced a simplified organisational structure.
Total	**6.17% out of 10.00%**		

Personal measures for the Group CEO and the Group CFO (continued)

Group CFO	Weighting	Assessment	Performance achievement
Deliver activities relating to regulatory priorities	5.0%	75.00%	– The Committee's assessment considered improved regulatory feedback on recovery and resolution planning activity, and measurement and management of IRRBB risk. – The Integrity of Regulatory Reporting programme continues to remediate against known gaps to deliver improvements in the quality of regulatory returns, partially meeting the targets set at the start of the year. – The regulatory excellence programme achieved efficiencies and outcomes broadly in line with the targets and milestones set, and the Finance on The Cloud programme successfully closed in April 2024.
Enhanced disclosures and controls	2.5%	67.86%	– Implemented enhanced disclosures covering banking NII, structural hedge and multi-jurisdictional revenue. – Progress against external disclosure commitments for scope 3 emissions of Pillar 3 sections and coal exposures and delivery of other ESG regulatory deliverables including climate risk stress testing and regulatory reporting.
Drive liquidity and capital management across the Group	2.5%	87.50%	– Strong capital and liquidity positions with no breaches in risk appetite, meeting the targets set.
Total	**7.63% out of 10.00%**		

Long-term incentive ('LTI') awards

LTI awards over 2022 to 2024 performance period

(Audited)

Sir Noel Quinn, Georges Elhedery and Ewen Stevenson were each granted a 2022–2024 LTI award in February 2022. In line with the terms of his departure, Ewen Stevenson is a good leaver and his award has been pro-rated for time in employment.

The scorecard delivered an outcome of 75.00%, reflecting strong shareholder returns across the performance period.

Based on the performance outcome, 737,504 shares will vest for Sir Noel Quinn, 167,991 shares will vest for Georges Elhedery and 191,224 shares will vest for Ewen Stevenson. The awards will vest in five equal annual instalments commencing in March 2025.

The Committee determined that there were no windfall gains to consider for this award given the share price at grant (£5.38) was above the share price at the previous LTI grant (£4.26).

The 2022–2024 LTI award is subject to a risk and compliance modifier. The Committee received input from the GRC who assessed that the performance targets were delivered with appropriate risk management. On this basis, the Committee considered that no adjustment for risk should be made.

Assessment of the 2022–2024 LTI awards

Measures (weighting)[1]		Minimum (25% payout)	Target (50% payout)	Maximum (100% payout)	Actual	Assessment	Outcome
RoTE with CET1 capital ratio underpin[2] (25%)		8.0%	9.5%	11.0%	14.6%	100.0%	**25.00%**
Capital reallocation to Asia with CET1 capital ratio underpin[3] (25%)		46.0%	48.0%	50.0%	43.7%	0.0%	**0.00%**
Transition to net zero[4] (25%)	Carbon reduction (own emissions)	52.0%	56.0%	60.0%	66.1%	100.0%	**12.50%**
	Sustainable finance and investment	$285bn	$340bn	$370bn	$394bn	100.0%	**12.50%**
Relative TSR[5] (25%)		At median of the peer group	Straight-line vesting between minimum and maximum	At upper quartile of the peer group	Above upper quartile	100.0%	**25.00%**
Total							**75.00%**

1 Awards vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set out in this table.
2 Assessed based on RoTE in the 2024 financial year. The CET1 capital ratio of 14.9% exceeded the level required by the underpin.
3 Assessed based on share of Group tangible equity (on a constant currency basis and excluding associates) allocated to Asia by 31 December 2024.
4 Carbon reduction assessed on percentage reduction in total energy and travel emissions achieved by 31 December 2024 using 2019 as the baseline. Sustainable finance and investment assessed on cumulative financing provided over the performance period.
5 The peer group was: Bank of America, Barclays, BNP Paribas, Citigroup, DBS Group Holdings, Deutsche Bank, J.P. Morgan Chase & Co., Lloyds Banking Group, Morgan Stanley, Standard Chartered and UBS Group. Credit Suisse Group was removed following its acquisition by UBS Group in June 2023.

LTI awards over 2025 to 2027 performance period

After taking into account performance for 2024, and subject to shareholder approval of the new policy, the Committee intends to grant Georges Elhedery an LTI award of £9,000,000 and Pam Kaur an LTI award of £5,250,000 (both 600% of base salary). The awards will have a three-year performance period starting on 1 January 2025.

Alongside reviewing the policy, the Committee has undertaken a comprehensive review of the performance measures used for our incentive arrangements to ensure alignment to the Group's priorities and balance delivery of financial and strategic performance.

For the 2025-2027 LTI, we will retain Group RoTE, relative TSR and environment measures, reflecting our strategic commitments, and to assess relative performance compared with peers.

We will increase the weighting of RoTE to 40%, reflecting that the delivery of a strong stable return on tangible equity is a core measure of the sustainable returns expected by our investors. Group RoTE will be assessed excluding notable items in the last year of assessment to mirror our outlook on RoTE which targets a mid-teens return in each of the three years from 2025 to 2027 excluding notable items.

The RoTE measure is subject to a CET1 capital ratio underpin. If the CET1 capital ratio at the end of the performance period is below the CET1 risk tolerance level set in the risk appetite statement, then the assessment for this measure will be reduced to nil.

We will increase the weighting of relative TSR to 40% as it is a key measure of shareholder returns, a material relative measure used by our peers and in line with investor expectations. No changes have been made to our relative TSR peer group, which continues to include more Asian peers to better reflect our growth and investment focus following a review in 2023.

Following feedback from our shareholders on the metrics used and recognising the increase in LTI opportunity, we have reduced the overall weighting of the environment measure from 25% to 20% to ensure a greater proportion of the LTI is aligned to value creation while supporting our ESG ambitions.

The Committee completed a comprehensive review of the environment metrics in the LTI and discussed with major shareholders. At this stage, financed emission targets remain difficult to include given challenges in the methodology, timeliness and frequency of reporting. This was recognised by the investors we spoke to as part of our policy engagement. We therefore decided to retain metrics on carbon reduction in our own emissions and sustainable finance and investment, given we cannot currently use financed emissions, which is a material metric in supporting our ESG ambitions.

The Committee will continue to keep the environment measures and weighting under review for future performance cycles.

Performance targets have been set to balance stretch and achievability so that awards act as an effective incentive for management, and incentivise outperformance against our external strategic commitments. The proposed change in remuneration structure will be supported by target ranges calibrated to reflect the increase to the remuneration opportunity.

It was recognised by investors in our engagement that our recent LTI targets have been set to deliver maximum payouts only for outperformance compared to consensus and our external strategic commitments.

For 2025-2027 awards:

- The maximum target for RoTE reflects stretch above plan and performance forecasts, taking into account the macroeconomic environment. The minimum target for RoTE is aligned to our external commitment of mid-teens RoTE over the medium term.
- The minimum target for relative TSR is set 'at the median of our peer group', which ensures no payout for below median performance aligned to investor expectations. The maximum is set 'at the upper quartile of our peer group'.
- Our emissions reduction targets have been set based on meeting our forecasts relating to emissions reduction and purchase of renewable energy.
- For the sustainable finance and investment measure, we have set performance targets to support our ambition announced in 2020 to provide $750bn to $1tn of financing and investment by 2030. We reflected on sustainable financing forecasts, market demand, and regulation, as well as higher LTI opportunity in setting the stretch in the target range.

The LTI is subject to a risk and compliance modifier, which gives the Committee the discretion to ensure performance targets are delivered with appropriate risk management.

Consistent with our approach since 2017, the number of shares to be awarded will be adjusted to reflect the expected dividend yield of the shares over the vesting period, as awards are not entitled to dividend equivalents in accordance with regulatory requirements.

To the extent performance conditions are satisfied at the end of the three-year performance period, the awards will vest in five equal annual instalments commencing from around the third anniversary of the grant date. On vesting, shares equivalent to the net number of shares that have vested (after those sold to cover any income tax and social security payable) will be held for a retention period of up to one year, or such period as required by regulators.

Performance conditions for the 2025–2027 LTI awards

Measures (weighting)[1]		**Minimum (25% payout)**	**Target (50% payout)**	**Maximum (100% payout)**
RoTE (excluding notable items) with CET1 capital ratio underpin[2] (40%)		14.0%	16.0%	18.0%
Relative TSR[3] (40%)		At the median of the peer group	Straight-line vesting between minimum and maximum	At the upper quartile of the peer group
Environment[4] (20%)	Carbon reduction (own emissions)	71.0%	73.0%	78.0%
	Sustainable finance and investment	$648.0bn	$720.0bn	$792.0bn

Subject to risk and compliance modifier

The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.

1 Awards will vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set in this table.
2 To be assessed based on RoTE excluding notable items at the end of the performance period, subject to the CET1 capital ratio underpin.
3 The peer group for the 2024 award is: Bank of China (Hong Kong), Barclays, BNP Paribas, China Merchants Bank, Citigroup, DBS Group Holdings, J.P. Morgan Chase & Co., Lloyds Banking Group, OCBC Bank, Standard Chartered and UBS Group.
4 Carbon reduction will be measured based on percentage reduction in total energy and travel emissions achieved by 31 December 2027 using 2019 as the baseline. The sustainable finance and investment measure will assess the cumulative amount provided and facilitated over the performance period starting from 1 January 2020 and ending 31 December 2027.

Annual incentive measures for 2025

The 2025 annual incentive scorecard measures for our executive Directors have been set to incentivise the delivery of our strategy and its execution at pace.

Following the Committee's comprehensive review of the policy and its implementation, core measures of PBT, Group RoTE and costs have been retained, with each assessed excluding notable items so that the outcome reflects performance in the control of management.

We have introduced a measure on fee income growth relative to balance sheet growth to incentivise growth with less reliance on capital. To simplify and retain financial measures at 60% of the scorecard (in order to meet regulatory expectations), we have reduced the weighting for PBT to 10% and removed the Asia RoTE measure to reduce overlap with Group RoTE.

The Committee felt it appropriate to have financials weighted at 60% to balance alignment with shareholder performance and regulatory expectations, and in line with UK peers.

Customer Net Promoter Score ('NPS') has been retained to reflect our ambition to be a top-three bank for customer satisfaction and/or improve customer satisfaction rank.

We have added a measure focused on delivery of benefits from the organisational change.

Our people and culture measures support our strategy to have an inclusive culture of high performance. The Committee intends to assess this by considering our established inclusion index, the retention of high performers and other relevant indicators.

We have removed the sustainability measure introduced in 2024 to reduce duplication with the environment measure in the LTI, which better reflects the time horizon of our sustainability commitments.

Personal measures have been set to ensure meaningful weighting for the most critical goals for each executive Director.

The Committee will continue to retain discretion to adjust the formulaic outcomes of scorecards, taking into account factors such as Group profits, wider business performance and stakeholder experience, to ensure executive reward is aligned with underlying Group performance and the broader stakeholder experience.

The weightings and performance measures for the 2025 annual incentive scorecard for executive Directors are opposite.

Performance targets have been set to reflect the Group's 2025 plan, external commitments, scenario testing of upside and downside risks in the plan while considering macroeconomic uncertainty, including the interest rate environment and analyst consensus where available. The performance targets are commercially sensitive, and it would be detrimental to the Group's interests to disclose them at the start of the financial year. However, as with the 2025-2027 LTI scorecard, the Committee is mindful that targets must remain suitably stretching to support the increased remuneration opportunity of the new policy.

Subject to commercial sensitivity, we will disclose the targets in the 2025 Directors' remuneration report.

2025 annual incentive performance measures	Weighting
Financial measures (all measures subject to CET1 capital ratio underpin)	**60.0%**
Group RoTE (excluding notable items)	25.0%
Profit before tax (excluding notable items)	10.0%
Fee income growth relative to balance sheet growth	10.0%
Target basis operating expenses (excluding notable items)	15.0%
Strategic measures	**30.0%**
Customer satisfaction: Improvement in NPS scores/rank	15.0%
Deliver benefits of announced organisational changes	8.0%
People and culture: Inclusion and retention of high performers	7.0%
Personal measures – Group CEO: Deliver enterprise-wide foundational priorities including regulatory excellence, wealth acceleration and strategic investments, and the Group's technology strategy. – Group CFO: Deliver activities relating to regulatory excellence priorities, Group Sustainability priorities, and robust liquidity and capital management.	**10.0%**
Subject to risk and compliance modifier The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.	

Our approach to workforce reward

Our goal is to deliver a unique and exceptional experience to energise colleagues to perform at their best. This is critical to strengthening our ability to attract, retain and motivate the people we need in competitive markets where employee expectations continue to evolve.

Our workforce reward principles and commitments guide our approach and support our focus on being a great place to work.

– We will reward our colleagues responsibly through fixed pay security and protection through core benefits, a competitive total compensation opportunity, pay equity, and a more inclusive and sustainable benefits proposition over time.
– We will recognise colleagues' success through our performance routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities.
– We will support our colleagues to grow through our proposition beyond pay, with a focus on future skills and development, support for well-being, and flexibility.

In 2024, we made several changes to improve colleague experience and unlock our performance edge:

– We introduced new performance routines to over 200,000 colleagues in 58 markets, so colleagues know what is expected of them, how they are doing and how they can improve. This is achieved by discussing performance more frequently through the year, regularly exchanging feedback and simplifying year-end performance assessment to focus less on ratings and more on a dialogue between managers and colleagues.
– We introduced 'Target Variable Pay' to over 150,000 colleagues in 46 markets, helping improve clarity and transparency on how we make pay decisions and the impact of Group, business and individual performance on variable pay.
– We continued to improve our wellbeing offering by enhancing country Employee Assistance Programmes, increasing the number of mental health champions to expand the network's global reach, developing new financial wellbeing support and running global activity challenges to improve employees' physical wellbeing.

The Committee tracks various metrics to assess how we are doing and prioritise action plans. Our approach overall is working and has positively contributed to employee engagement, which has risen to a record high of 80% in our employee Snapshot survey. Additional metrics highlighting some of our areas of focus in 2024 are outlined below.

Our approach to workforce reward forms part of our broader employee value proposition and helps us retain and engage the leaders and people we need to execute our strategy. We will continue to track and measure progress against key metrics at a Group, global business and market level and use these insights to inform what improvements we can make. In 2025, we will continue to embed our performance and pay changes, protect well-being and flexibility, and reinvest in colleagues' skills development.

We will reward you responsibly

Living wage

Global living wage employer

Following our accreditation as a global living wage employer in 2024, we have continued to work with the Fair Wage Network which provides an independent source of wage levels. HSBC has achieved accreditation as a global living wage employer in 2025 and will continue to review all wages against local living wage benchmarks.

Fixed pay

3.6% (2023: 4.4%)

increase to fixed pay for 2025, targeted at colleagues that need it most, such as those in high inflation markets.

Pay fairness

5 percentage points ▲

increase in the number of colleagues who say they are paid fairly for what they do, compared with the 2021 year-end pay review.

We will recognise your success

Feedback

81% (2023: 81%)

of colleagues say they receive feedback to help them improve performance.

42% ▲

average monthly increase in colleagues receiving feedback compared to 2023.

Recognition

1.5m (2023: 1.4m) ▲

recognitions by employees of their peers for demonstrating role model behaviours that are linked to our values, up 7% on 2023.

We will support you to grow

Mental health

#1 (2023: #1)

in the Global CCLA Corporate Mental Health Benchmark for the third year running.

Financial wellbeing

65% (2023: 60%) ▲

of colleagues say they know where to find financial wellbeing support, an increase of five percentage points compared to 2023.

Career

71% (2023: 71%)

Our Career Index is six percentage points higher than the financial services benchmark.

Committee governance

The Group Chairman, Chair of the Group Risk Committee, Group CEO, Group Chief Risk and Compliance Officer, Group Chief People and Governance Officer, Group Chief Legal Officer, Global Head of Remuneration Governance and Regulatory Accountabilities (Committee Secretary), and Group Head of Performance and Reward routinely and selectively attend Committee meetings.

No Director is present at Committee meetings when their own remuneration is discussed.

The Chair regularly engaged with the Committee’s key stakeholders, including senior management, independent advisors, investors, proxy advisors and regulators to listen to numerous perspectives to help inform the broader decision-making of the Committee.

A copy of the Committee’s terms of reference can be found on our website at www.hsbc.com/who-we-are/our-people/board-of-directors/board-committees and further information on stakeholder engagement for setting the remuneration policy is set out from page 285.

