

**HSBC Bank Malaysia Berhad**  
**Task Force on Climate-related Financial Disclosures**  
**31 December 2025**

# Task Force on Climate-related Financial Disclosures

## Certain defined terms

This document comprises the Task Force on Climate-related Financial Disclosures ('TCFD') 2025 for HSBC Bank Malaysia Berhad ('the Bank') and its subsidiary HSBC Amanah Malaysia Berhad ('HBMS'), together as HSBC Malaysia ('HBMB'). References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HBMB's ultimate holding company, HSBC Holdings plc together with its subsidiaries.

## General Cautionary Statement

This document contains certain forward-looking statements with respect to the financial condition; results of operations and business of HBMB, including the strategic priorities; financial, investment and capital targets; and HBMB's ability to contribute to the Group's (including HBMB's) climate ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about the Group's (including HBMB's) beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. The Group (including HBMB) makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statement.

Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct.

Forward-looking statements can be made in writing but may also be made verbally by directors, officers and employees of HBMB (including during management presentations) in connection with this document.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including climate-related factors, could cause actual results, performances or other future events to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. This may be due to a variety of risks, uncertainties and other factors including, without limitation, those which relate to general market or economic conditions, regulatory and government policy changes, continued volatility in trade and tariff policies, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war or the conflict in the Middle East, the US military operation in Venezuela and potential further US action in the Western Hemisphere and, elsewhere, or the efficacy of the Group's actions in managing and mitigating climate related risks, and in progressing towards the Group's climate ambitions, targets and commitments.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

The Group aims to support and facilitate the transition towards a net zero economy and a sustainable future in partnership with its customers and other stakeholders.

## Approach to climate reporting

The information set out in the TCFD provides key climate information and data relevant to HBMB's operations for the year ended 31 December 2025. The data is compiled for the financial year 1 January to 31 December 2025 unless otherwise specified. Measurement techniques and calculations are explained next to data tables where necessary.

HBMB has considered its 'comply or explain' basis and has made disclosures consistent with the Joint Committee on Climate Change ('JC3') TCFD Application Guide recommended disclosures issued in June 2022 in this report save for certain items as described on page 11. This report is issued to support compliance with the disclosure-related requirements under Bank Negara Malaysia's ('BNM') Climate Risk Management and Scenario Analysis policy.

HBMB aims to continue to evolve its reporting to recognise market developments, such as the International Sustainability Standards Board ('ISSB'), and support the efforts to harmonise the disclosures.

## Understanding HSBC's climate reporting

The Group engages with standard setters to support the development of transparent and consistent climate-related industry standards in areas such as implementation of new International Sustainability Standards across jurisdictions, sustainable finance taxonomy and emissions accounting.

The effective measurement, governance, and reporting of progress against the Group's climate ambition is reliant on the availability of high-quality accessible, comparable and reliable internal and external data. The Group is also reliant on its own ability to collect and process such relevant data as required in timely manner. Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation.

The Group continues to strengthen its climate data and analytics capability, working to deliver trusted data assets, dashboards, AI, and advanced analytics solutions that help support initiatives like financed emissions, climate scenario analysis, stress testing, sustainable finance and portfolio optimisation.

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### How climate is governed

HBMB's Board has primary responsibility for the oversight of the approach to managing climate risks and opportunities including approval of climate strategies and the oversight of executive management in developing the approach, execution, risk management and associated reporting. HBMB's Board received regular climate risk updates from senior management and is informed of the refreshed Net Zero Transition Plan of the HSBC Group published in November 2025. Updates on climate related trends and developments as well as carbon management in Asia were also provided to HBMB's Board as part of their ongoing training and development. Please refer to the profile of Board of Directors in the HBMB Annual Financial Statements.

The 2025 annual incentive scorecards of certain Operating Committee ('OpCo') members include outcomes linked to meeting different climate-related measurements such as supporting HSBC's net zero in its own operations and finance measures.

Given the wide-ranging remit of climate matters, governance activities are managed through a combination of specialist governance infrastructure and regular management forums, as appropriate. These include certain HBMB Board and management committees, including Risk Committee, OpCo, and the Risk Management Meeting ('RMM'). Climate matters were also discussed at the Climate Risk Oversight Forum ('CROF'). The Risk Committee oversees and advises the Board on risk-related matters, comprising both financial and non-financial risks (which incorporates climate risk). There are also regular updates on climate risk to the Board. In addition, the OpCo keeps track of the sustainable finance deliverable. HBMB CROF, chaired by HBMB's Head of Risk Strategy, has an escalation path to the RMM, established to provide oversight of all risk activities relating to HBMB's approach to climate risk management. From February 2026, the Country Risk Management Forum ('CRM') replaces RMM.