The Committee Secretary regularly met with the Chair to ensure the Committee fulfilled its governance responsibilities, to consider input from stakeholders when finalising meeting agendas and track progress on actions and priorities. A summary of coverage is set out in the ‘Matters considered during 2024’ table below.

Matters considered during 2024

	Feb[1]	Feb[1]	Jun[2]	Jun	Jul	Sep[2]	Sep	Oct[2]	Dec
Remuneration framework and governance									
Group variable pay, workforce performance and pay matters and insights	◆	◆	◇	◆	◆	◇	◆	◆	◆
Directors’ remuneration policy design	◆	◇	◇	◆	◆	◇	◆	◇	◆
Executive Director remuneration policy implementation, scorecards and pay proposals	◆	◆	◆	◇	◆	◇	◆	◇	◆
Remuneration for other senior executives of the Group	◆	◆	◇	◇	◇	◇	◆	◇	◆
Directors’ remuneration report	◇	◆	◇	◇	◇	◇	◇	◇	◆
Regulatory, risk and governance									
Material risk and audit events, and performance and remuneration impacts for individuals involved	◆	◆	◇	◇	◆	◆	◆	◇	◆
Regulatory updates, including identification of Material Risk Takers	◆	◆	◇	◇	◆	◇	◆	◇	◆
Governance matters	◆	◆	◇	◆	◆	◇	◆	◇	◆
Matters from principal subsidiary committees	◆	◆	◇	◇	◆	◇	◆	◇	◆

◆ Matter considered ◇ Matter not considered

1 There were two meetings held during February.
2 The June, September and October meetings were ad hoc with reduced agenda.

How the Committee discharged its responsibilities

Activities outside formal meetings

In addition to its regular schedule, the Committee convened three ad hoc meetings to facilitate oversight of key topics under its remit in support of strategic priorities and initiatives during 2024.

The Committee keeps abreast of regulatory and investor developments and periodically undertakes training to explore key topics in more detail. A comprehensive induction session was held with Kalpana Morparia in October 2024 to introduce her to the work of the Committee.

Connectivity with principal subsidiary remuneration committees

The Chair hosted the biannual Remuneration Committee Chairs Forum in October and November 2024, bringing together Committee members and Chairs of the principal subsidiary remuneration committees. The forum provided the opportunity for members to discuss key priorities and challenges in relation to people, performance and pay matters across the Group. The focus in October was progress on Committee priorities for the year including the development of a new executive Director policy, progress on delivering the employee value proposition commitments and to receive regional feedback on key considerations for the 2024 pay review. In November, the forum focused on the preliminary Group variable pay for 2024, and allocation by business, function and region and the 2025 fixed pay budgets.

The Committee received certifications from the principal subsidiary remuneration committees, confirming that the relevant committee had discharged its obligations overseeing the implementation and operation of HSBC’s Group Remuneration Framework and escalated all relevant concerns to the Committee. A regular report is presented to the Committee highlighting significant remuneration matters from the Group’s subsidiaries.

Collaborative oversight by the GRC, GAC and GTOC

The Committee worked closely with, and received feedback and input from, the GRC and GAC on the alignment of remuneration with risk appetite, conduct and compliance-related matters, including risk adjustment considerations for Group variable pay and the application of the risk modifier in respect of senior employees.

The Chair met with the Chair of the GRC, GAC and GTOC to consider the Group’s risk and reward alignment framework, which is designed to promote sound and effective risk management in meeting PRA and FCA remuneration rules and expectations. During the year, the Chair of the Committee hosted a joint session with the GRC and GTOC to consider improvements to the risk and reward framework, more details of which can be found on page 304.

Advisers

The Committee received input and advice from different advisers on specific topics during 2024. Deloitte was retained as independent advisor to the Committee in 2024 having been reappointed in 2022 following a formal tender process. Deloitte also provided tax compliance and other advisory services to the Group in 2024. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

The Committee also received advice from Willis Towers Watson on market data and remuneration trends. Willis Towers Watson also provides actuarial support to Global Finance, benchmarking data for the wider workforce and services related to benefits administration for our Group employees. The Committee was satisfied the advice provided by Deloitte and Willis Towers Watson was objective and independent in 2024.

For 2024, total fees of £275,150 and £68,971 were incurred in relation to remuneration advice provided by Deloitte and Willis Towers Watson, respectively. This was based on pre-agreed fees and a time-and-materials basis.

Committee performance review

In 2024, the annual review of the performance of the Board committees, including the Committee, was conducted externally by IBE. On the basis of the review, the directors concluded that the Committee continued to operate effectively.

Positive feedback was noted on the leadership of the Committee Chair and membership of the Committee, which was considered to have practical overlap of members with other Board committees, and an appropriate flow of information between Committee Chairs.

The review highlighted the importance of both continuing to consider performance and pay for the wider workforce, and taking the opportunity to take a fresh look at the performance and pay approach in the context of changes to the employee value proposition.

The outcomes of the evaluation have been reported to the Board, and the Committee will track the progress in implementing recommendations during 2025.

Further details of the annual review of the Board and Committee effectiveness can be found on page 257.

Additional remuneration disclosures

This section provides further information in relation to executive Director and wider workforce remuneration as required by the UK, Hong Kong, and Pillar 3 remuneration disclosure requirements. For the purpose of the Pillar 3 remuneration disclosures, executive Directors and non-executive Directors are considered to be members of the management body. Members of the Group Executive Committee other than the executive Directors are considered as senior management.

Link between risk, performance and reward

Our remuneration practices promote sound and effective risk management to support our business objectives and the delivery of our strategy. We set out below the key features of our framework, which enable us to align between risk, performance and reward, subject to compliance with local laws and regulations:

Framework elements	Application
Variable pay	– Group variable pay is expected to reflect Group performance, based on a range of financial and non-financial factors. We use a structured payout ratio range, that varies the payout ratio with profits before tax, and a countercyclical funding methodology, with both a floor and a ceiling, with the payout ratio generally reducing as performance increases to avoid pro-cyclicality. The floor recognises that even in challenging times, remaining competitive is important. The ceiling recognises that at higher levels of performance it is not always necessary to continue to increase variable pay, thereby limiting the risk of inappropriate behaviour to drive financial performance. – The main quantitative and qualitative performance and risk metrics used for assessment of performance include: – Group and business unit financial performance, considering contextual factors driving performance, and capital requirements; – current and future risks, taking into consideration performance against the risk appetite, financial resourcing plan and global conduct outcomes; and – fines, penalties and provisions for customer redress, which are automatically included in the Committee’s definition of profit for determining the pool. – In the event that the Group was unable to distribute dividends to shareholders for reasons such as capital adequacy, then the Group may determine that as a year of weak performance. In such a year, the Group may withhold some, or all, variable pay for employees including unvested share awards, using the metrics outlined above as a basis for that determination.
Individual performance	– Assessment of individual performance is made with reference to clear and relevant financial and non-financial goals. Goals for senior management take into account appropriate measures linked to sustainability risks, such as: reduction in carbon footprint; facilitating financing to help clients with their transition to net zero; employee inclusion; and risk and compliance measures, subject to local legal requirements. – A mandatory global risk and compliance goal is included for all other employees. Subject to any legal/regulatory requirements, all employees receive an overall performance assessment supported by an assessment against the minimum values-aligned behaviours and conduct standards expected of all colleagues and performance on their goals. This ensures that performance is assessed not only on what is achieved but also on how it is achieved.
Control function staff	– Group policy is for control functions staff to report into their respective function. Remuneration decisions for senior functional roles are made by the global function head. – The performance and reward of individuals in control functions, including risk and compliance colleagues, are assessed according to a balanced scorecard of goals specific to the functional role they undertake. – Their remuneration is determined independent of the performance of the business areas they oversee. – Remuneration is carefully benchmarked with the market and internally to ensure it is set at an appropriate level. – The Committee is responsible for approving remuneration for the Group Chief Risk and Compliance Officer and Group Head of Internal Audit.
Variable pay adjustments and conduct recognition	– Variable pay awards may be adjusted upwards or downwards to reflect positive or negative conduct in adherence with the Code of Conduct. Downward adjustments can be made in circumstances including: – detrimental conduct, including conduct that brings HSBC into disrepute; – involvement in events resulting in significant operational losses, or events that have caused or have the potential to cause significant harm to HSBC; and – non-compliance with the values-aligned behaviours and other mandatory requirements or policies. – Rewarding positive conduct can be through use of our global recognition platform, At Our Best, or positive adjustments to variable pay awards.
Malus	– Malus can be applied to unvested deferred awards (up to 100% of awards) granted in prior years in circumstances including: – detrimental conduct, including conduct that brings the business into disrepute; – past performance being materially worse than originally reported; – restatement, correction or amendment of any financial statements; and – improper or inadequate risk management.
Clawback	– Clawback can be applied to vested or paid awards granted to MRTs on or after 1 January 2015 (and awards granted to non-MRTs on or after 1 January 2022) for a period of seven years, extended to 10 years for employees in PRA and FCA designated senior management functions in the event of ongoing internal/regulatory investigation at the end of the seven-year period. Clawback may be applied in circumstances including: – participation in, or responsibility for, conduct that results in significant losses; – failing to meet appropriate standards and propriety; – reasonable evidence of misconduct or material error that would justify, or would have justified, summary termination of a contract of employment; and – a material failure of risk management suffered by HSBC or a business unit in the context of Group risk-management standards, policies and procedures. – Clawback can also be applied to vested or paid awards granted to designated Executive Officers as defined by the US Securities and Exchange Commission (‘SEC’) for a period of three years in the event of an accounting restatement due to material non-compliance with any financial reporting requirement under the US securities laws.
Sales incentives	– We generally do not operate commission-based sales plans, unless aligned with local market practice and with appropriate safeguards to avoid incentivising inappropriate sales behaviours.
Identification of MRTs	– We identify individuals as MRTs based on qualitative and quantitative criteria set out in the PRA’s and FCA’s remuneration rules. Our identification process is underpinned by the following key principles: – MRTs are identified at Group, HSBC Bank (consolidated) and HSBC UK Bank level. – MRTs are also identified at other solo regulated entity level as required by the regulations. – When identifying an MRT, HSBC considers a colleague’s role within its matrix management structure. The global business and function that an individual works within takes precedence, followed by the geographical location in which they work. – We also identify additional MRTs based on our own internal criteria, which include compensation thresholds and individuals in certain roles and grades who otherwise would not be identified as MRTs under the remuneration rules.

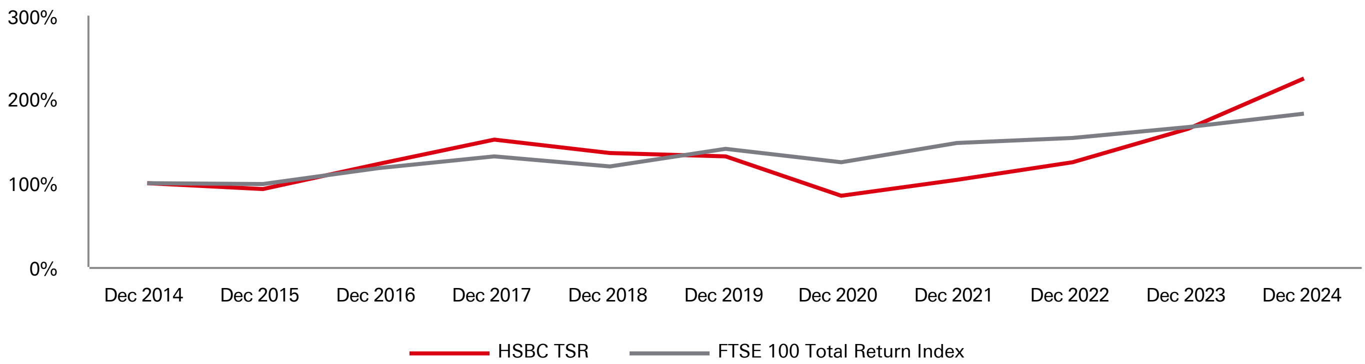
Summary of shareholder return and Group CEO remuneration

The graph shows HSBC TSR performance (based on the daily spot Return Index in sterling) against the FTSE 100 Total Return Index for the 10-year period ended 31 December 2024.

The FTSE 100 Total Return Index has been chosen as a recognised broad equity market index of which HSBC Holdings is a member.

The single total figure remuneration for the Group CEO over the past 10 years, together with the outcomes of the respective annual incentive and LTI awards, are presented in the following table.

HSBC TSR and FTSE 100 Total Return Index



	2015	2016	2017	2018		2019		2020	2021	2022	2023	**2024**	
Group CEO	Stuart Gulliver	Stuart Gulliver	Stuart Gulliver	Stuart Gulliver	John Flint	John Flint	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	**Sir Noel Quinn**[1,2]	**Georges Elhedery**[2,3]
Single total figure £000[4]	7,340	5,675	6,086	2,387	4,582	2,922	1,977	4,154	4,895	5,562	10,396	**9,164**	**1,867**
Annual incentive[5] (% of maximum)	45%	64%	80%	76%	76%	61%	66%	32%	57%	75%	70%	**78%**	**78%**
Long-term incentive[5,6,7] (% of maximum)	41%	–%	–%	100%	–%	–%	–%	–%	–%	–%	75%	**75%**	**—%**

1 Sir Noel Quinn's 2024 single total figure reflects his single total figure of remuneration and includes his total fixed pay, benefits and annual incentive up to and including 1 September 2024 when he stepped down as Group CEO, plus his vesting 2022-2024 LTI.
2 The 2024 annual incentive figures for Sir Noel Quinn and Georges Elhedery reflect their assessment against the Group CEO scorecard for their periods as Group CEO.
3 Georges Elhedery's total single figure reflects his total fixed pay, annual incentive and benefits in respect of his period as Group CEO (for the period 2 September 2024 to 31 December 2024). Georges Elhedery's vesting 2022-2024 LTI was granted before his appointment as Group CEO and has been excluded.
4 Sir Noel Quinn's 2023 single total figure has been restated to reflect the value of the 2021-2023 LTI on 12 March 2024, when the first tranche of the award vested.
5 The 2012 annual incentive figure for Stuart Gulliver included 60% of the annual incentive disclosed in the 2012 Directors' remuneration report, which was deferred for five years and subject to service conditions and satisfactory completion of the five-year deferred prosecution agreement with the US Department of Justice, entered into in December 2012 ('AML DPA') as determined by the Committee. The AML DPA performance condition was met and the award vested in 2018. The value of the award at vesting was in the 2018 single total figure of remuneration and included as long-term incentive for 2018.
6 Long-term incentive awards are included in the single total figure of remuneration for the year in which the performance period is deemed to be substantially completed. For Group Performance Share Plan ('GPSP') awards, this is the end of the financial year preceding the date of grant. The GPSP award shown in 2015 therefore relates to the award granted in 2016.
7 The GPSP was replaced by the LTI in 2016 and the value for GPSP is nil for 2016 as no GPSP award was made. LTI awards have a three-year performance period and the first LTI award was made in February 2017. The value of the LTI awards expected to vest will be included in the total single total figure of remuneration of the year in which the performance period ends.

Voting results from Annual General Meeting

2024 Annual General Meeting voting results

	For	**Against**	**Withheld**
Remuneration report (votes cast)	**97.36%**	**2.64%**	**—**
	9,581,517,143	**259,382,421**	**7,973,872**
Remuneration Committee discretion to set appropriate variable to fixed pay ratio(s) for Material Risk Takers (votes cast)	**99.31%**	**0.69%**	
	9,760,585,369	**67,898,883**	**20,437,945**
Remuneration policy (votes cast from 2022 Annual General Meeting)	**95.73%**	**4.27%**	**—**
	7,666,488,029	**342,320,697**	**7,773,468**

Pay ratio

The following table shows the ratio between the total pay of the Group CEO and the lower quartile, median and upper quartile pay of our UK employees.

Total pay and benefits for the Group CEO reflects the total fixed pay, annual incentive and benefits for Sir Noel Quinn up to and including 1 September 2024 and for Georges Elhedery from 2 September 2024, plus the value of Sir Noel Quinn’s vesting 2022-2024 long-term incentive (‘LTI’), which was awarded in respect of his performance as Group CEO in 2021. The median ratio is stable year on year, reflecting that a LTI has vested in each of the last two years with a similar scorecard outcome.

Total pay ratio

	Method	Lower quartile	Median	Upper quartile
2024	A	283:1	165:1	87:1
2023[1]	A	285:1	165:1	86:1
2022	A	167:1	95:1	49:1
2021	A	154:1	90:1	46:1
2020	A	139:1	85:1	43:1
2019	A	169:1	105:1	52:1

Total pay and benefits amounts used to calculate the ratio

		Lower quartile		Median		Upper quartile	
(£)	Method	Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2024	A	38,995	31,962	66,772	53,945	127,050	91,664
2023	A	36,528	27,680	63,000	45,536	121,223	89,506
2022	A	33,284	24,615	58,257	41,000	113,778	95,000
2021	A	31,727	27,666	54,678	41,500	106,951	84,000
2020	A	29,833	23,264	48,703	36,972	96,386	75,000
2019	A	28,920	24,235	46,593	41,905	93,365	72,840

1 The 2023 pay ratios have been restated to reflect the revised 2023 single total figure of remuneration for Sir Noel Quinn.

The total pay and benefits for the median employee for 2024 was £66,772, a 6.0% increase compared with 2023.

Our UK workforce comprises a diverse mix of colleagues across different businesses and levels of seniority, from junior cashiers in our retail branches to senior executives managing our global business units. We aim to deliver market-competitive pay for each role, taking into consideration the skills and experience required for the business.

Pay structure varies across roles in order to deliver an appropriate mix of fixed and variable pay. Junior colleagues have a greater portion of their pay delivered in a fixed component, which does not vary with performance and allows them to predictably meet their day-to-day needs. Our senior management, including executive Directors, generally have a higher portion of their total remuneration opportunity structured as variable pay and linked to the performance of the Group, given their role and ability to influence the strategy and performance of the Group. Executive Directors also have a higher proportion of their variable pay delivered in shares, which vest over a period of seven years with a post-vesting retention period of one year. During this deferral and retention period, the awards are linked to the share price so the value of award realised by them after the vesting and retention period will be aligned to the performance of the Group.

We are satisfied that the median pay ratio is consistent with the pay and progression policies for our UK workforce, taking into account the diverse mix of our UK employees, the pay mix applicable to each role and our objective of delivering market competitive pay for each role subject to Group, business and individual performance.

Our ratios have been calculated using the option ‘A’ methodology prescribed under the UK Companies (Miscellaneous Reporting) Regulations 2018. Under this option, the ratios are calculated using full-time equivalent pay and benefits of all employees providing services in the UK at 31 December 2024. We believe this approach provides accurate information and representation of the ratios. The ratio has been computed taking into account the pay and benefits of over 34,000 UK employees, other than the Group CEOs. We calculated our pay quartiles and benefits information for our UK employees using:

- full-time equivalent annualised fixed pay, which includes base salary and allowances, at 31 December 2024;
- variable pay awards for 2024;
- return on deferred cash awards granted in prior years. The deferred cash portion of the annual incentive granted in prior years includes a right to receive notional returns for the period between the grant date and vesting date, which is determined by reference to a rate of return specified at the time of grant. A payment of notional return is made annually and the amount is disclosed on a paid basis in the year in which the payment is made;
- gains realised from exercising awards from taxable employee share plans; and
- full-time equivalent value of taxable benefits and pension contributions.

Full-time equivalent fixed pay and benefits for each employee have been calculated by using each employee’s data as at 31 December 2024. Where an employee works part-time, fixed pay and benefits are grossed up, where appropriate, to full-time equivalent. One-off benefits have not been included in calculating the ratios as these are not permanent in nature and in some cases, depending on individual circumstances, may not truly reflect a benefit to the employee.

The reported ratios may not be comparable to our international and listed peers on the FTSE 100, given differences in business mix and size, employment and compensation practices, methodologies for computing pay ratios and assumptions used by companies.

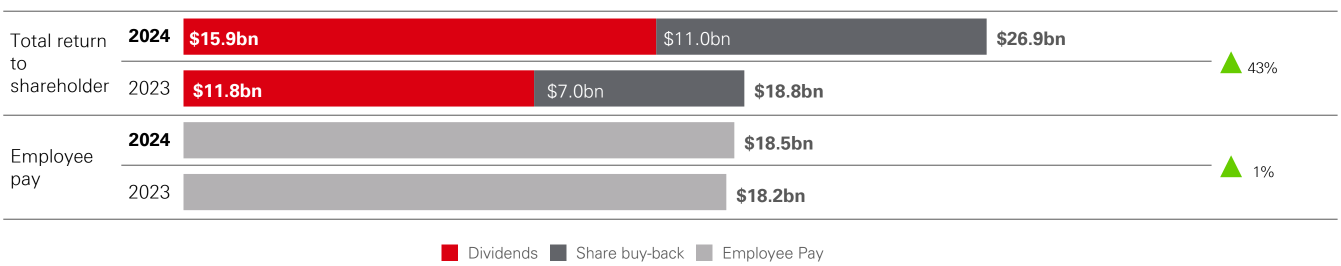
Relative importance of spend on pay

The following chart shows the change in:

- total employee pay between 2023 and 2024; and
- dividends and share buy-backs in respect of 2023 and 2024.

In 2024, total spend on pay was stable compared with 2023. The total return to shareholders increased by 43% compared with 2023. This included the special dividend of $0.21 per share that was paid in June following the completion of the sale of our banking business in Canada, as well as $11bn of capital return to shareholders through share buy-backs, which included the up to $2bn buy-back announced at our 2023 annual results in February 2024. In addition, the Group has announced the intention to initiate a further buy-back of up to $2bn. Dividends include an approximation of the amount payable in April 2025 in relation to the fourth interim dividend of $0.36 per ordinary share.

Relative importance of spend on pay



Comparison of Directors' and employees' pay

The following table compares the changes in each Director's base salary, taxable benefits and annual incentive between 2020 and 2024 with the percentage change in each of those elements of pay for UK-based employees of HSBC Group Management Services Limited, the employing entity of the executive Directors.

The non-executive Director fees were increased in 2024. The year-on-year percentage change in fees noted in the table below is primarily driven by any pro-rated fees received by the non-executive Director based on time served by them on the Board and the relevant Board committees and any additional responsibilities taken on by the non-executive Director during each year. The value of benefits received by the non-executive Directors reflect the taxable expense reimbursements claimed, and the associated gross-up tax, in relation to attending the Board meetings in each year. Page 313 provides the underlying single total figure of remuneration for non-executive Directors used to calculate these figures.

Annual percentage change in remuneration

	Base salary/fees					Benefits					Annual incentive				
Director/employees	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020	**2024**	2023	2022	2021	2020
Executive Directors															
Sir Noel Quinn[1,2,3]	**(31.6)**	0.5	3.2	1.7	151.7	**(47.8)**	6.7	25.3	(48.9)	353.7	**(23.7)**	(6.7)	36.1	99.0	20.2
Georges Elhedery[4]	**26.7**	—	—	—	—	**866.0**	—	—	—	—	**30.3**	—	—	—	—
Non-executive Directors															
Geraldine Buckingham[5]	**10.7**	57.4	—	—	—	**(40.0)**	—	—	—	—	**—**	—	—	—	—
Rachel Duan[6,7]	**4.5**	8.4	235.8	—	—	**—**	(100.0)	—	—	—	**—**	—	—	—	—
Dame Carolyn Fairbairn[7,8]	**4.7**	5.3	231.1	—	—	**—**	(100.0)	—	—	—	**—**	—	—	—	—
James Forese[9]	**5.5**	10.2	20.5	257.5	—	**300.0**	—	—	—	—	**—**	—	—	—	—
Ann Godbehere[10]	**472.1**	—	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Steven Guggenheimer[11]	**(1.9)**	0.8	4.8	86.6	—	**300.0**	(90.0)	—	—	—	**—**	—	—	—	—
José Antonio Meade Kuribreña[12]	**3.7**	0.8	8.5	10.4	28.7	**75.0**	(71.4)	—	(100.0)	100.0	**—**	—	—	—	—
Kalpana Morparia[13]	**45.9**	—	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Eileen Murray[14,15]	**14.1**	10.7	(1.5)	121.7	—	**(100.0)**	—	—	—	—	**—**	—	—	—	—
Brendan Nelson[16]	**306.2**	—	—	—	—	**216.7**	—	—	—	—	**—**	—	—	—	—
David Nish[17]	**(66.8)**	0.4	(1.0)	0.4	108.7	**57.9**	(13.6)	120.0	25.0	(50.0)	**—**	—	—	—	—
Swee Lian Teo[18]	**402.0**	—	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Sir Mark Tucker	**—**	—	—	—	—	**184.3**	(54.9)	242.4	(36.5)	(77.5)	**—**	—	—	—	—
Employee group[19]	**3.3**	5.0	3.1	1.0	2.0	**4.1**	5.7	7.0	1.3	2.3	**2.4**	11.7	3.7	25.2	(20.0)

1 Sir Noel Quinn succeeded John Flint as interim Group CEO with effect from 5 August 2019 and was appointed permanently into the role on 17 March 2020. The annual percentage change in 2020 for Sir Noel Quinn is based on remuneration reported in his 2019 single total figure of remuneration (for the period 5 August 2019 to 31 December 2019) and his 2020 single total figure of remuneration (for the period 1 January 2020 to 31 December 2020). Based on his annualised 2019 compensation as an executive Director, his percentage change in salary, benefits and annual incentive was 2.1%, 85.2% and -50.9%, respectively for 2020.
2 Sir Noel Quinn voluntarily waived the cash portion of his 2020 annual incentive. The year-on-year percentage change between 2020 and 2021 would be -1% without this cash waiver.
3 Sir Noel Quinn stepped down as Group CEO and as an executive Director of the Board with effect from 2 September 2024. The annual percentage change in 2024 for Sir Noel Quinn is based on remuneration reported in his 2024 single total figure of remuneration (for the period 1 January 2024 to 1 September 2024). Based on his annualised 2024 compensation as an executive Director, his percentage change in salary, benefits and annual incentive was 3.0%, -22.4% and 14.1% respectively for 2024.
4 Georges Elhedery succeeded Ewen Stevenson as Group CFO with effect from 1 January 2023, and succeeded Sir Noel Quinn as Group CEO with effect from 2 September 2024. The annual percentage change in 2024 for Georges Elhedery is based on remuneration reported in his 2024 single total figure of remuneration, which reflects compensation as both Group CFO and Group CEO during 2024.
5 Geraldine Buckingham stepped down as a member of the Group Risk Committee on 1 October 2024 and was appointed as a member of the Group Audit Committee and Chair of the Sustainability Working Group on 1 October 2024.
6 Rachel Duan was appointed as a member of the Group Audit Committee on 1 June 2022.
7 Rachel Duan and Dame Carolyn Fairbairn did not receive taxable benefits in 2023, resulting in a 100% reduction in benefits from the prior year.
8 Dame Carolyn Fairbairn was appointed as Chair of the Group Remuneration Committee effective 29 April 2022.
9 James Forese was appointed as non-executive Chair of HSBC North America Holdings, Inc in 2021. He was appointed as a member of the Sustainability Working Group on 1 October 2024.
10 Ann Godbehere was appointed as a member of the Group Audit Committee on 21 February 2024 and as a member of the Sustainability Working Group on 1 October 2024. She was also appointed as Senior Independent Director on 3 May 2024.
11 Steven Guggenheimer joined the Board on 1 May 2020. He stepped down as a Co-Chair of the Technology Governance Working Group on 1 March 2024 and was appointed as a member of the Group Technology Committee on 1 March 2024.
12 José Antonio Meade Kuribreña did not receive taxable benefits in 2021, resulting in a 100% reduction in benefits from the prior year.
13 Kalpana Morparia joined the Board on 1 March 2023. She was appointed as a member of the Group Technology Committee on 1 March 2024 and Group Remuneration Committee on 1 October 2024. Kalpana Morparia stepped down as a member of Group Risk Committee on 1 October 2024.
14 Eileen Murray was appointed as a member of the Group Audit Committee on 1 June 2022. She stepped down as the Co-Chair of the Technology Governance Working Group Committee and was appointed as the Chair of the Group Technology Committee on 1 March 2024. Eileen Murray stepped down as a member of the Group Audit Committee and was appointed as a member of the Group Risk Committee on 1 October 2024.
15 Eileen Murray did not receive taxable benefits in 2024, resulting in a 100% reduction in benefits from the prior year.
16 Brendan Nelson was appointed as Chair of the Group Audit Committee on 21 February 2024. He was appointed as a member of the Group Technology Committee on 1 March 2024 and the Sustainability Working Group on 1 October 2024.
17 David Nish retired from the Board effective 3 May 2024.
18 Swee Lian Teo was appointed as a member of the Group Technology Committee on 1 March 2024 and the Sustainability Working Group on 1 October 2024.
19 Employee group consists of individuals employed by HSBC Group Management Services Ltd, the employing entity of the executive Directors, as no individuals are employed directly by HSBC Holdings.

Scheme interests awarded during 2024

(Audited)

The table below sets out the scheme interests granted to executive Directors during 2024 in respect of the 2023 performance year, as disclosed in the 2023 Directors' remuneration report. No non-executive Directors received scheme interests during the financial year. The below table includes details of immediate shares and fixed pay allowances in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Scheme awards in 2024

(Audited)

	Type of interest awarded	Basis on which award made	Date of award	Face value awarded £000	Percentage receivable for minimum performance	Number of shares awarded	End of performance period
Sir Noel Quinn	LTI deferred shares[1]	% of base salary	**26 February 2024**	**5,822**	**25**	**974,853**	**31 December 2026**
	Immediate shares[2]	% of base salary	**26 February 2024**	**1,009**	**N/A**	**168,955**	**31 December 2023**
	Fixed pay allowance[3]	N/A	**8 May 2024**	**300**	**N/A**	**42,146**	**N/A**
			15 August 2024	**300**	**N/A**	**46,219**	**N/A**
			5 November 2024	**300**	**N/A**	**41,846**	**N/A**
Georges Elhedery	LTI deferred shares[1]	% of base salary	**26 February 2024**	**3,399**	**25**	**569,177**	**31 December 2026**
	Immediate shares[2]	% of base salary	**26 February 2024**	**643**	**N/A**	**107,752**	**31 December 2023**
	Fixed pay allowance[3]	N/A	**8 May 2024**	**192**	**N/A**	**26,899**	**N/A**
			15 August 2024	**192**	**N/A**	**29,498**	**N/A**
			5 November 2024	**299**	**N/A**	**41,720**	**N/A**

1 In accordance with the remuneration policy approved by shareholders at the 2022 AGM, the LTI award was determined at 320% of base salary for Sir Noel Quinn and 320% of base salary for Georges Elhedery. The number of shares to be granted was determined by taking HSBC's closing share price of £5.972 taken on 23 February 2024, and applying a discount based on HSBC's expected dividend yield of 6.25% per annum for the vesting period (£4.385). The fair value of the awards was £2.028 based on IFRS 2 accounting standards. LTI awards are conditional share awards subject to a three-year forward-looking performance period and vest in five equal annual instalments, between the third and seventh anniversary of the award date, subject to performance achieved. Awards are subject to clawback for a maximum period of 10 years from the date of the award and are not eligible for dividend equivalents.

2 Immediate share awards are granted based on the previous years' performance as part of the annual incentive and are not subject to forward-looking performance conditions. On vesting, awards will be subject to a one-year retention period. The face values of the immediate share awards have been computed using HSBC's closing share price of £5.972 taken on 23 February 2024. The fair value of the awards was £5.957 based on IFRS 2 accounting standards. Awards are subject to clawback for a maximum period of 10 years from the date of the award.

3 Fixed pay allowance awards are granted in instalments in accordance with the remuneration policy approved by shareholders at the 2022 AGM, and are not subject to forward-looking performance conditions. Individual tax liabilities were satisfied in cash, therefore the face value awarded represents the net of tax value of the shares and the number of shares awarded reflects the net of tax number of shares. The fixed pay allowance awards have been computed using HSBC's closing share price of £7.126 taken on 7 May 2024, £6.498 taken on 14 August 2024 and £7.177 taken on 4 November 2024. The fair values of these awards are based on IFRS 2 accounting standards and are £7.208, £6.558 and £7.224 respectively. These awards vest immediately and are subject to a retention period and released annually on pro-rata basis over five years, starting in March 2025.

Performance conditions for the 2024–2026 LTI awards

(Audited)

Measures (weighting)[1]		**Minimum (25% payout)**	**Target (50% payout)**	**Maximum (100% payout)**
RoTE with CET1 capital ratio underpin[2] (37.5%)		**14.0%**	**16.0%**	**17.0%**
Environment and sustainability[3] (25%)	Carbon reduction (own emissions)	**66.0%**	**70.0%**	**74.0%**
	Sustainable finance and investment	**$539.0bn**	**$641.0bn**	**$693.0bn**
Relative TSR[4] (37.5%)		**At median of the peer group**	**Straight-line vesting between minimum and maximum**	**At upper quartile of peer group**

Subject to risk and compliance modifier
The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.