### Transition to net zero

HSBC Group's ambition is to become a net zero bank by 2050. Supporting customers is core to the Group's strategy and financing customers' transition is both critical to them and aligned to the Group's net zero ambition.

The Group's first net zero transition plan, published in January 2024, provides an overview of the Group's net zero strategy and implementation plan for the first time while recognising that the approach will continue to evolve. Since early 2024, the global landscape has shifted markedly, making the pace of transition more uneven. Against this broader landscape, the Group published an updated plan in November 2025, intensifying its efforts to be customer focused, commercial and agile. The Group has also strengthened its associated governance and risk management processes, updated its interim sector-specific financed emissions targets, and published a new Sustainability Risk Policies Framework.

### Supporting our customers

As a global financial institution, the Group exists to serve its customers. Supporting customers' transition is one of the most significant roles the Group can play in the global transition to net zero. This will help to deliver long-term value for customers and shareholders. The Group has refined its approach to continue to be responsive to the diverse realities faced by different customers across the world, from individuals through to multinational corporates and institutions. For how the Group incorporates net zero considerations into its approach to supporting different customer groups through the transition, see the 'Supporting Our Customers' section in HSBC Holdings plc's Net Zero Transition Plan 2025 at <https://www.hsbc.com/who-we-are/our-climate-strategy/our-net-zero-transition-plan>.

HBMB continues to contribute to HSBC Group's ambition in providing and facilitating between US\$750bn and US\$1tn of sustainable finance and investment by 2030. The Group's sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

The Group defines sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and related activities that support the achievement of the United Nation's Sustainable Development Goals ('UN SDGs'), including but not limited to the aims of the Paris Agreement on climate change. The Group's Sustainable Finance and Investment Data Dictionary sets out its approach for classifying financing and investment as sustainable for the purpose of tracking and disclosing its performance against the sustainable finance and investment ambition.

The Group engages in industry initiatives to develop its understanding and approach to 'transition finance'. Whilst the Group does not currently include transition finance as a product label or stand-alone category in the data dictionary and reporting, it will continue to monitor and consider industry guidance for future updates to the data dictionary.

The Group has established internal business governance forums and processes to assess and monitor the risks associated with sustainable finance products, ranging from product design, origination and approval, as well as tracking and monitoring product performance.

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The table below reflects HBMB's sustainable financing provided and facilitated in 2024 and 2025.

### Sustainable finance summary

	2025 <sup>1</sup>	2024
Balance sheet-related transactions provided <sup>2</sup>	<b>MYR 910mil</b>	MYR 1,734mil
Capital markets/advisory (facilitated)	<b>MYR 665mil</b>	MYR 511mil
<b>Total contribution</b>	<b>MYR 1,575mil</b>	MYR 2,245mil

<sup>1</sup>The 2025 data has been prepared in accordance with HSBC Sustainable Finance and Investment Data Dictionary 2025, which includes green, social and sustainability activities. The data dictionary is reviewed and updated by the Group annually. The amounts provided and facilitated include: the limits agreed for balance sheet-related transactions provided (including drawn and undrawn amounts) and the proportional share of facilitated capital markets/advisory activities.

<sup>2</sup>The year-on-year decrease is driven by multiple factors, including market competition, HSBC selection criteria, client-initiated withdrawal and timing of deal completion.

### Working with customers

The Group takes a holistic approach to understanding and supporting the transition journeys of its customers and potential customers. Regular engagement with corporate customers helps tailor its solutions to the diverse realities they face around the globe, and the different stages of their transition journey.

Corporate and Institutional Banking ('CIB') provides its customers with seamless access to global capital, markets expertise and financing through a single platform.

The Group has also refreshed its strategy to support the transitions of its CIB customers, and deliver on its growth ambition. Lending to corporate and institutional customers makes up the majority of the Group's balance sheet and financed emissions, so the role the Group plays with these customers is critical to achieving its net zero ambition.

The Group intends to become:

- **A leading bank supporting fast-growing transition ecosystems**  
HSBC's customer base spans ecosystems like clean power, electrification of transport, and data centres and AI. These ecosystems represent significant transition capital expenditure needed by 2030 as they are the key decarbonisation and transformation vectors for the economy.
- **The strategic transition partner for all our customers**  
The Group aims to support and facilitate all its customers across segments and sectors to meet their sustainability goals, leveraging the Group's debt financing and trade finance capabilities across markets.
- **Bank of choice to catalyse emerging climate tech**  
The Group aims to bridge the gap between early-stage development and large-scale deployment of climate-critical technologies.