1 Awards will vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set in this table.

2 To be assessed based on RoTE at the end of the performance period, subject to the CET1 capital ratio underpin.

3 Carbon reduction will be measured based on percentage reduction in total energy and travel emissions achieved by 31 December 2026 using 2019 as the baseline. The sustainable finance and investment measure will assess the cumulative amount provided and facilitated over the period ending 31 December 2026.

4 The peer group for the 2024–2026 award is: Bank of China (Hong Kong), Barclays, BNP Paribas, China Merchants Bank, Citigroup, DBS Group Holdings, J.P. Morgan Chase & Co., Lloyds Banking Group, OCBC Bank, Standard Chartered and UBS Group.

Other scheme interests held during 2024

The table below details scheme interests held by executive Directors during 2024, in respect of prior performance years. Vesting of deferred share awards is normally subject to the Director remaining an employee on the vesting date. The awards may vest at an earlier date in some circumstances. Under the Securities and Futures Ordinance of Hong Kong, interests in conditional share awards are categorised as the interests of the beneficial owner.

Other scheme interests in 2024

						HSBC Holdings ordinary shares				
	Type of interest held	Dates of award	Award price (£)[1]	Usually vesting from	to	At 1 Jan 2024	Vested in period	Lapsed in period	Cancelled in period	At 31 Dec 2024
Sir Noel Quinn	LTI deferred shares	1 Mar 2021	4.262	1 Mar 2024	31 Mar 2028	**1,118,554**	**167,782[2]**	**279,639**	**—**	**671,133**
		28 Feb 2022	5.380	1 Mar 2025	31 Mar 2029	**983,339**	**—**	**—**	**—**	**983,339**
		27 Feb 2023	6.357	1 Mar 2026	31 Mar 2030	**861,422**	**—**	**—**	**—**	**861,422**
	Deferred shares	27 Feb 2017[3]	6.503	1 Mar 2020	31 Mar 2024	**19,886**	**20,698[4]**	**—**	**—**	**—**
		26 Feb 2018[5]	7.234	1 Mar 2021	31 Mar 2025	**43,011**	**21,504**	**—**	**—**	**21,507**
		25 Feb 2019[6]	6.235	1 Mar 2022	31 Mar 2026	**84,351**	**28,117**	**—**	**—**	**56,234**
		24 Feb 2020[7]	5.622	1 Mar 2023	31 Mar 2027	**161,362**	**40,340**	**—**	**—**	**121,022**
Georges Elhedery	LTI deferred shares	28 Feb 2022	5.380	1 Mar 2025	31 Mar 2029	**223,989**	**—**	**—**	**—**	**223,989**
		27 Feb 2023	6.357	1 Mar 2026	31 Mar 2030	**251,474**	**—**	**—**	**—**	**251,474**
	Deferred shares	25 Feb 2019[8]	6.235	1 Mar 2020	31 Mar 2024	**17,193**	**17,193**	**—**	**—**	**—**
		24 Feb 2020[7]	5.622	1 Mar 2023	31 Mar 2027	**118,129**	**29,532**	**—**	**—**	**88,597**
		1 Mar 2021[9]	4.262	1 Mar 2024	31 Mar 2028	**305,523**	**61,104**	**—**	**—**	**244,419**
		28 Feb 2022[10]	5.380	1 Mar 2025	31 Mar 2029	**273,163**	**—**	**—**	**—**	**273,163**

1 The award price is the closing price on the day before the grant date. In all cases the purchase price is nil.
2 The performance conditions were assessed and confirmed at 75%. The remaining 25% of the award was forfeited. Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award vests in five equal tranches commencing in 2024. The first tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.758.
3 The award vested in five equal annual tranches. The final tranche vested on 11 March 2024 at a market value of £5.7534. Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for six months from the vesting date. The closing price of the shares immediately before the date on which the awards were vested was £5.799.
4 The quantity vested included 812 dividend equivalents allocated in respect of the Q4 2023 dividend.
5 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award will vest in five equal annual tranches. The fourth tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.758.
6 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award will vest in five equal annual tranches. The third tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.799.
7 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award will vest in five equal annual tranches. The second tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.799.
8 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for six months from the vesting date. The award vested in five equal annual tranches. The final tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.799.
9 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award will vest in five equal annual tranches. The first tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.758.
10 The award will vest in five equal annual tranches commencing in 2025. Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date.

No Directors held any short position (as defined in the Securities and Futures Ordinance of Hong Kong) in the shares or debentures of HSBC Holdings and its associated corporations. Save as stated in the tables above, none of the Directors had an interest in any shares or debentures of HSBC Holdings or any associates at the beginning or at the end of the period, and none of the Directors or members of their immediate families were awarded or exercised any right to subscribe for any shares or debentures in any HSBC corporation during the period.

There have been no changes in the shares or debentures of the Directors from 31 December 2024 to the date of this report.

Executive Directors' interests in shares

(Audited)

The shareholdings of executive Directors in 2024, including the shareholdings of their connected persons, at 31 December 2024 (or the date they stepped down from the Board, if earlier) are set out below. The following table shows the comparison of shareholdings with the company shareholding guidelines. There have been no changes in the shareholdings of the executive Directors from 31 December 2024 to the date of this report.

Individuals have five years from their appointment date to build up the recommended levels of shareholding. In line with investor guidance, for executive Directors, unvested shares that are not subject to forward-looking performance conditions (on a net of tax basis) can count towards their shareholding requirement under the shareholder-approved policy.

The Committee reviews compliance with the shareholding requirement, taking into account shareholder expectations and guidelines. The Committee also has full discretion in determining any penalties for non-compliance.

With regard to post-employment shareholding arrangements, we believe that our remuneration structure achieves the objective of ensuring there is ongoing alignment of executive Directors' interests with shareholder experience post-cessation of their employment due to the following features of the policy:

- Shares delivered to executive Directors as part of the fixed pay allowance have a five-year retention period, which continues to apply following a departure of an executive Director.
- Shares delivered as part of an annual incentive award are subject to a one-year retention period, which continues to apply following a departure of an executive Director.
- LTI awards have a seven-year vesting period with a one-year post-vesting retention period, which is not accelerated on departure.

The weighted average holding period of an LTI award within HSBC is therefore six years, in excess of the five-year holding period typically implemented by FTSE-listed companies.

HSBC operates a policy under which individuals are not permitted to enter into any personal hedging strategies in relation to HSBC shares subject to a vesting and/or retention period.

Shares

(Audited)

			At 31 Dec 2024, or date stepped down from the Board if earlier			
				Scheme interests		
					Shares awarded subject to deferral[1]	
	Shareholding guidelines (% of salary)	Shareholding at 31 Dec 2024[2] or date stepped down (% of salary)	Share interests (number of shares)	Share options[3]	without performance conditions	with performance conditions[4]
Executive Directors						
Sir Noel Quinn[5] (stepped down from 2 September 2024)	400%	**1,068%**	**2,046,949**	**—**	**869,896**	**2,819,614**
Georges Elhedery[5] (appointed as Group CEO from 2 September 2024)	400%	**504%**	**966,017**	**—**	**606,179**	**1,044,640**

1 The gross number of shares is disclosed. A portion will be sold at vesting to cover any income tax and social security that falls due at the time of vesting.
2 The value of the shareholding is calculated using an average of the daily closing share prices in the three months to 31 December 2024 (£7.184), and does not include any unvested interests.
3 At 31 December 2024, Sir Noel Quinn and Georges Elhedery did not hold any options under the HSBC Holdings Savings-Related Share Option Plan (UK).
4 LTI awards granted in February 2022, 2023 and 2024 are subject to the performance conditions as set out in the preceding sections.
5 Executive Directors are expected to meet their shareholding guidelines within five years of the date of their appointment.

Total pension entitlements

(Audited)

No employees who served as executive Directors during the year have a right to amounts under any HSBC final salary pension scheme for their services as executive Directors or are entitled to additional benefits in the event of early retirement. There is no retirement age set for Directors, but the normal retirement age for colleagues is 65.

Payments to past Directors

(Audited)

In line with the terms of his departure disclosed in our Annual Report and Accounts 2022, Ewen Stevenson was granted good leaver status. Ewen Stevenson is eligible to receive vesting of the 2022–2024 LTI award, pro-rated for time in employment subject to satisfaction of non-compete provisions under which he cannot undertake a role with a defined list of competitor financial services firms for 12 months after his employment ceases with HSBC. Details of the 2022–2024 LTI outcome are outlined on page 298.

No other payments were made to, or in respect of, former Directors in the year in excess of the minimum threshold of £50,000 set for this purpose.

External appointments

During 2024, executive Directors did not receive any fees from external appointments.

Payments for loss of office

(Audited)

Departure terms for Sir Noel Quinn

Sir Noel Quinn is leaving the Group on 30 April 2025. He will continue to receive his salary, Fixed Pay Allowance ('FPA'), cash in lieu of pension allowance and other benefits up to (and including) his retirement date in the normal way. The aggregate value of these payments from 2 September 2024 to 31 December 2024 was £1,147,055 and comprised a salary of £454,844, a FPA of £562,019, cash in lieu of pension allowance of £45,484 and benefits totalling £84,707, which includes Group Income Protection, a contribution towards Sir Noel Quinn's legal fees incurred in connection with his departure arrangements and other benefits in connection with his retirement. Sir Noel Quinn will also receive cash in lieu of unused holiday on expiry of his notice period. The fixed pay allowance will be awarded in immediately vested shares, be subject to a retention period and released on a pro-rata basis over five years.

Sir Noel Quinn will not be eligible for an LTI award in respect of the 2024 performance year, or any annual incentive award in respect of the 2025 performance year. In accordance with the contractual terms agreed and our approved Directors' remuneration policy, Sir Noel Quinn was granted good leaver status in respect of his outstanding unvested share awards. Good leaver status is conditional upon him not taking up a role with a defined list of competitor financial services firms for a year from his departure date. As a good leaver, his deferred share awards will continue to vest and be released on their scheduled vesting dates, subject to the relevant terms (including post-vesting retention periods, malus and, where applicable, clawback). Any vesting of his LTI awards will be pro-rated for the period up to the departure date and will be subject to the relevant terms (including post-vesting retention periods, malus and clawback) and the achievement of the required performance conditions. For this purpose, his 2022 and 2023 LTI awards have been pro-rated for time with the maximum number of shares, being 669,995 and 433,268 respectively, still subject to performance.

Sir Noel Quinn will be eligible to receive certain post-departure benefits for a period of up to seven years after the departure date. Sir Noel Quinn will receive no other compensation or payment for the termination of his service agreement or his ceasing to be a Director of the Group.

Directors' emoluments

The details of compensation paid to executive and non-executive Directors for the year ended 31 December 2024 are set out below:

Emoluments

	Sir Noel Quinn		Georges Elhedery		Non-executive Directors[1]	
	2024	2023	**2024**	2023	**2024**	2023
	£000	£000	**£000**	£000	**£000**	£000
Directors' base salary, allowances and benefits in kind	**2,270**	3,386	**2,473**	1,999		
Non-executive Directors' fees and benefits in kind					**5,583**	4,769
Pension contributions	**—**	—	**—**	—	**—**	—
Performance-related pay paid or receivable[2,3]	**1,540**	6,293	**10,677**	3,783	**—**	—
Inducements to join paid or receivable	**—**	—	**—**	—	**—**	—
Compensation for loss of office	**1,147**	—	**—**	—	**—**	—
Notional return on deferred cash	**56**	43	**8**	6	**—**	—
Total	**5,013**	9,722	**13,157**	5,788	**5,583**	4,769
Total ($000)	**6,406**	12,424	**16,814**	7,397	**7,135**	6,095

1 Fees and benefits in kind for 2024 reflects the population as per the single total figure table for non-executive Directors, which excludes individuals who have stepped down from the Board during 2024.
2 Includes the value of the deferred and LTI awards at grant.
3 The 2024 value of performance-related pay paid or receivable for Georges Elhedery includes the proposed 2025-2027 LTI award under the new executive Director remuneration policy, which is subject to shareholder approval at the 2025 AGM.

The aggregate amount of Directors' emoluments (including both executive Directors and non-executive Directors) for the year ended 31 December 2024 was $30,355,377. The aggregate value of Director retirement benefits for current Directors is nil.

As per our policy, benefits in kind may include, but are not limited to, the provision of medical insurance, income protection insurance, health assessment, life assurance, club membership, tax assistance, car benefit, travel assistance, provision of company owned-accommodation and relocation costs (including any tax due, where applicable).

The details of compensation paid to former executive Directors for the year ended 31 December 2024 are set out below:

Emoluments to former executive Directors

	Douglas Flint		Stuart Gulliver		John Flint		Marc Moses	
	£	**$**	**£**	**$**	**£**	**$**	**£**	**$**
Post-employment medical insurance benefits	**8,018**	**10,246**	**8,018**	**10,246**	**12,161**	**15,541**	**18,950**	**24,217**
Tax return support	**—**	**—**	**—**	**—**	**—**	**—**	**2,500**	**3,195**

1 Amounts are converted into US dollars based on the average exchange rates for the year.

The total aggregate value of benefits provided to former executive Directors in 2024 was £49,646 ($63,444). There were payments under retirement benefit arrangements to four former Directors of £3,225,964.

We note an additional retirement benefit payment made in 2023 to a former Director of £1,038,863. This means payments under retirement benefit arrangements for 2023 were made to four former Directors, totalling £2,420,537.

The provision at 31 December 2024 in respect of unfunded pension obligations to two former Directors amounted to £352,441. This relates to unfunded unapproved retirement benefits schemes.

Emoluments of senior management and five highest paid employees

The following tables set out the emoluments paid to senior management, which in this case comprises executive Directors and members of the Group Executive Committee, for the year ended 31 December 2024, or for the period of appointment in 2024 as a Director or member of the Group Executive Committee. Details of the remuneration paid and share awards granted to the five highest paid employees, comprising Georges Elhedery, Pam Kaur and three other members of the Group Executive Committee for the year ended 31 December 2024, are also presented.

Five highest paid employees – share awards (HSBC Share Plan 2011)

				HSBC Holdings ordinary share awards					
Dates of award	Award price (£)[1]	Usually vesting from	to	At 1 Jan 2024	Granted in period	Vested in period[2]	Lapsed in period	Cancelled in period	At 31 Dec 2024
2017 to 2023	—	1 Mar 2024	30 Mar 2030	**4,290,807**	—	**478,332**	—	—	**3,812,475**
26 Feb 2024[3]	5.972	26 Feb 2024	30 Mar 2031	—	**2,064,764**	**568,482**	—	—	**1,496,282**
18 Mar 2024[4]	5.980	18 Mar 2024	30 Mar 2028	—	**313,085**	**113,864**	—	—	**199,221**
8 May 2024[5]	7.126	8 May 2024	30 Mar 2027	—	**1,012,813**	**332,397**	—	—	**680,416**
15 Aug 2024[6]	6.498	15 Aug 2024	15 Aug 2024	—	**29,498**	**29,498**	—	—	—
5 Nov 2024[7]	7.177	5 Nov 2024	5 Nov 2024	—	**41,720**	**41,720**	—	—	—
1 Jan to 31 Dec 2024[8]	—	1 Mar 2024	30 Mar 2024	—	**5,269**	**5,269**	—	—	—
				4,290,807	**3,467,149**	**1,569,562**	—	—	**6,188,394**

1 The award price is the closing price on the day before the grant date. In all cases the purchase price is nil.
2 The weighted average closing price of the shares immediately before the dates on which the awards were vested was £6.2037.
3 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, range between £2.028 and £5.957. These awards include LTI awards and other awards which 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 this Annual Report and Accounts 2024.
4 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, range between £5.165 and £5.789.
5 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, range between £6.823 and £7.208.
6 The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair value of the award was £6.558.
7 The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair value of the award was £7.224.
8 Relates to the allocation of dividend equivalent shares in relation to eligible awards.

Emoluments

£000s	Five highest paid employees	Senior management
Basic salaries, allowances and benefits in kind	**10,688**	**37,990**
Pension contributions	**9**	**656**
Performance-related pay paid or receivable[1]	**33,459**	**58,290**
Inducements to join paid or receivable	—	—
Compensation for loss of office[2]	—	**2,221**
Total	**44,156**	**99,157**
Total ($000)	**56,429**	**126,717**

1 Includes the value of deferred share awards at grant.
2 Excludes expected payments in 2025 in connection with loss of office for senior management in 2024.

Emoluments by bands

Hong Kong dollars	US dollars	Number of highest paid employees	Number of senior management
$5,500,001 – $6,000,000	$704,877 – $768,956	—	**2**
$8,000,001 – $8,500,000	$1,025,275 – $1,089,355	—	**1**
$20,000,001 – $20,500,000	$2,563,187 – $2,627,267	—	**3**
$21,000,001 – $21,500,000	$2,691,347 – $2,755,426	—	**1**
$29,500,001 – $30,000,000	$3,780,701 – $3,844,781	—	**1**
$33,000,001 – $33,500,000	$4,229,259 – $4,293,339	—	**1**
$34,500,001 – $35,000,000	$4,421,498 – $4,485,578	—	**1**
$35,000,001 – $35,500,000	$4,485,578 – $4,549,658	—	**1**
$37,000,001 – $37,500,000	$4,741,897 – $4,805,976	—	**1**
$40,000,001 – $40,500,000	$5,126,375 – $5,190,454	—	**1**
$44,000,001 – $44,500,000	$5,639,012 – $5,703,092	—	**1**
$47,500,001 – $48,000,000	$6,087,570 – $6,151,650	—	**1**
$49,000,001 – $49,500,000	$6,279,809 – $6,343,889	—	**2**
$50,500,001 – $51,000,000	$6,472,048 – $6,536,128	—	**1**
$57,000,001 – $57,500,000	$7,305,084 – $7,369,164	**1**	**2**
$76,500,001 – $77,000,000	$9,804,192 – $9,868,271	**1**	—
$83,000,001 – $83,500,000	$10,637,228 – $10,701,307	**1**	**1**
$107,000,001 – $107,500,000	$13,713,053 – $13,777,132	**1**	**1**
$131,000,001 – $131,500,000	$16,788,877 – $16,852,957	**1**	**1**

Non-executive Directors

(Audited)

The following table shows the total fees and benefits of non-executive Directors for 2024, together with comparative figures for 2023.

Fees and benefits

(Audited)	Fees[1]		Benefits[2]		Total	
(£000)	**2024**	2023	**2024**	2023	**2024**	2023
Geraldine Buckingham[3]	**270**	244	**3**	5	**273**	249
Rachel Duan	**255**	244	**3**	—	**258**	244
Dame Carolyn Fairbairn	**292**	279	**5**	—	**297**	279
James Forese[4]	**801**	759	**4**	1	**805**	760
Ann Godbehere[5]	**389**	68	**—**	—	**389**	68
Steven Guggenheimer[6]	**259**	264	**4**	1	**263**	265
José Antonio Meade Kuribreña	**253**	244	**7**	4	**260**	248
Kalpana Morparia[7]	**248**	170	**1**	—	**249**	170
Eileen Murray[8]	**331**	290	**—**	3	**331**	293
Brendan Nelson[9]	**329**	81	**38**	12	**367**	93
David Nish[10]	**159**	479	**30**	19	**189**	498
Swee Lian Teo[11]	**256**	51	**—**	—	**256**	51
Sir Mark Tucker	**1,500**	1,500	**145**	51	**1,645**	1,551
Total (£000)	**5,343**	4,673	**240**	96	**5,583**	4,769
Total ($000)	**6,828**	5,972	**307**	123	**7,135**	6,095

1 Fees are in line with the Directors' remuneration policy. There was a 5% increase in fees for Director fees, Group Risk Committee Member, Group Audit Committee Chair and Member, Remuneration Committee Chair and Member, Nomination & Corporate Governance Committee Member and Group Technology Committee Chair and Member).
2 Benefits include taxable expenses such as accommodation, travel and subsistence relating to attendance at Board and other meetings at HSBC Holdings' registered offices. Amounts disclosed have been grossed up using a tax rate of 45%, where relevant.
3 Stepped down as a member of the Group Risk Committee and joined the Group Audit Committee as member on 1 October 2024. Appointed as Chair of the Sustainability Working Group on 1 October 2024.
4 Appointed as a member of the Sustainability Working Group on 1 October 2024. Includes fee of £430,000 (2023: £443,000) in relation to his role as Chair of HSBC North America Holdings, Inc.
5 Appointed as a member of the Group Audit Committee on 21 February 2024 and the Sustainability Working Group on 1 October 2024. Appointed as Senior Independent Director on 3 May 2024.
6 Stepped down as a member of the Technology Governance Working Group on 1 March 2024. Appointed as a member of the Group Technology Committee on 1 March 2024.
7 Appointed as a member of the Group Technology Committee on 1 March 2024. Stepped down as a member of Group Risk Committee on 1 October 2024 and joined the Group Remuneration Committee on 1 October 2024.
8 Stepped down as the Co-Chair of the Technology Governance Working Group Committee on 1 March 2024 and as the member of the Group Audit Committee on 1 October 2024. Appointed as the Chair of the Group Technology Committee on 1 March 2024 and as a member of the Group Risk Committee on 1 October 2024.
9 Appointed as Chair of the Group Audit Committee on 21 February 2024. Appointed as member of the Group Technology Committee on 1 March 2024 and Sustainability Working Group on 1 October 2024.
10 Retired from the Board at the conclusion of the 2024 AGM on 3 May 2024.
11 Appointed as member of the Group Technology Committee on 1 March 2024 and the Sustainability Working Group on 1 October 2024.

Non-executive Directors' interests in shares

(Audited)

The shareholdings of persons who were non-executive Directors in 2024, including the shareholdings of their connected persons, at 31 December 2024, or date of cessation as a Director if earlier, are set out below. There have been no changes in the shareholdings of the non-executive Directors from 31 December 2024 to the date of this report.

Non-executive Directors are expected to meet the shareholding guidelines of 15,000 shares within five years of the date of their appointment. All non-executive Directors who had been appointed for five years or more at 31 December 2024 met the guidelines.

Shares

	Shareholding guidelines (number of shares)	**Share interests (number of shares)**
Geraldine Buckingham	15,000	**15,000**
Rachel Duan	15,000	**15,000**
Dame Carolyn Fairbairn	15,000	**15,000**
James Forese	15,000	**115,000**
Ann Godbehere	15,000	**15,000**
Steven Guggenheimer	15,000	**15,000**
José Antonio Meade Kuribreña	15,000	**15,000**
Kalpana Morparia	15,000	**15,000**
Eileen Murray	15,000	**75,000**
Brendan Nelson	15,000	**15,000**
David Nish (retired on 3 May 2024)	15,000	**50,000**
Swee Lian Teo	15,000	**15,200**
Sir Mark Tucker	15,000	**307,352**

2025 fees for non-executive Directors

The table below sets out the 2025 fees for non-executive Directors. The fees paid to non-executive Directors who are standing for election or re-election as members of Board Committees are set out in the table below (these Board Committees' fees and Board fees are pro-rated for part year service where relevant).

Position		**2025 fees £**
Non-executive Group Chairman[1]		**1,500,000**
Non-executive Director (base fee)		**136,500**
Senior Independent Director		**200,000**
Group Risk Committee	Chair	**150,000**
	Member	**50,000**
Group Audit Committee, Group Remuneration Committee and Group Technology Committee	Chair	**125,000**
	Member	**50,000**
Nomination & Corporate Governance Committee	Chair	**—**
	Member	**34,650**
Sustainability Working Group	Chair	**60,000**
	Member	**30,000**
Designated workforce engagement non-executive Director		**50,000**

1 The Group Chairman does not receive a base fee or any other fee in respect of chairing of the Nomination & Corporate Governance Committee.

The Board has reviewed the fees payable to non-executive Directors in the context of changes to the organisational structure. Following this review, the Board considered that the fees payable for chairing or being a member of a Board Committee (excluding the Nomination & Corporate Governance Committee) should be increased to recognise the responsibilities and additional time commitment associated with such a role. Overall, giving due consideration to the highly regulated and complex industry in which HSBC operates, the Board agreed to align the additional fee payable for chairing a Board Committee at £150,000 per annum (i.e., in line with the current fee for chairing the Group Risk Committee). The increase in the fee for chairing a Board Committee will be phased over two years, with an increase to £125,000 per annum for 2025, and a further increase to £150,000 per annum with effect from 1 January 2026.

The Board also agreed increases to the additional fee for being a member of a Board Committee, and for the role of designated non-executive Director for workforce engagement, which were both increased to £50,000 per annum. These increases reflect the additional activity being undertaken during this period of organisational and cultural change.

No other changes are proposed to non-executive Director fees for 2025.

MRT remuneration disclosures

The following tables set out the remuneration disclosures for individuals identified as MRTs for HSBC Holdings.

Remuneration information for individuals who are only identified as MRTs at HSBC Bank plc, HSBC UK Bank plc or other solo-regulated entity levels is included, where relevant, in those entities' disclosures.

The 2024 variable pay information included in the following tables is based on the market value of awards. For share awards, the market value is based on HSBC Holdings' share price at the date of grant (unless indicated otherwise). For cash awards, it is the value of awards expected to be paid to the individual over the deferral period.

Remuneration awarded for the financial year (REM1)

		Supervisory function	Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	13.0	2.0	18.9	1,260.6
	Total fixed pay ($m)	7.1	7.4	45.0	703.8
	– of which: cash-based ($m)[1]	7.1	3.6	45.0	703.8
	– of which: shares or equivalent ownership interests ($m)[2]	—	3.8	—	—
	– of which: share-linked instruments or equivalent non-cash instruments ($m)	—	—	—	—
	– of which: other instruments ($m)	—	—	—	—
	– of which: other forms ($m)	—	—	—	—
Variable remuneration[3]	Number of identified staff	13.0	2.0	18.9	1,260.6
	Total variable remuneration ($m)[4]	—	20.2	81.1	769.0
	– of which: cash-based ($m)	—	2.1	36.8	387.8
	– of which: deferred ($m)	—	0.6	16.3	179.7
	– of which: shares or equivalent ownership interests ($m)[2]	—	18.1	44.3	367.6
	– of which: deferred ($m)	—	16.7	31.3	209.5
	– of which: share-linked instruments or equivalent non-cash instruments ($m)	—	—	—	9.3
	– of which: deferred ($m)	—	—	—	5.1
	– of which: other instruments ($m)	—	—	—	—
	– of which: deferred ($m)	—	—	—	—
	– of which: other forms ($m)	—	—	—	4.3
	– of which: deferred ($m)	—	—	—	2.7
Total remuneration ($m)		7.1	27.6	126.1	1,472.8

1 Cash-based fixed remuneration is paid immediately.
2 Paid in HSBC shares. Vested shares are subject to a retention period of up to one year.
3 Variable pay awarded in respect of 2024. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to ten times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.
4 27 identified staff members were exempt from the application of the remuneration structure requirements for MRTs under the PRA and FCA remuneration rules. Their total remuneration is $7.1m, of which $6.0m is fixed pay and $1.1m is variable remuneration.

Special payments to staff whose professional activities have a material impact on institutions' risk profile (REM2)

	Supervisory function	Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards[1]				
Number of identified staff	—	—	—	—
Total amount ($m)	—	—	—	—
– of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap ($m)	—	—	—	—
Severance payments awarded in previous periods, that have been paid out during the financial year[2]				
Number of identified staff	—	—	—	1.0
Total amount ($m)	—	—	—	3.4
Severance payments awarded during the financial year[2]				
Number of identified staff	—	—	6.9	34.0
Total amount ($m)	—	—	7.5	42.6
– of which paid during the financial year ($m)	—	—	—	37.1
– of which deferred ($m)	—	—	—	—
– of which severance payments paid during the financial year, that are not taken into account in the bonus cap ($m)	—	—	7.5	42.6
– of which highest payment that has been awarded to a single person ($m)	—	—	4.3	9.3

1 No guaranteed variable remuneration was awarded in 2024. HSBC would offer a guaranteed variable remuneration award in exceptional circumstances for new hires, and for the first year of employment only. It would typically involve a critical new hire, and would also depend on factors such as the seniority of the individual, whether the new hire candidate has any competing offers and the timing of the hire during the performance year.
2 Includes payments such as payment in lieu of notice, statutory severance, outplacement service, legal fees, ex-gratia payments and settlements (excludes pre-existing benefit entitlements triggered on terminations).

Deferred remuneration at 31 December[1] (REM3)

$m	Total amount of deferred remuneration awarded for previous performance periods	of which: due to vest in the financial year	of which: vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Supervisory function	—	—	—	—	—	—	—	—
Cash-based	—	—	—	—	—	—	—	—
Shares	—	—	—	—	—	—	—	—
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Management function	**58.9**	**4.1**	**54.8**	**(3.0)**	**—**	**11.5**	**4.2**	**2.7**
Cash-based	**6.5**	**1.3**	**5.2**	**—**	**—**	**—**	**1.3**	**—**
Shares	**52.4**	**2.8**	**49.6**	**(3.0)**	**—**	**11.5**	**2.9**	**2.7**
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other senior management	**195.8**	**17.9**	**177.9**	**(5.4)**	**—**	**29.6**	**18.2**	**7.5**
Cash-based	**65.7**	**8.2**	**57.5**	**—**	**—**	**—**	**8.3**	**—**
Shares	**130.1**	**9.7**	**120.4**	**(5.4)**	**—**	**29.6**	**9.9**	**7.5**
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other identified staff	**1,253.5**	**247.3**	**1,006.2**	**—**	**—**	**152.6**	**250.8**	**63.5**
Cash-based	**467.3**	**97.3**	**370.0**	**—**	**—**	**—**	**98.2**	**—**
Shares	**749.1**	**142.2**	**606.9**	**—**	**—**	**145.8**	**144.7**	**57.8**
Share-linked instruments	**31.9**	**6.4**	**25.5**	**—**	**—**	**6.3**	**6.5**	**4.4**
Other instruments	—	—	—	—	—	—	—	—
Other forms	**5.2**	**1.4**	**3.8**	**—**	**—**	**0.5**	**1.4**	**1.3**
Total amount	**1,508.2**	**269.3**	**1,238.9**	**(8.4)**	**—**	**193.7**	**273.2**	**73.7**

1 This table provides details of balances and movements during performance year 2024. For details of variable pay awards granted for 2024, refer to the 'Remuneration awarded for the financial year' table. Deferred remuneration is made in cash and/or shares. Share-based awards are made in HSBC shares.

Identified staff - remuneration by band[1] (REM4)

	Identified staff that are high earners as set out in Article 450(i) CRR
€1,000,000 – 1,500,000	**257**
€1,500,000 – 2,000,000	**118**
€2,000,000 – 2,500,000	**48**
€2,500,000 – 3,000,000	**35**
€3,000,000 – 3,500,000	**13**
€3,500,000 – 4,000,000	**8**
€4,000,000 – 4,500,000	**7**
€4,500,000 – 5,000,000	**10**
€5,000,000 – 6,000,000	**7**
€6,000,000 – 7,000,000	**6**
€7,000,000 – 8,000,000	**1**
€8,000,000 – 9,000,000	**1**
€9,000,000 – 10,000,000	**1**
€10,000,000 – 11,000,000	**3**
€11,000,000 – 12,000,000	**—**
€12,000,000 – 13,000,000	**—**
€13,000,000 – 14,000,000	**—**
€14,000,000 – 15,000,000	**—**
€15,000,000 – 16,000,000	**1**
€16,000,000 – 17,000,000	**—**
€17,000,000 – 18,000,000	**—**
€18,000,000 – 19,000,000	**—**
€19,000,000 – 20,000,000	**1**

1 Table prepared in euros in accordance with Article 450 of the European Union Capital Requirements Regulation, using the exchange rates published by the European Commission for financial programming and budget for December of the reported year as published on its website.

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (REM5)

	Management body			Business areas						
	Supervisory function	Management function	Total	Investment banking	Retail banking	Asset management	Corporate function	Independent internal control function	All other	Total
Total number of identified staff										**1,294.5**
– of which members of the Board	**13.0**	**2.0**	**15.0**							
– of which senior management				**2.0**	**2.0**	**—**	**6.9**	**2.0**	**6.0**	
– of which other identified staff				**532.9**	**289.6**	**29.0**	**165.0**	**183.5**	**60.6**	
Total remuneration of identified staff ($m)	**7.1**	**27.6**	**34.7**	**721.4**	**329.7**	**38.8**	**220.8**	**149.0**	**139.2**	
– of which variable remuneration ($m)[1]	**—**	**20.2**	**20.2**	**394.6**	**167.6**	**20.6**	**112.9**	**69.6**	**84.8**	
– of which fixed remuneration ($m)	**7.1**	**7.4**	**14.5**	**326.8**	**162.1**	**18.2**	**107.9**	**79.4**	**54.4**	

1 Variable pay awarded in respect of 2024. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to ten times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.