The Group is also well-positioned to connect these start-ups with the corporate and institutional customers that are looking to invest in climate tech ventures, and adopt their solutions to accelerate their transition journey.

### Partnering for an enabling environment

HSBC's ability to support customers' transition is heavily influenced by external market and policy conditions.

The Group aims to use its global reach and convening ability to engage and collaborate with a range of partners – including industry peers, customers, governments, academia, civil society, and entrepreneurs – on solutions that can help support the transition.

Through philanthropy, HSBC also partners with a range of non-governmental organisations to develop thought leadership, spur innovation, build capacity, mobilise capital and test and scale climate solutions.

In 2025, the Group concluded its five-year Climate Solutions Partnership ('CSP') with the World Resources Institute ('WRI') and World Wildlife Fund ('WWF'). Since 2020, \$105m in funding has been deployed to over 50 local partners that supported nature-based solutions and the energy transition in Asia. The Group continues to partner with WRI and WWF to advance projects established under the CSP, including efforts to strengthen water security and coastal resilience by creating public-private financial mechanisms that mobilise capital for forest and mangrove ecosystems, alongside contributing to efforts to help shape national policies on nature-positive investments. The Group is also partnering with WWF to support financial institutions in identifying and addressing environmental financial crimes through the open-access Environmental Crimes Financial Toolkit; and to try to address deforestation in palm oil supply chains by increasing the production, consumption and trade of certified sustainable palm oil in Asia.

For more examples of how HSBC is supporting its customers, as well as accelerating capital flows and scaling solutions for the transition through its partnerships in 2025, see HSBC Holdings plc's Annual Report and Accounts.

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Through its philanthropy, HBMB has partnered with several charitable organisations towards supporting net zero transition efforts. It has worked with MySkills Foundation on "Future-Ready Youth: Solar PV and EV Skills for a Sustainable Tomorrow" programme, which aims to build a future-ready workforce in the renewable energy and sustainable mobility sectors. The programme has equipped youths with skills in solar photovoltaic (PV) and electric vehicle (EV) technology in 2025. HBMB has also been collaborating with Global Environment Centre (GEC) since 2022 to implement a nature-based solutions programmed focused on ecosystem restoration. In 2025, the initiative restored mangrove ecosystem at Tebuk Mendeleng, Sabak Bernam Selangor and conserved an encroached water reservoir site at Empangan Jus, Melaka. The project integrates community-led conservation efforts with mangrove restoration focused on planting native species, and habitat expansion.

HBMB collaborates with other business enablers and external parties to upskill and drive awareness and the uptake of Sustainability solutions. As JC3 Sub-Committee's Chairperson (Engagement and Capacity Building), HBMS has co-led and participated in numerous engagements to support the agenda of JC3.

### Embedding net zero

#### Net zero in our own operations

HBMB adheres to the climate strategy set by the HSBC Group and implements relevant policies and procedures at the entity level. For details of HSBC Group's climate ambitions, see HSBC Holdings plc's Annual Report and Accounts at [www.hsbc.com/investors/results-and-announcements/annual-report](http://www.hsbc.com/investors/results-and-announcements/annual-report).

The Group continues to address the emissions from its own operations and supply chain by focusing on reducing its consumption and replacing consumption with low carbon alternatives. Only high-integrity carbon credits will be used to remove any residual emissions from its own operations that cannot otherwise be reasonably reduced. The Group continues to monitor external guidance, including from the Science Based Target initiative, to seek to ensure the approach remains credible.

#### Energy, water and waste consumption

The Group continues to search for opportunities to procure renewable electricity in each of its markets. The Group follows RE100 principles to focus on creating additional renewable capacity through power purchase agreements ('PPAs'), where possible. Where regulation or the Group's energy profile does not allow for PPAs, the Group pursues the procurement of renewable electricity through its utility partners. For details of HSBC Group's climate strategy, see HSBC Holdings plc's Annual Report and Accounts.

In 2025, HBMB reported higher energy consumption compared with 2024 primarily due to a rectification in reporting scope and further improvements in the reporting process. HBMB continues to automate energy consumption data collection. The underlying actual energy consumption has reduced year on year, and together with the purchase of renewable electricity supported the reduction in scope 2 market-based emissions and lower total emissions.

HBMB continues to implement measures to reduce water and waste consumption across its portfolio. In 2025, HBMB's water consumption decreased primarily due to water conservation initiatives implemented.