Share plan matters considered by the Group Remuneration Committee

The Group Remuneration Committee and its delegates considered various matters relating to the HSBC share plans during the financial year.

The HSBC International Employee Share Purchase Plan ('ShareMatch') and The HSBC Holdings Savings-Related Share Option Plan (UK) ('Sharesave') were offered in 2024. The HSBC variable pay deferral approach for the 2024 performance year was approved, for which certain minor updates were made to comply with legal and regulatory requirements. The Directors Remuneration Policy was approved and will be available for shareholders to vote on at the 2025 AGM. Other awards with performance conditions were approved for certain strategically important projects during 2024.

Certain awards were granted to executive Directors or senior managers with vesting periods of less than 12 months:

– Fixed pay allowance awards were granted to executive Directors in accordance with the approved Directors' remuneration policy, which vest immediately and are subject to a retention period. These awards are not subject to clawback on the basis that they form part of the executive Directors' fixed pay. The awards were granted under the HSBC Share Plan 2011.

– Immediate share awards were granted to executive Directors and senior managers in compliance with our regulatory requirements to deliver a portion of non-deferred variable pay in instruments. These awards vest immediately, and are subject to a retention period and clawback provisions.

Share capital and other related governance disclosures

Share buy-backs

On 1 November 2023, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. The share buy-back continued in 2024 and was concluded on 16 February 2024, with 64,733,089 ordinary shares repurchased for cancellation on UK trading venues and 79,414,800 ordinary shares repurchased for cancellation on The Stock Exchange of Hong Kong Limited ('HKEx') from 1 January 2024 to 16 February 2024.

On 23 February 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $2.0bn. This share buy-back concluded on 23 April 2024 with 127,570,463 ordinary shares repurchased for cancellation on UK trading venues and 127,412,800 ordinary shares repurchased for cancellation on HKEx.

On 8 May 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. This share buy-back concluded on 26 July 2024 with 171,668,799 ordinary shares repurchased for cancellation on UK trading venues and 171,252,800 ordinary shares repurchased for cancellation on HKEx.

On 2 August 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. This share buy-back concluded on 25 October 2024 with 172,311,192 ordinary shares repurchased for cancellation on UK trading venues and 173,041,600 ordinary shares repurchased for cancellation on HKEx.

On 31 October 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. As at 31 December 2024, 132,349,029 ordinary shares had been repurchased for cancellation on UK trading venues and 82,502,400 ordinary shares had been repurchased for cancellation on HKEx.

The purpose of the share buy-backs was to reduce HSBC's number of outstanding ordinary shares.

As at 31 December 2024, the total number of ordinary shares repurchased during the year was 1,302,256,972, representing a nominal value of $651,128,486 and an aggregate consideration paid by HSBC of £4,477,248,660 on UK trading venues and HK$41,961,808,443 on HKEx. The ordinary shares repurchased represent 7.256% of the ordinary shares in issue as at 31 December 2024. Of the repurchased ordinary shares, 20,433,459 were awaiting cancellation as at 31 December 2024.

The table that follows outlines details of the ordinary shares purchased and cancelled on a monthly basis during 2024.

Share buy-back - UK venues

	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Average price paid per share	Aggregate price paid
		£	£	£	£
Jan 2024	64,733,089	6.4300	5.8190	6.1356	397,174,665
Feb 2024	17,761,890	6.2050	5.9270	6.0468	107,403,375
Mar 2024	59,048,017	6.2810	5.7290	6.0295	356,031,979
Apr 2024	50,760,556	6.6960	6.1950	6.4603	327,930,581
May 2024	59,069,838	7.2440	6.8240	6.9678	411,587,427
Jun 2024	76,307,014	7.0080	6.7040	6.8620	523,621,847
Jul 2024	36,291,947	6.9330	6.6350	6.7829	246,165,955
Aug 2024	51,180,681	6.6810	6.1090	6.4796	331,631,735
Sep 2024	78,450,902	6.8340	6.4550	6.6528	521,919,215
Oct 2024	46,324,540	7.1490	6.5930	6.8097	315,457,983
Nov 2024	86,259,230	7.3510	6.8880	7.1500	616,752,033
Dec 2024	42,444,868	7.8500	7.3080	7.5762	321,571,865
Total	668,632,572				4,477,248,660

Share buy-back - Hong Kong venues

	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Average price paid per share	Aggregate price paid
		(HK$)	(HK$)	(HK$)	(HK$)
Jan 2024	57,819,600	63.8000	57.8500	61.0549	3,530,172,280
Feb 2024	33,790,800	62.4500	58.8500	60.8394	2,055,810,581
Mar 2024	63,110,400	61.9500	58.1000	60.1891	3,798,555,480
Apr 2024	52,106,800	64.9500	61.1000	63.0989	3,287,883,380
May 2024	53,104,800	70.6500	67.5000	68.7465	3,650,768,500
Jun 2024	65,043,200	69.7500	67.0500	68.2592	4,439,796,237
Jul 2024	53,104,800	69.2500	65.9000	67.3965	3,579,076,860
Aug 2024	64,395,200	68.9000	61.1500	65.5441	4,220,726,180
Sep 2024	64,664,000	70.9500	65.7500	68.4382	4,425,485,800
Oct 2024	47,667,200	72.3000	67.3500	69.1996	3,298,553,120
Nov 2024	58,186,800	72.5500	68.8500	71.1225	4,138,390,665
Dec 2024	20,630,800	75.9500	72.3500	74.4804	1,536,589,360
Total	633,624,400				41,961,808,443

Dividends

Dividends for 2024

First, second and third interim dividends for 2024, each of $0.10 per ordinary share, were paid on 21 June 2024, 27 September 2024 and 19 December 2024. A special dividend of $0.21 was paid on 21 June 2024. For further details of the dividends approved in 2024, see Note 8 on the financial statements.

On 19 February 2025, the Directors approved a fourth interim dividend for 2024 of $0.36 per ordinary share, making a total of $0.87 for the 2024 full-year when including the $0.21 special dividend. The fourth interim dividend for 2024 will be payable on 25 April 2025 in cash in US dollars, or in sterling or Hong Kong dollars at exchange rates to be determined on 14 April 2025. The fourth interim dividend for 2024 of $1.80 per American Depositary Share, each of which represents five ordinary shares, will be payable by the depositary in US dollars. No liability was recorded in the financial statements in respect of the fourth interim dividend for 2024.

A quarterly dividend of £0.01 per non-cumulative preference share of £0.01 each was paid on 15 March, 17 June, 16 September and 16 December 2024.

Dividends for 2025

The Group intends to pay quarterly dividends on its ordinary shares during 2025.

A quarterly dividend of £0.01 per non-cumulative preference share of £0.01 each is payable on 17 March, 16 June, 15 September and 15 December 2025 for the quarter then ended at the sole and absolute discretion of the Board of HSBC Holdings plc. Accordingly, the Board of HSBC Holdings plc has approved a quarterly dividend to be payable on the non-cumulative preference share on 17 March 2025 to holders of record on 28 February 2025.

Distributable Reserves

As at 31 December 2024, the distributable reserves of HSBC Holdings were $28.3bn, inclusive of $24.8bn in profits and other reserves movements generated in 2024. As at the date of this report, HSBC Holdings intends to increase its distributable reserves subject to shareholder and court approval. Shareholder approval will be sought at the 2025 AGM. The process will involve the conversion of the amount standing to the credit of each of the share premium account ($14.8bn) and capital redemption reserve ($1.8bn) as at 31 December 2024 into retained earnings, and will have no impact on regulatory capital. Further information will be included in the Notice of the 2025 AGM which will be circulated to shareholders on 21 March 2025. The process is expected to complete by the end of July 2025.

Share capital

Issued share capital

The nominal value of HSBC Holdings' issued share capital paid up at 31 December 2024 was $8,973,475,291 divided into 17,946,950,582 ordinary shares of $0.50 each and one non-cumulative preference share of £0.01, representing approximately 100.00% and 0.00% respectively of the nominal value of HSBC Holdings' total issued share capital paid up at 31 December 2024.

Rights, obligations and restrictions attaching to shares

The rights and obligations attaching to each class of ordinary and non-cumulative preference shares in our share capital are set out in full in our Articles of Association. The Articles of Association may be amended by special resolution of the shareholders and can be found on our website at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

Ordinary shares

HSBC Holdings has one class of ordinary share, which carries no right to fixed income. There are no voting restrictions on the issued ordinary shares, all of which are fully paid. On a show of hands, each member present has the right to one vote at general meetings. On a poll, each member present or voting by proxy is entitled to one vote for every $0.50 nominal value of share capital held.

There are no specific restrictions on transfers of ordinary shares, which are governed by the general provisions of the Articles of Association and prevailing legislation.

- Information on the policy adopted by the Board for paying interim dividends on the ordinary shares may be found in the 'Shareholder information' section on page 439.

Dividend waivers

The Group's employee benefit trusts, which hold shares in HSBC Holdings in connection with the operation of its share plans, have lodged standing instructions to waive dividends on shares held by them that have not been allocated to employees. Shares held by custodians in connection with the vesting of employee share awards also lodged instructions to waive dividends. The total amount of dividends waived during 2024 was $28.85m.

Preference shares

The preference shares, which have preferential rights to income and capital, do not, in general, confer a right to attend and vote at general meetings.

There are three classes of preference shares in the share capital of HSBC Holdings: non-cumulative US dollar preference shares of $0.01 each ('dollar preference shares'); non-cumulative preference shares of £0.01 each ('sterling preference shares'); and non-cumulative preference shares of €0.01 ('euro preference shares').

The sterling preference share in issue is a Series A sterling preference share. There are no dollar preference shares or euro preference shares in issue.

- Information on dividends approved for 2023 and 2024 may be found in Note 8 on the financial statements.
- Further details of the rights and obligations attaching to the HSBC Holdings' issued share capital may be found in Note 32 on the financial statements.

Compliance with Hong Kong Listing Rule 13.25A(2)

HSBC Holdings has been granted a waiver from strict compliance with Rule 13.25A(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Under this waiver, HSBC's obligation to file a Next Day Return following the issue of new shares, pursuant to the vesting of share awards granted under its share plans to persons who are not Directors, would only be triggered where it falls within one of the circumstances set out under Rule 13.25A(3).

Share capital changes in 2024

In addition to the share buy-backs, the following events occurred during the year in relation to the ordinary share capital of HSBC Holdings:

Scrip dividends

There were no scrip dividends issued during the year.

Treasury shares

HSBC Holdings does not hold any ordinary shares in treasury.

All-employee share plans[1]

	HSBC Holdings ordinary shares issued	Aggregate nominal value	Market value per share	
			from	to
		$	£	£
HSBC International Employee Share Purchase Plan	141,770	70,885	5.957	6.707

1 In respect of the HSBC Holdings Savings Related Share Option Plan (UK), no new shares were issued under this plan. All exercises were satisfied by market purchased shares. See page 326 for details of options granted, exercised and lapsed.

HSBC share plans

	HSBC Holdings ordinary shares issued	Aggregate nominal value	Market value per share	
			from	to
		$	£	£
Vesting of awards under the HSBC Share Plan 2011	10,141,660	5,070,830	5.799	7.177

Authorities to allot and to purchase shares and pre-emption rights

At the AGM in 2024, shareholders renewed the general authority for the Directors to allot new shares up to 12,700,701,506 ordinary shares, 15,000,000 non-cumulative preference shares of £0.01 each, 15,000,000 non-cumulative preference shares of $0.01 each, 15,000,000 non-cumulative preference shares of €0.01 each. Shareholders also renewed the authority for the Directors to make market/off-market purchases of up to 1,905,105,226 ordinary shares. The Directors exercised their market/off-market purchase authority from both the 2023 AGM and the 2024 AGM and repurchased 1,302,256,972 ordinary shares during the year.

In addition, shareholders gave authority for the Directors to grant rights to subscribe for, or to convert any security into, no more than 3,810,210,452 ordinary shares in relation to any issue by HSBC Holdings, or any member of the Group, of contingent convertible securities that automatically convert into or are exchanged for ordinary shares in HSBC Holdings in prescribed circumstances. For further details on the issue of contingent convertible securities, see Note 32 on the financial statements.

Other than as disclosed in the tables above headed 'Share capital changes in 2024', the Directors did not allot any shares during 2024.

Debt securities

In 2024, HSBC Holdings issued the equivalent of $24.0bn of debt securities in the public capital markets in a range of currencies and maturities, of which $16.1bn were in the form of senior securities to ensure it meets the current and proposed regulatory rules, including those relating to the availability of adequate total loss-absorbing capacity. For details of capital instruments and subordinated bail-inable debt, see Notes 29 and 32 on pages 416 and 423.

Treasury shares

HSBC Holdings does not hold any ordinary shares in treasury.

Notifiable interests in share capital

During 2024, HSBC Holdings did not receive any notification of major holdings of voting rights pursuant to the requirements of Rule 5 of the Disclosure Guidance and Transparency Rules ('Rule 5 of the DTRs').

No notifications had been received between 31 December 2024 and 14 February 2025. Previous notifications received are as follows:

- BlackRock, Inc. gave notice on 3 March 2020 that on 2 March 2020 it had the following: an indirect interest in HSBC Holdings ordinary shares of 1,235,558,490; qualifying financial instruments with 7,294,459 voting rights that may be acquired if the instruments are exercised or converted; and financial instruments with a similar economic effect to qualifying financial instruments, which refer to 2,441,397 voting rights, representing 6.07%, 0.03% and 0.01%, respectively, of the total voting rights at 2 March 2020.
- Ping An Asset Management Co., Ltd. gave notice on 6 December 2017 that on 4 December 2017 it had an indirect interest in HSBC Holdings ordinary shares of 1,007,946,172, representing 5.04% of the total voting rights at that date.

At 31 December 2024, according to the register maintained by HSBC Holdings pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong:

- BlackRock, Inc. gave notice on 24 December 2024 that on 19 December 2024 it had the following interests in HSBC Holdings ordinary shares: a long position of 1,615,527,141 shares and a short position of 4,231,678 shares, representing 8.99% and 0.02%, respectively, of the ordinary shares in issue at that date.
- Ping An Asset Management Co., Ltd. gave notice on 10 May 2024 that on 7 May 2024 it had a long position of 1,502,584,731 in HSBC Holdings ordinary shares, representing 7.98% of the ordinary shares in issue at that date.

Between 31 December 2024 and 14 February 2025, the following notification was received:

- BlackRock, Inc. gave notice on 31 January 2025 that on 28 January 2025 it had the following interests in HSBC Holdings ordinary shares: a long position of 1,601,449,305 shares and a short position of 5,961,010 shares, representing 8.97% and 0.03%, respectively, of the ordinary shares in issue at that date.

Sufficiency of float

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, at least 25% of the total issued share capital has been held by the public at all times during 2024 and up to the date of this report.

Dealings in HSBC Holdings listed securities

The Group has policies and procedures that, except where permitted by statute and regulation, prohibit specified transactions in respect of its securities listed on The Stock Exchange of Hong Kong Limited. Except for dealings as intermediaries or as trustees by subsidiaries of HSBC Holdings, and purchases by HSBC Holdings under the share buy-backs, neither HSBC Holdings nor any of its subsidiaries has purchased, sold or redeemed any of its securities listed on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2024.

Directors' interests

Pursuant to the requirements of the UK Listing Rules and according to the register of Directors' interests maintained by HSBC Holdings pursuant to section 352 of the Securities and Futures Ordinance of Hong Kong, the Directors of HSBC Holdings at 31 December 2024 had certain interests, all beneficial unless otherwise stated, in the shares or debentures of HSBC Holdings and its associated corporations.

Save as stated in the following table, no further interests were held by Directors, and no Directors or their connected persons were awarded or exercised any right to subscribe for any shares or debentures in any HSBC corporation during the year.

No Directors held any short position as defined in the Securities and Futures Ordinance of Hong Kong in the shares or debentures of HSBC Holdings and its associated corporations.