#### Business travel

Connecting with clients and colleagues remains an important part of how the Group does business. The Group has enhanced its internal reporting to allow businesses and markets to monitor their travel emissions in greater detail. Through guidance on more sustainable ways to travel, the Group encourages ownership and conscious decision making. HBMB reduced its emissions from scope 3 business travel compared with 2024. The decrease was driven through enhanced control measures over the flight booking system, and an overall reduction in the emissions factors.

#### Engaging with supply chain

The Group's supply chain is the largest source of its operational emissions. The Group continues its work to deepen collaboration with suppliers and has increased its focus on those without public disclosures or emissions reduction plans and supported them by providing additional guidance. The Group has enhanced the questions asked of suppliers at onboarding, to get a better view of their transition journey, and are now including suppliers' carbon footprint as a consideration in its selection process.

#### Emissions calculations approach

The Group's emissions report adheres to the Greenhouse Gas ('GHG') Protocol, which incorporates the scope 2 market-based emissions methodology. The Group reports GHG emissions associated with the energy used in its premises and employees' business travel in tonnes of CO<sub>2</sub> equivalent. The Group applies reviewed and updated emission uplift rates to reflect uncertainty concerning the quality and coverage of emission measurement and estimation. For further details, see the Group's GHG Reporting Guidance at [www.hsbc.com/esg](http://www.hsbc.com/esg).

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HBMB's energy use and business travel for its operations in 2024 and 2025 are shown below.

### Greenhouse gas emissions in tonnes CO<sub>2</sub>e<sup>1,2</sup>

	2025	2024 <sup>3,4</sup>
Scope 1 - direct <sup>5</sup>	64	39
Scope 2 - indirect (market based)	989	1,243
Scope 3 - indirect (upstream activities - category 6: business travel)	587	716
<b>Total</b>	<b>1,640</b>	<b>1,998</b>
Greenhouse gas emissions in tonnes CO <sub>2</sub> e per full-time equivalent staff	0.58	0.68

<sup>1</sup>CO<sub>2</sub>e refers to carbon dioxide equivalent.

<sup>2</sup>The reporting period aligns with the financial year January – December. Due to a three-month time lag in data availability and seasonal impact on emission, HBMB uses the data from Q4 of the previous year, as an estimate for the current year's Q4 data.

<sup>3</sup>Numbers in this table reflect those set out in TCFD 2024.

<sup>4</sup>For completeness, please note that immaterial inaccuracies were identified following the publication of TCFD 2024 such that these numbers should be: (i) Scope 1 – direct: 97, (ii) Scope 2 – indirect (market based) – 1,053, (iii) Total – 1,866, and (iv) Greenhouse gas emissions in tonnes CO<sub>2</sub>e per full-time equivalent staff: 0.63.

<sup>5</sup>Based on 2024 recalculated scope 1 greenhouse gas emissions of 97CO<sub>2</sub>e, the year-on-year reduction is due to lower diesel consumption for generator sets.

## Managing climate risk

Climate risk relates to the financial and non-financial impacts that may arise as a result of climate change and the move to a net zero economy. HBMB manages climate risk across all its businesses and is incorporating climate considerations within its traditional risk types, in line with the Group-wide risk management framework.

HBMB's exposure to climate risk primarily relates to wholesale and retail client financing activity within its banking portfolio.

- For further details of HBMB's approach to climate risk, see 'Climate risk' on page 7.
- For further details of how Banking business manage climate-related risk, see HSBC Holdings plc's Annual Report and Accounts.

## Insights from climate scenario analysis

### Introduction

Climate scenario analysis supports the Group's strategy by assessing its potential exposures to risks and vulnerabilities under a range of climate scenarios.

In 2025, HBMB conducted its inaugural Climate Risk Stress Test ('CRST') for submission to Bank Negara Malaysia ('BNM'). This exercise contributed to HSBC Malaysia's efforts to enhance its climate risk management capabilities and to strengthen its understanding of the potential impacts of climate-related risks on its customers, portfolios, and business activities.

### BNM Climate Scenarios

HBMB conducted climate risk stress test in accordance with CRST guideline issued by BNM on 28 October 2024. The BNM CRST guideline focused on credit risk exposure of HBMB under three long-term scenarios and one short-term scenario.

The Short-Term CRST ('ST-CRST') assessed the impact of climate-related risks over a one-year horizon commencing from Dec 2023, while the Long-Term CRST ('LT-CRST') scenarios cover the period from 2024 through to 2050. The LT-CRST explored and evaluated HBMB's climate resilience in Malaysia over the long run and to enhance the capabilities of participating banks in managing climate-related risks.

The variable pathways for the three long-term scenarios under the LT-CRST are strictly aligned with the requirements mandated by BNM. Where specific pathways are not prescribed by BNM but are still necessary to complete the exercise, they are sourced from the Network for Greening the Financial System ('NGFS') Phase III dataset. This approach supports a consistent, industry-wide framework for conducting climate risk stress testing.

The scenarios are designed to explore physical and transition risks across a wide range of potential outcomes.

- Orderly: Net Zero 2050 ('NZ 2050')  
This scenario rests on strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas emissions, limiting global warming to 1.5°C, and reflecting an early and orderly transition to a low-carbon economy. Stringent climate policies are applied across all sectors, alongside significant innovation and technological breakthroughs, including major advances in carbon dioxide removal technologies and a sharp shift towards renewable energy production, resulting in high transition risk.

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- **Disorderly: Divergent Net Zero 2050 ('DNZ 2050')**  
Under this scenario, climate policies are more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels with uneven distributional impacts across sectors. Climate policies are introduced at different points in time, including differentiated carbon taxes or prices across certain sectors. Technological advancements in carbon dioxide removal and renewable energy are more limited relative to the NZ 2050 scenario, resulting in medium to higher transition risks, while the impact from physical risks is lower than under Nationally Determined Contributions ('NDCs') scenario.
- **Hot House World: Nationally Determined Contributions ('NDCs')**  
The NDCs scenario assumes that both implemented and pledged policy measures are in place but remain inadequate to facilitate an orderly transition. While emissions decline, policy actions are insufficient, leading to the materialisation of moderate to severe physical risks. Compared to the other two long-term scenarios, the impact from transition risks is expected to be lower under this scenario.
- **Short Term Acute Physical Scenario ('ST-CRST')**  
A one-off 1-in-200 year flood event, occurring nationwide in Malaysia consistent with climate conditions in the Intergovernmental Panel on Climate Change ('IPCC')'s Representative Concentration Pathway ('RCP') 8.5 scenario in the year 2050.

### Our methodology

#### Wholesale business

The models used by HBMB for climate scenario analysis assessed the expected credit loss ('ECL') impact considering transition risk and physical risk by incorporating a range of climate-specific metrics that could potentially impact its customers, including expected production volumes, revenue, costs, and capital expenditure.

HBMB assessed on how these metrics interplayed with economic factors such as carbon prices, which represented the cost effects of climate-related policies that aimed to discourage carbon-emitting activities and encourage low-carbon solutions. The expected result of higher carbon prices is a reduction in emissions as high-emission activities become uneconomical.

#### Retail mortgage

The retail mortgage portfolio of HBMB was assessed specifically on physical risk, which considered the physical damages arising from the increased frequency and severity of extreme weather events, such as floods, and chronic gradual shifts in weather patterns or rises in sea level.

### Assessing our credit exposures to climate risk

Within the scope and limitations of HBMB's exercise, its analysis anticipates that climate risk will be heightened within its wholesale lending portfolios. In line with expectations of increasing transition and physical risks, HBMB expects climate-related credit risk to grow over time with the speed dependent on the severity of the risks in the assessed scenarios. However, HBMB's portfolios remain resilient to risks arising from the transition to a low carbon economy.

### How climate change is impacting our portfolios

Overall, based on the four BNM climate scenarios analysed in the year 2025, customers within the wholesale lending portfolio in higher emitting sectors continue to be most exposed to larger climate-related losses. These exposures are primarily driven by transition risks arising from policy such as carbon price, technology, and market changes associated with the shift towards a lower-carbon economy.

The commercial real estate and retail mortgage portfolios are assessed to be relatively resilient to climate-related physical risks. While Malaysia is exposed to physical climate risks, including flooding and other extreme weather events, the impact on prospective credit losses is moderated by factors such as property characteristics, location considerations, and prevailing building standards. Credit loss impact is further contained by the mandate of peril insurance. In addition, ongoing investments by the government in better river management, drainage infrastructure, and deforestation control support the resilience of property-backed exposures.

Climate scenario analysis on the retail mortgage portfolio indicates minimal climate-related losses over the longer term. Although the severity of climate risk events is expected to worsen over time, its overall losses is anticipated to remain low under the Hot House World: NDCs scenario through to the long-term, supported by the availability of insurance.

### Limitations of climate scenario analysis outputs

Climate scenario analysis is an evolving discipline. While the Group seeks continuous methodology enhancement to utilise the latest developments and best-available data, it remains the case that there are significant limitations and assumptions. As capabilities improve, climate scenario analysis outcomes may change.

### Use of climate scenario analysis outputs

The results of the climate scenario analysis support HBMB's ongoing integration of climate risk considerations into its risk management and portfolio monitoring processes. It is used to assess the HBMB's ability to withstand, adapt, and recover from climate-related risks. It supports the evaluation of the resilience of the HBMB's strategic priorities.