Directors' interests – shares and debentures

		At 31 Dec 2024 or date of cessation, if earlier				
	At 1 Jan 2024, or date of appointment, if later	Beneficial owner	Child under 18 or spouse	Jointly with spouse/ other	Trustee	Total interests
HSBC Holdings ordinary shares						
Geraldine Buckingham[1]	15,000	15,000				15,000
Rachel Duan[1]	15,000	15,000				15,000
Georges Elhedery[2]	753,467	966,017				966,017
Dame Carolyn Fairbairn	15,000	15,000				15,000
James Forese[1]	115,000	115,000				115,000
Ann Godbehere[1]	15,000			15,000		15,000
Steven Guggenheimer[1]	15,000			15,000		15,000
José Antonio Meade Kuribreña[1]	15,000	15,000				15,000
Kalpana Morparia[1]	15,000	15,000				15,000
Eileen Murray[1]	75,000	75,000				75,000
Brendan Nelson	—	15,000				15,000
David Nish (retired on 3 May 2024)	50,000		50,000			50,000
Sir Noel Quinn[2] (retired on 2 September 2024)	1,721,465	2,046,949				2,046,949
Swee Lian Teo	15,200	15,200				15,200
Sir Mark Tucker	307,352	307,352				307,352

1 Geraldine Buckingham has an interest in 3,000, Rachel Duan in 3,000, James Forese in 23,000, Ann Godbehere in 3,000, Steven Guggenheimer in 3,000, José Antonio Meade Kuribreña in 3,000, Kalpana Morparia in 3,000 and Eileen Murray in 15,000 listed American Depositary Shares ('ADS'), which are categorised as equity derivatives under Part XV of the Securities and Futures Ordinance of Hong Kong. Each ADS represents five HSBC Holdings ordinary shares.

2 Executive Directors' other interests in HSBC Holdings ordinary shares arising from the HSBC Holdings Savings-Related Share Option Plan (UK) and the HSBC Share Plan 2011 are set out in the Scheme interests in the Directors' remuneration report on page 279. At 31 December 2024, or date of cessation if earlier, the aggregate interests under the Securities and Futures Ordinance of Hong Kong in HSBC Holdings ordinary shares, including interests arising through employee share plans and the interests above were: Sir Noel Quinn – 5,736,459; and Georges Elhedery – 2,616,836, representing approximately 0.03% and 0.015% of the shares in issue respectively.

There have been no changes in the shares or debentures of the current Directors from 31 December 2024 to the date of this report.

UK Listing Rule 6.6.1 and other disclosures

The disclosures required by UKLR 6.6.1, and other regulations, are set out on the following pages:

Content	Page references
Long-term incentives	298
Dividends and Dividend waivers	319
Share buy-back	318
Emissions	42
Energy Efficiency	42, 45-46
Principal activities of HSBC	11, 30, 96-97, 405
Business review and future developments	11-40, 41, 128, 136, 430
Risk Review	37-39, 128-235
Engagement with suppliers, customers and others	20-21

Board governance

Appointment and re-election of Directors

A rigorous selection process is followed for the appointment of Directors. Appointments are made on merit and candidates are considered against objective criteria, and with regard to the benefits of a diverse Board. Appointments are made in accordance with HSBC Holdings' Articles of Association.

The Board may at any time appoint any person as a Director or secretary, either to fill a vacancy or as an additional officer. The Board may appoint any Director or secretary to hold any employment or executive office and may revoke or terminate any such appointment.

Non-executive Directors are appointed for an initial three-year term and, subject to continued satisfactory performance based upon an assessment by the Group Chairman and the Nomination & Corporate Governance Committee, are proposed for re-election by shareholders at each AGM. They typically serve two three-year terms, with any individual's appointment beyond six years to be for a rolling one-year term and subject to thorough review and challenge with reference to the needs of the Board. Where non-executive Directors are appointed beyond six years, an explanation will be provided in the Annual Report and Accounts.

Shareholders vote at each AGM on whether to elect and re-elect individual Directors. All Directors that stood for election and re-election at the 2024 AGM were elected and re-elected by shareholders.

Joint Company Secretary

Aileen Taylor is the Group Company Secretary and Group Chief People & Governance Officer.

Hannah Ashdown (48) was appointed as Deputy Group Secretary in December 2021 and for administrative purposes, in October 2022, was appointed as Joint Company Secretary. She is a Fellow of the Chartered Governance Institute UK and Ireland. Hannah has over 20 years' governance and regulatory experience across multiple sectors including financial services, asset management, energy, leisure and retail.

Independence

Independence is a critical component of good corporate governance, and a principle that is applied consistently at both the HSBC Holdings and subsidiary level. The Group Nomination & Corporate Governance Committee has delegated authority from the Board in relation to the assessment of the independence of non-executive Directors. In accordance with the UK and Hong Kong Corporate Governance Codes, the Group Nomination & Corporate Governance Committee has reviewed and confirmed that all non-executive Directors who have submitted themselves for election and re-election at the AGM are considered to be independent. This conclusion was reached after consideration of all relevant circumstances that are likely to impair, or could appear to impair, independence.

In line with the requirements of the Hong Kong Corporate Governance Code, the Group Nomination & Corporate Governance Committee also reviewed and considered the mechanisms in place to ensure independent views and inputs are available to the Board. These mechanisms include:

- having the appropriate Board and committee structure in place, including rules on the appointment and tenure of non-executive Directors;
- facilitating the option of having brokers and external industry experts in attendance at Board meetings during 2024, as well as having representatives from the Group's key regulators attend Board meetings in relation to specific regulatory items;
- ensuring non-executive Directors are entitled to obtain independent professional advice relating to their personal responsibilities as a Director at the Group's expense;
- having terms of reference for each committee and the Board that provide authority to engage independent professional advisers; and
- holding annual Board and committee performance reviews, with feedback sought from members on the quality of, and access to, independent external advice.

Conflicts of interest

The Board has an established policy and set of procedures, which are reviewed annually, to ensure that the Board's management of Directors' conflicts of interest is effective. The Board has the power to authorise conflicts where they arise, in accordance with the Companies Act 2006 and HSBC Holdings' Articles of Association. Details of all Directors' conflicts of interest are recorded in the register of conflicts. Upon appointment, new Directors are advised of the policy and procedures for managing conflicts. Directors are required to notify the Board of any actual or potential conflicts of interest and to update the Board with any changes to the facts and circumstances surrounding such conflicts. Directors are requested to review and confirm their own and their respective closely associated persons' outside interests and appointments twice each year. The Board has considered, and authorised (with or without conditions) where appropriate, potential conflicts as they have arisen during the year in accordance with its conflicts policy and procedures. All non-executive Directors are subject to re-vetting by the Group's compliance team on a triennial basis following appointment. As part of this re-vetting process, all conflict checks are refreshed.

Non-executive Director commitments

The terms and conditions of the appointments of non-executive Directors are set out in a letter of appointment, which includes the expectations of them, and the estimated time required to perform their role. Letters of appointment of each non-executive Director are available for inspection at the registered office of HSBC Holdings.

Non-executive Directors serving on the Board and as a member of any committees are expected to serve up to 75 days per annum. The Senior Independent Director is expected to serve an additional 30 days per annum. Those Directors who also chair a large committee are expected to commit up to 100 days per annum, with the Group Risk Committee Chair expected to commit up to 150 days per annum. Any additional time commitment required of non-executive Directors in connection with Board and committee activities is confirmed to them separately.

Board approval is required for any non-executive Director's external commitments, with consideration given to their total time commitments, potential conflicts of interest, and regulatory and investor expectations.

Directors' indemnities

The Articles of Association of HSBC Holdings contain a qualifying third-party indemnity provision, which entitles Directors and other officers to be indemnified out of the assets of HSBC Holdings against claims from third parties in respect of certain liabilities.

HSBC Holdings has granted, by way of deed poll, indemnities to the Directors, including former Directors, against certain liabilities arising in connection with their position as a Director of HSBC Holdings or of any Group company. Directors are indemnified to the maximum extent permitted by law.

The indemnities that constitute a 'qualifying third-party indemnity provision', as defined by section 234 of the Companies Act 2006, remained in force for the whole of the financial year (or, in the case of Directors appointed during 2024, from the date of their appointment). The deed poll is available for inspection at the registered office of HSBC Holdings.

Additionally, Directors and pension trustees have the benefit of both Directors' and officers' liability insurance and pension trustees' liability insurance. Qualifying pension scheme indemnities have also been granted to the trustees of the Group's pension schemes, which were in force for the whole of the financial year and remain in force as at the date of this report.

Contracts of significance

During 2024, none of the Directors had a material interest, directly or indirectly, in any contract of significance with any HSBC company. During the year, all Directors were reminded of their obligations in respect of transacting in HSBC securities and, following specific enquiry, all Directors have confirmed that they have complied with their obligations.

Shareholder engagement and communication

The Board is directly accountable to, and gives high priority to communicating with, HSBC's shareholders. Information about HSBC and its activities is provided to shareholders in its Interim Reports and the Annual Report and Accounts as well as on www.hsbc.com.

The Board seeks to understand investor needs through ongoing dialogue between members of the Board and institutional investors throughout the year. For examples of such engagement, see 'Directors' engagements with key stakeholders in 2024' on page 21 and the Group Remuneration Committee Chair's letter on page 279. During 2024, approximately 612 meetings were held with institutional investors and analysts globally.

Our shareholder communications policy summarises how we communicate with our shareholders, including through financial reporting, general shareholder meetings, investor and analyst meetings and our website. The policy is reviewed annually by the Board, and in 2024 the Board confirmed that it was satisfied with its implementation and effectiveness. The policy can be found at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

We also publish our current and past financial results, investor presentations and shareholder information such as dividend payments and shareholder meeting details. Stock exchange announcements are also accessible on our website along with information for fixed income investors. For further details, see www.hsbc.com/investors.

Directors are encouraged to develop an understanding of the views of shareholders. Enquiries from individuals on matters relating to their shareholdings and HSBC's business are welcomed. Any individual or institutional investor can make an enquiry by contacting the investor relations team, Group Chairman, Group CEO, Group CFO and Group Company Secretary and Chief Governance Officer. Our Senior Independent Director is also available to shareholders if they have concerns that cannot be resolved or for which the normal channels would not be appropriate. They can be contacted via the Group Company Secretary and Chief Governance Officer at 8 Canada Square, London E14 5HQ.

Annual General Meeting

The AGM in 2025 is planned to be held in London, UK at 10:00am on Friday, 2 May 2025. Information on how to vote and participate, both in advance and on the day, can be found in the Notice of the 2025 AGM, which will be sent to shareholders on 21 March 2025 and be available on www.hsbc.com/agm. A live webcast will be available on www.hsbc.com/agm. A recording of the proceedings will be available on www.hsbc.com/agm shortly after the conclusion of the AGM. Shareholders should monitor our website and announcements for any changes to these arrangements. Shareholders may send enquiries to the Board in writing via Company Secretary, HSBC Holdings plc, 8 Canada Square, London E14 5HQ or by sending an email to shareholderquestions@hsbc.com.

General meetings and resolutions

Shareholders may require the Directors to call a general meeting other than an AGM, as provided by the UK Companies Act 2006. A valid request to call a general meeting may be made by members representing at least 5% of the paid-up capital of HSBC Holdings as carries the right of voting at its general meetings (excluding any paid-up capital held as treasury shares). A request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. At any general meeting convened on such request, no business may be transacted except that stated by the requisition or proposed by the Board.

Shareholders may request the Directors to send a resolution to shareholders for consideration at an AGM, as provided by the UK Companies Act 2006. A valid request must be made by (i) members representing at least 5% of the paid-up capital of HSBC Holdings as carries the right of voting at its general meetings (excluding any paid-up capital held as treasury shares), or (ii) at least 100 members who have a right to vote on the resolution at the AGM in question and hold shares in HSBC Holdings on which there has been paid up an average sum, per member, of at least £100.

The request must be received by HSBC Holdings not later than (i) six weeks before the AGM in question; or (ii) if later, the time at which the notice of AGM is published.

A request may be in hard copy form or in electronic form, and must be authenticated by the person or persons making it. A request may be made in writing to HSBC Holdings at its UK address, referred to in the paragraph above or by sending an email to shareholderquestions@hsbc.com.

Articles of Association

The Articles of Association were last approved at the 2022 AGM. The Articles of Association can be found at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

Events after the balance sheet date

For details of events after the balance sheet date, see Note 37 on the financial statements.

Change of control

The Group is not party to any significant agreements that take effect, alter or terminate following a change of control of the Group. The Group does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover bid.

Branches

The Group provides a wide range of banking and financial services through branches and offices in the UK and overseas.

Research and development activities

During the ordinary course of business, the Group develops new products and services within the global businesses.

Political donations

HSBC does not make any political donations or incur political expenditure within the ordinary meaning of those words. We have no intention of altering this policy. However, the definitions of political donations, political parties, political organisations and political expenditure used in the UK Companies Act 2006 are very wide. As a result, they may cover routine activities that form part of the normal business activities of the Group and are an accepted part of engaging with stakeholders. To ensure that neither the Group nor any of its subsidiaries inadvertently breaches the UK Companies Act 2006, authority is sought from shareholders at the AGM to make political donations.

HSBC provides administrative support to two political action committees ('PACs') in the US funded by voluntary political contributions by eligible employees. We do not control the PACs, and all decisions regarding the amounts and recipients of contributions are directed by a voluntary Board Finance Committee, which consists of contributing eligible employees. The PACs recorded combined political donations of $124,450 during 2024 (2023: $110,004).

Charitable contributions

For details of charitable contributions, see page 72.

Internal control

The Board is responsible for monitoring the Group's risk management and internal control systems, determining the level and type of risks the Group is willing to take in achieving its strategic objectives, and reviewing the effectiveness of these procedures on an annual basis.

To meet this requirement and to discharge its obligations under the FCA Handbook and the PRA Rulebook, procedures have been designed to provide reasonable assurance against material misstatement, errors, losses or fraud. They are designed to provide effective internal control within the Group and accord with the Financial Reporting Council's guidance for Directors, issued in 2014, on risk management, internal control and related financial and business reporting. The procedures have been in place throughout the year and up to 19 February 2025, the date of publication of the Annual Report and Accounts 2024.

The Board, the GRC and the GAC monitored the effectiveness of the Group's system of risk management and internal control during the year through regular updates on the operation of the Group's internal controls, supplemented by reviews of these controls by the second line of defence and internal audit, and the external auditors. In particular, this focused on the Group's regulatory remediation and change programmes, and involved working closely with management to better prioritise and understand where there are key interdependencies. These reviews enabled to the Board to perform an annual review of effectiveness, identifying no material weaknesses as at the year-end. To support the work of the Board, the GRC and the GAC in discharging their responsibilities in this regard, assurance was also provided by executive management confirming that a risk assessment had been undertaken and controls were in place to mitigate the risks arising from the Group's key activities. Necessary actions will be taken to remedy any failings or weaknesses identified from these activities on an ongoing basis.

In 2025, continued focus will be placed on the quality and timeliness of data used to inform management decisions and support oversight of emerging risks and potential risks arising from new products and offerings. In preparation for the Board's forthcoming responsibility under the 2024 UK Corporate Governance Code, the Board approved changes to the scope of the GAC's responsibilities in relation to internal controls to extend these to cover all internal controls and, once defined, all material controls including financial, operational, reporting and compliance controls.

The key risk management and internal control procedures include the following:

The HSBC Book

In 2024, the HSBC Book replaced the Global Principles document and is situated at the top of the HSBC document hierarchy. It underpins the key principles, policies and procedures that are fundamental to the Group's risk management structure. It informs and connects our purpose, ambition, strategy and values, guiding us to make responsible decisions aligned to our risk culture and risk management approach, to do the right thing, and to treat our customers and our colleagues fairly at all times.

Risk management framework

The risk management framework supports our HSBC Book. It outlines the key principles and practices that we employ in managing material risks. It applies to all categories of risk and supports a consistent approach in identifying, assessing, managing and reporting the risks we accept and incur in our activities.

Delegation of authority within limits set by the Board

Subject to certain matters reserved for the Board, the Group CEO has been delegated authority limits and powers within which to manage the day-to-day affairs of the Group. A delegation of authority framework is in place providing a Group structure within which the Board and its subsidiaries can manage their delegated powers. These delegated authorities can be used for the approval, signing and execution of specific written agreements and documents such as procurement contracts.

The delegation of authority framework is adopted on a legal entity basis via a board resolution which is reviewed annually. Matters not covered by the delegation of authority framework can be set out in a separate board resolution, powers of attorney or the relevant Group policy with clear systems of control that are appropriate to the business or function. Authorities to enter into credit and market risk exposures are delegated with limits to line management of Group companies in line with Group policy. Credit and market risks are measured and reported at subsidiary company level and aggregated for risk concentration analysis on a Group-wide basis.