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## Climate risk

### Overview

The Group's climate risk approach identifies two primary drivers of climate risk:

- physical risk, which arises from the increased frequency and severity of extreme weather events, such as floods, or chronic gradual shifts in weather patterns or rises in sea level; and
- transition risk, which arises from the process of moving to a net zero economy, including changes in government policy and legislation, technology, market demand, and reputational implications triggered by a change in stakeholder expectations, actions or inaction.

The Group continues to identify a thematic issue related to climate risk that could manifest as reputational, regulatory compliance, and litigation risks: the risk of greenwashing. This risk arises from knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to its stakeholders. Net zero alignment risk had previously been identified as a thematic issue and is now replaced and managed under the HSBC Group's new risk type, Sustainability Execution Risk, to help identify and manage the risks associated with the delivery and execution of the HSBC Group's sustainability strategy.

### Approach

HBMB acknowledges that the physical impacts of climate change and the shift towards a net zero economy may pose substantial financial risks to companies, investors and the financial system. HBMB may encounter climate risks directly or indirectly through its customer relationships, potentially leading to both financial and non-financial consequences.

The Group's climate risk approach aims to effectively manage the material risks that could impact the Group's operations, financial performance and stability, and reputation. It is aligned to the Group-wide risk management framework, which sets out how the Group identifies, assesses and manages its risks across its three lines of defence. It is also informed by the evolving expectations of the Group's regulators. For further details of the three lines of defence framework, see page 70 of HBMB Annual Financial Statements for the year ending 31 December 2025.

HBMB is committed to enhancing its climate risk capabilities across its businesses, by prioritising sectors, portfolios and counterparties with the highest impacts. Recognising this as long-term, iterative process, HBMB aims to expand its coverage and integrate more advanced data, climate analytics, frameworks and tools, while adapting to emerging industry best practice and climate risk regulations.

This involved regularly reflecting on the evolving nature of climate risk in the real world and improving the integration of climate risk factors into strategic planning, transactions and decision-making across its operations.

The Group's current processes for managing climate and sustainability-related targets, net zero transition plans, and climate strategy include conducting impact assessments of merger and acquisition activities.

The HSBC Group's annual climate risk materiality assessment helps it to understand how climate risk may impact HSBC's risk taxonomy. It assesses the type of impact, likelihood and severity over a 12-month period, and also considers forward looking risk impacts. It is used to support policy, control enhancements, and scenario analysis. For further details of scenario analysis, see page 5.

The table below provides an overview of the risk drivers and thematic issue considered within HSBC's climate risk approach.

Climate risk – Risk drivers		Details	Potential Impacts	Time horizons
Physical	Acute	Increased frequency and severity of weather events causing disruption to business operations.	<ul style="list-style-type: none"> <li>• Decreased real estate values or stranded assets</li> </ul>	Short term
	Chronic	Longer-term shifts in climate patterns (e.g. sustained higher temperatures, sea level rise, shifting monsoons or chronic heat waves).	<ul style="list-style-type: none"> <li>• Decreased household income and wealth</li> </ul>	Medium term Long term
Transition	Policy and legal	Mandates for, and regulation of products and services and/or policy support for low carbon alternatives. Litigation from parties who have suffered loss and damage from climate impacts.	<ul style="list-style-type: none"> <li>• Increased costs of legal and compliance</li> <li>• Increased public scrutiny</li> </ul>	
	Technology	Replacement of existing products with lower emissions options.	<ul style="list-style-type: none"> <li>• Decreased profitability</li> </ul>	
	End-demand (market)	Changing consumer demand from individuals and corporates.	<ul style="list-style-type: none"> <li>• Lower asset performance</li> </ul>	
	Reputational	Increased scrutiny following a change in stakeholder perceptions of climate-related action or inaction.		
Climate risk – Thematic issue		Details		
Risk of greenwashing	Firm	Making inaccurate, unclear, misleading or unsubstantiated claims in relation to HSBC's sustainability ambitions and targets, as well as the reporting of its performance towards them.		
	Product	Making inaccurate, unclear, misleading or unsubstantiated claims in relation to products or services offered to clients that have stated sustainability objectives, characteristics, impacts or features.		
	Client	Making inaccurate, unclear, misleading or unsubstantiated claims as a consequence of HSBC's relationships with clients or transactions it undertakes with them, where their sustainability commitments or related performance are misrepresented or are not aligned to HSBC's own commitments.		

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The table below provides a summary of how climate risk may impact a subset of HSBC's principal risks.

Climate risk drivers	Credit risk	Traded risk	Reputational risk	Regulatory compliance risk	Resilience risk	Other financial and non-financial risk types
Physical risk	◆	◆			◆	◆
Transition risk	◆	◆	◆	◆	◆	◆

### Climate risk management

#### Key developments in 2025

The HSBC Group continues to develop its climate risk management capabilities. The following outlines key developments in 2025:

- The Group enhanced its approach to assessing the impact of climate change on capital, focusing on credit, traded and operational risk.
- The Group enhanced its internal climate scenario analysis, including through improvements to input data and models. For further details of scenario analysis, see page 5.
- The Group further embedded climate risk considerations into credit risk assessments by leveraging the revised HSBC climate risk guidelines for relationship managers.

While HBMB has made progress, further work remains, including the need to develop additional metrics and tools to measure HBMB's exposure to climate-related risks.

#### Governance and structure

HBMB's Board has primary responsibility for the oversight of the approach to managing climate risks and opportunities including approval of climate strategies and the oversight of executive management in developing the approach, execution, risk management and associated reporting.

HBMB Chief Risk and Compliance Officer is responsible for the management of climate risk.

HBMB Risk Committee and HBMB CRMF receive regular updates on HBMB's climate risk profile and the progress of its climate risk initiatives.

HBMB CROF provides oversight of climate risk.

#### Risk appetite

HBMB's climate risk appetite statement forms part of HBMB's risk appetite statement and is approved and overseen by the Board. This supports the business in delivering HBMB's climate strategy effectively and sustainably. Climate key risk indicators are reported for oversight to the HBMB CRMF and HBMB Risk Committee.

#### Policies, processes and controls

The Group continues to update and integrate climate risk into policies, processes and controls across many areas of the organisation.

### Embedding the Group's climate risk approach

The below details how HBMB has embedded the management of climate risk across key risk types. For further details of the HBMB's internal scenario analysis, see 'Insights from climate scenario analysis' on page 5.

#### Wholesale Credit Risk

HBMB has metrics in place to monitor the exposure of its wholesale corporate lending portfolio to six high transition risk sectors which are: automotive; chemicals; construction, contracting and building materials; metals and mining; oil and gas; and power and utilities.

HBMB's relationship managers engage with their key wholesale customers, including those in higher transition risk sectors, through a transition engagement questionnaire ('TEQ'). The TEQ helps to gather information and assess HBMB's wholesale customers' business model alignment to a net zero transition and their exposure to physical and transition risks. HBMB uses responses to the questionnaire to risk-assess its key wholesale customers.

The Group's credit policies require that relationship managers comment on climate risk factors in credit applications for new money requests and annual credit reviews. The credit policies also require manual credit risk rating overrides if climate is deemed to have a material impact on credit risk under 12 months if not already captured under the original credit risk rating.

In 2025, the Group continued to develop its approach towards credit risk management, and refine climate risk guidelines for relationship managers to further embed climate risk considerations into credit risk assessments.

Key challenges for further embedding climate risk into credit risk management relate to the availability of adequate physical risk data to assess impacts on HBMB's wholesale customers.

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### Retail Credit Risk

Climate risk may impact retail credit risk through an increase in credit losses on its retail mortgage portfolio, primarily due to the impact of physical risk. The Group's climate scenario analysis conducted over last two years shows that climate-related risk is not expected to become significant for credit default in the medium term to 2030 due to relatively low loan-to-value ('LTV') profile of properties, their locations and availability of property insurance for its customers. While property insurance continues to serve as a risk mitigant, increasing climate risks and uncertainties regarding the future of the insurance market suggest that impacts are likely to intensify beyond 2030. Results are considered directional and will evolve over time as the Group's approach continues to mature. Within HBMB's mortgage portfolios, properties or areas with potential heightened physical risk are identified and assessed locally with exposure monitored. A reduction in property value, higher insurance costs and insurance availability are emerging risk for at-risk properties.

The Group continues to improve its climate risk management approach, including enhancements to its internal climate risk policy in 2025 and associated controls. This includes mandating key risk indicators for physical risk and introducing climate risk assessment in mortgage decision making.

### Treasury Risk

Climate risk may impact treasury risk through increased regulatory requirements and from changes to customer behaviours, which may result in increased deposit outflows.

HBMB's Internal Liquidity Adequacy Assessment Process ('ILAAP') included assessment of how climate risk may impact the key liquidity risk drivers and liquidity position.

### Traded Risk

Climate risk may result in trading losses due to increases in market volatility and widening spreads from the macro and microeconomic impacts of transition and physical risk. The Group monitors climate sensitive exposures against regional limits, including for vulnerable countries and high transition risk sectors.