Risk identification and monitoring

Systems and procedures are in place to identify, assess, control and monitor the material risk types facing HSBC as set out in the risk management framework. The Group's risk measurement and reporting systems are designed to help ensure that material risks are captured with all the attributes necessary to support well-founded decisions, that those attributes are accurately assessed and that information is delivered in a timely manner for those risks to be successfully managed and mitigated.

Changes in market conditions/ practices

Processes are in place to identify new risks arising from changes in market conditions/practices or customer behaviours, which could expose the Group to heightened risk of loss or reputational damage.

The Group employs both a top and emerging risks process to provide forward-looking views of issues with the potential to threaten the execution of our strategy or operations over the medium to long term.

We remain committed to investing in the reliability and resilience of our IT systems and critical services, including those provided by third parties, that support all parts of our business. We do so to help protect our customers, affiliates and counterparties, and to help ensure that we minimise any disruption to services that could result in reputational and regulatory consequences. In our approach to defend against these threats, we invest in business and technical controls to help us detect, manage and recover from issues, including data loss, in a timely manner.

We continue our focus on the quality and timeliness of the data used to inform management decisions, through measures such as early warning indicators, prudent active risk management of our risk appetite, and ensuring regular communication with our Board and other key stakeholders.

Responsibility for risk management

All employees are responsible for identifying and managing risk within the scope of their role as part of the three lines of defence model. This is an activity-based model to delineate management accountabilities and responsibilities for risk management and the control environment. The second line of defence sets the policy and guidelines for managing specific risk areas, provides advice and guidance in relation to the risk, and challenges the first line of defence (the risk owners) on effective risk management.

The Board delegated authority to the GAC to annually review the independence, autonomy and effectiveness of the Group's policies and procedures on whistleblowing, including the procedures for the protection of staff who raise concerns of detrimental treatment.

Strategic plans

Strategic plans are prepared for global businesses, global functions and geographical regions within the framework of the Group's overall strategy. Financial resource plans, informed by detailed analysis of risk appetite describing the types and quantum of risk that the Group is prepared to take in executing its strategy, are prepared and adopted by all major Group operating companies and set out the key business initiatives and the likely financial effects of those initiatives.

Internal control over financial reporting

HSBC is required to comply with section 404 of the US Sarbanes-Oxley Act of 2002 and assess its effectiveness of internal control over financial reporting at 31 December 2024. In 2014, the GAC endorsed the adoption of the principles of the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') 2013 framework for the monitoring of risk management and internal control systems to satisfy the requirements of section 404 of the Sarbanes-Oxley Act.

The primary mechanism through which comfort over risk management and internal control systems is achieved is through annual assessments of the effectiveness of controls to manage risk, and the reporting of issues on a regular basis through the various risk management and risk governance forums, including regular updates to GAC.

The key risk management and internal control procedures over financial reporting include the following:

Entity level controls

Entity level controls are a defined suite of internal controls that have a pervasive influence over the entity as a whole and meet the principles of the COSO framework. They include controls related to the control environment, such as the Group's values and ethics, the promotion of effective risk management and the overarching governance exercised by the Board and its non-executive committees. The design and operational effectiveness of entity level controls are assessed on an ongoing basis. If issues are significant to the Group, they are escalated to the GRC and / or the GAC.

Process level transactional controls

Key process level controls that mitigate the risk of financial misstatement are identified, recorded and monitored in accordance with the risk framework. This includes the identification and assessment of relevant control issues against which action plans are tracked through to remediation. Further details of HSBC's approach to risk management can be found on page 127.

Financial reporting controls

The Group's financial reporting process is controlled using documented accounting policies and reporting formats, supported by detailed instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period end. The submission of financial information from each reporting entity is supported by a certification by the responsible financial officer and analytical review procedures at reporting entity and Group levels.

Group Disclosure and Controls Committee

Chaired by the Group CFO, the Group Disclosure and Controls Committee supports the discharge of the Group's obligations under relevant legislation and regulation including the UK and Hong Kong listing rules, the UK Market Abuse Regulation and US Securities and Exchange Commission rules. In so doing, the Group Disclosure and Controls Committee is empowered to determine whether a new event or circumstance should be disclosed, including the form and timing of such disclosure, and review certain material disclosures made or to be made by the Group. The membership of the Group Disclosure and Controls Committee consists of senior management, including the Group CFO, Group Chief Risk and Compliance Officer; Group Chief Legal Officer; and Group Chief People and Governance Officer. The Group's external auditors are standing attendees, while the Group's brokers and external legal counsel are consulted on relevant matters and attend as required. The integrity of disclosures is underpinned by structures and processes within the Global Finance and Group Risk and Compliance functions that support rigorous analytical review of financial reporting and the maintenance of proper accounting records. As required by the Sarbanes-Oxley Act, the Group CEO and the Group CFO have certified that the Group's disclosure controls and procedures were effective as at the end of the period covered by the Annual Report and Accounts 2024.

The annual review of the effectiveness of the Group's system of risk management and internal control over financial reporting was conducted with reference to the COSO 2013 framework. Based on the assessment performed, the Directors concluded that for the year ended 31 December 2024, the Group's internal control over financial reporting was effective.

PwC has audited the effectiveness of HSBC's internal control over financial reporting and has given an unqualified opinion.

Other information included in the Annual Report and Accounts 2024

We include other non-statutory information in the Annual Report and Accounts to enable a broader perspective of our performance for the period, including ESG and regulatory capital and liquidity information.

On page 43 we highlight the challenges we face in our sustainability and climate reporting alongside the key changes we have made to our 2024 climate disclosures. Strengthening our global regulatory reporting processes with an aim to enhance data, consistency, and controls remains a key priority for the Group and regulatory authorities. See page 201 for further details. The GAC provides oversight to our reporting across these areas, including the disclosure risks in relation to sustainability and climate reporting, and monitoring of the programme of work to address the quality and reliability of regulatory reporting. See page 265 for further details.

Going concern

The Board, having made appropriate enquiries, is satisfied that the Group as a whole has adequate resources to continue operations for a period of at least 12 months from the date of this report, and it therefore continues to adopt the going concern basis in preparing the financial statements.

For further details, see page 40.

Employees

At 31 December 2024, HSBC had a total workforce equivalent to 211,000 full-time employees compared with 221,000 at the end of 2023. Our main centres of employment were India with approximately 44,000 employees, the UK with 35,000, mainland China with 33,000, Hong Kong with 27,000, and Mexico with 16,000.

Our business spans many cultures, communities and continents. We aspire to provide a high-performing environment where our colleagues can fulfil their potential by building their skills and capabilities while focusing on the development of a diverse and inclusive culture. We use employee surveys to assess progress and make changes. We want to provide an open culture, where our colleagues feel connected and supported to speak up, and where our leaders encourage and use feedback. Where we make organisational changes, we support our colleagues, in particular where there are job impacts.

Employee relations

We consult with and, where appropriate, negotiate with employee representative bodies where we have them. It is our policy to maintain well-developed communications and consultation programmes with all employee representative bodies. There have been no material disruptions to our operations from labour disputes during the past five years.

We are committed to complying with the applicable employment laws and regulations in the jurisdictions in which we operate, including in relation to working hours and rest periods. HSBC's employment practices and relations policy provides the framework and controls through which we seek to uphold that commitment.

Inclusion

Our customers, colleagues and communities span many cultures and continents. We value difference and believe that an inclusive culture makes us stronger. We are dedicated to building a connected workforce where everyone feels a sense of belonging.

We expect all colleagues at HSBC to treat each other with dignity and respect to ensure an inclusive environment. Our policies make it clear that we do not tolerate unlawful discrimination, bullying or harassment on any grounds. We are transparent in sharing our data through external disclosures and we participate in benchmarking to measure our progress across the industry.

Our approach to inclusion is set out on page 64 alongside our ambitions and progress.

For further details of our representation data, pay gap data, and actions, see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg

Employment of people with a disability

We strongly believe in providing equal opportunities for our employees. The employment of people with a disability is included in this commitment. We are committed to retaining disabled employees in the workplace and to providing reasonable adjustments to enable this.

Employee development

Employee development energises our colleagues for growth and helps to equip them with the skills they need today whilst also preparing them to meet future challenges. We remain committed to delivering a high-quality learning experience by adopting a data-driven approach that targets our learning investment to meet the most critical skill needs.

By leveraging our strategic workforce blueprints, we have focused our efforts on critical skill shifts, including digitally enabling our frontline colleagues and developing the sustainability and wealth expertise of our relationship managers, providing a variety of learning opportunities through our Enterprise Skills Academies.

We have launched our new AI Academy to support advanced skills development aligned with HSBC's AI strategy, expanded our 'Doing Business in India and China' programmes to include Saudi Arabia, and increased our focus on building capabilities beyond foundational skills through our Sustainability Academy. In our global Wealth and Personal Banking business we have focused our attention on developing customer centricity and product expertise, and we have created opportunities for colleagues to develop new skills and collaborate more broadly through our transition to a value stream delivery model as part of our bank wide Digital Acceleration Programme.

We remain committed to our global mandatory training to complete annually, as it is essential for shaping our culture and maintaining a focus on critical issues, such as sustainability and financial crime risk. In line with this commitment, we have maintained our focus on senior leaders by launching new programs centred on Enterprise Risk Leadership, which are designed to equip them with the skills necessary to navigate an evolving risk environment.

Effective leadership is essential for empowering our colleagues to develop critical skills, fostering a robust talent pipeline, and supporting our strategic ambitions. To facilitate this, we have introduced the Career Academy, which enables our colleagues to explore their aspirations, and continued to evolve our flagship Enterprise Leadership Programs, including uGrow, Accelerating Women's Leadership, and Accelerating into Leadership.

We have also expanded our Managing Director leadership offering, supported by a Leadership 360 survey, to ensure comprehensive development and alignment with our strategic goals.

Health and safety

We are committed to providing a safe and healthy working environment for everyone. We have adopted global policies, mandatory procedures, and incident and information reporting systems across the organisation that reflect our core values and are aligned to international standards. Our global health and safety performance is subject to ongoing monitoring and assurance to ensure we are compliant with relevant laws and regulations.

Our chief operating officers have overall responsibility for engendering a positive health and safety culture and ensuring that global policies, procedures and systems are put into practice locally. They also have responsibility for ensuring all local legal requirements are met.

We delivered a range of activities in 2024 to help us understand and manage our health and safety risks:

- We achieved the WELL Health and Safety Rating from the International WELL Building Institute at 54 of our global offices as a demonstration of our commitment to the provision of safe and healthy workplaces for our employees, customers and stakeholders.
- We reinforced our advice and risk assessment and control methodology on working from home for employees adopting a hybrid work style, providing more awareness and best practices on good ergonomics and well-being.
- We delivered health and safety training and awareness to 228,000 of our employees and contractors globally, ensuring roles and responsibilities were clear and understood.
- We completed the annual safety inspection on all of our buildings globally, to ensure we were meeting our standards and continuously improving our safety performance.
- We maintained measures in our workplaces globally to minimise the risks from the spread of respiratory disease, including through the provision of hand sanitiser, improved ventilation and guidance on good hygiene practices.
- We extended the reach of our Workplace Adjustments programme to include all colleagues in India, providing tools and technologies which contribute to making work-life manageable for employees with disability (including physical or sensory), long term / mental health condition or a neurodiversity, and will continue the expansion of this programme to further Regions.
- We continued to hold health & safety themed awareness campaigns and facilitate CPR and first aid training for our colleagues.
- We continued to provide our guidance and training programme for our construction partners, focusing on our key markets globally to reduce the likelihood of accidents occurring by helping them understand and deliver industry-leading health and safety performance. More than 7,200 construction workers received safety passport training across 13 countries.
- In 2024, we achieved full implementation of the Eat Well Live Well programme across 100% of catered HSBC sites, driving global healthy food sales to 32% with over 10% of all dishes sold globally being plant-based. These results were supported by monthly Eat Well Live Well events, and virtual teaching kitchens accessible to all employees.
- Protection of our colleagues and operations is of critical importance, and we have effective controls in place to protect our people from natural disasters (such as storms and earthquakes). In 2024, there were 40 named storms that passed over 3,127 of our buildings, resulting in no injuries and only a minor impact on 3 of our buildings.

Employee health and safety

	2024	2023	2022
Rate of workplace fatalities per 100,000 employees	**—**	—	—
Number of major injuries to employees[1]	**14**	12	7
All injury rate per 100,000 employees	**91**	110	70
Lost days due to work injury	**335**	594	485

1 Fractures, dislocation, concussion, loss of consciousness, overnight admission to hospital.

Remuneration

HSBC's pay and performance strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience with the Group, while performing their role in the long-term interests of our stakeholders.

For further details of the Group's approach to remuneration, see page 301.

Employee share plans

Summaries of the share options and share awards granted, exercised/vested or lapsed during the year and other details required to be disclosed pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including detailed summaries of the HSBC share plans, are available on our website at www.hsbc.com/investors/results-and-announcements and on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk, or can be obtained upon request from the Company Secretary, 8 Canada Square, London E14 5HQ.

Particulars of options held by Directors of HSBC Holdings are set out on page 310.

Note 5 on the financial statements gives details of share-based payments, including discretionary awards of shares granted under HSBC share plans.

Statement of compliance

The statement of corporate governance practices set out on pages 236 to 328 and the information referred to therein constitutes the 'Corporate governance report' and 'Report of the Directors' of HSBC Holdings for 2024. Further details of the relevant corporate governance codes, role profiles and policies can be obtained from the websites referenced in the table below. The websites referred to do not form part of this report.

Relevant corporate governance codes, role profiles and policies

UK Corporate Governance Code	www.frc.org.uk
Hong Kong Corporate Governance Code (set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ('HKEx'))	www.hkex.com.hk
Descriptions of the roles and responsibilities of the: – Group Chairman – Group Chief Executive Officer – Senior Independent Director – Board	www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities
Board and senior management	www.hsbc.com/who-we-are/our-people
Roles and responsibilities of the Board's committees	www.hsbc.com/who-we-are/our-people/board-of-directors/board-committees
Board's policies on: – diversity and inclusion – shareholder communication – human rights – remuneration practices and governance	www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities
Global Internal Audit Charter	www.hsbc.com/who-we-are/esg-and-responsible-business/governance/internal-control

HSBC is subject to corporate governance requirements in both the UK and Hong Kong. During 2024, HSBC complied with the provisions and requirements of both the UK and Hong Kong Corporate Governance Codes.

Under the Hong Kong Corporate Governance Code, the audit committee should be responsible for the oversight of all risk management and internal control systems. During 2024, the Board approved changes to the scope of the Group Audit Committee's responsibilities in relation to internal controls to extend these to cover oversight of the effectiveness of all internal controls. HSBC's Group Risk Committee retains oversight of internal controls relating to risk management and risk management systems and provides input to the Group Audit Committee on these.

HSBC Holdings has codified obligations for transactions in Group securities in accordance with the requirements of the UK Market Abuse Regulation and the rules governing the listing of securities on HKEx. The Group has been granted certain waivers by HKEx from strict compliance with the rules that take into account accepted practices in the UK, particularly in respect of employee share plans. During the year, all Directors were reminded of their obligations in respect of transacting in HSBC Group securities. Following specific enquiry all Directors have confirmed that they have complied with their obligations.

The Group Audit Committee has reviewed and provided assurance to support the HSBC Holdings Board's approval and publication of the Annual Report and Accounts 2024.

On behalf of the Board

Sir Mark E Tucker
Group Chairman
HSBC Holdings plc

Registered number 617987

19 February 2025

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts 2024, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the parent company ('Company') and the Group financial statements in accordance with UK-adopted international accounting standards. The company has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In preparing these financial statements, the Directors have complied with International Financial Reporting Standards issued by the International Accounting Standards Board ('IFRS Accounting Standards'). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group, and of the profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK-adopted international accounting standards, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

– prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Annual Report and Accounts 2024 as they appear on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the 'Report of the Directors: Corporate governance report' on pages 237 to 241 of the Annual Report and Accounts 2024, confirms that, to the best of their knowledge:

– the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Accounting Standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group; and

– the management report represented by the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Group Audit Committee has responsibility, delegated to it from the Board, for overseeing all matters relating to external financial reporting. The Group Audit Committee report on page 263 sets out how the Group Audit Committee discharges its responsibilities.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, the Directors' report includes a statement, in the case of each Director in office as at the date the Report of the Directors is approved, that:

– so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

– they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Sir Mark E Tucker
Group Chairman
HSBC Holdings plc

Registered number 617987

19 February 2025