Climate scenarios are included in the Group's stress testing scenario library and run every month to identify the vulnerabilities of the trading book in a climate-stressed context. The scenarios are updated annually in light of the most recent developments in terms of policy and climate events, with exposures and stress testing results reported to global and regional senior management.

### Reputational Risk

The Group manages the reputational impact of climate risk through its broader reputational risk framework, which plays a role in managing the risk of greenwashing, and is supported by its sustainability risk policies and metrics.

The Group's regional network of sustainability risk managers provides policy guidance to relationship managers in relation to policy compliance, and in support of implementation across HBMB's wholesale banking activities.

- For further details of the Group's sustainability risk policies, see HSBC Holdings plc's Annual Report and Accounts at [www.hsbc.com/investors/results-and-announcements/annual-report](http://www.hsbc.com/investors/results-and-announcements/annual-report).
- For further details of the Group's approach to reputational risk, see <https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/reputational-risk>.

### Sustainability Execution Risk

Sustainability Execution Risk ('SER') has been formally defined as a new risk type to help identify and manage the risks around the delivery and execution of the Group's sustainability strategy. SER is embedded in the Group's risk taxonomy to help enable effective end-to-end risk management of the Group's sustainability ambitions, targets and commitments through risk stewardship to support monitoring and assessing controls and emerging risks.

### Regulatory Compliance Risk

Regulatory Compliance oversees and supports the business in the management of climate-related risks that could cause breaches of its regulatory duties to customers and inappropriate market conduct. The Group's policies include sustainability considerations, particularly in relation to new and ongoing product management, sales outcomes, conflicts of interest and product marketing. The Group continues to enhance the associated control frameworks, processes and customer outcomes.

### Resilience Risk

Climate risk may influence resilience risks through impacts on HBMB's buildings or through physical and/or transition disruption to HBMB's third-party supplier relationships.

The Group reviews how physical climate risk scenarios may affect properties across the region by contributing to and using the results of the Group-wide Internal Climate Scenario Analysis exercise. This process helps the Group identify potential regional challenges and supports decision-making and planning.

### Model Risk

Model risk in the climate-related context refers to the uncertainties and complexities inherent in the modelling of the financial impact translation of climate-related changes and scenarios.

Climate risk models are used for HBMB's internal climate scenario analysis, risk management, and emissions reporting among other use cases. Key challenges, shared across the industry, include the quality and consistency of data, and assumptions required to mitigate these inherent model limitations.

Model risk policy and procedures continue to evolve in line with regulation, setting out the minimum control requirements for identifying, measuring and managing model risk for climate-related models.

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### Challenges

Key challenges include:

- an increasingly complex and divergent regulatory environment across jurisdictions;
- the diverse range of internal and external data sources and data structures needed for climate related reporting, which introduces data accuracy and reliability risks;
- industry-wide data gaps on customer emissions, and transition plan and methodology gaps, which limit its ability to assess transition risks accurately;
- data limitations on customer assets and supply chains, and methodology gaps, which hinder HBMB's ability to assess physical risks accurately.

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## JC3 TCFD Application Guide Recommended Disclosures

Where HBMB has not included climate-related financial disclosures consistent with all the JC3 TCFD Application Guide recommended disclosures, the reasons for non-disclosure are set out accordingly. HBMB will continue to develop and refine its reporting and disclosures on climate matters. Explanatory clauses of stretch requirements may be covered under basic requirement clauses, where applicable.

<b>Strategy</b>		
Disclose impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Basic Requirements	The Group has used climate scenario analysis to inform the organisation's business, strategy and financial planning. In 2025, The Group continued to incorporate certain aspects of sustainable finance within its financial planning process. Also, HBMB used climate scenario analysis to assess the impacts of climate-related risks on financial performance and its financial position, which is largely focused on how expected credit losses will be impacted under different climate scenarios. HBMB does not fully disclose impacts from climate-related issues on financial planning and performance, including on business lines, revenue, costs, and the balance sheet assets, detailed climate risk exposures for all sectors and geographies, or physical risk metrics. This is due to transitional challenges in relation to data limitations, although nascent work is ongoing in these areas. However, HBMB has disclosed the progress against HSBC Group's ambition of providing and facilitating US\$750bn–US\$1tn sustainable finance and investment by 2030. HBMB expects these data limitations to be addressed in the medium term as more reliable data becomes available and technology solutions are implemented.
	Stretch Requirements	HBMB used climate scenario analysis to assess the impacts of climate-related risks on financial performance and its financial position, which is largely focused on how expected credit losses will be impacted under different climate scenarios. HBMB does not currently disclose the quantitative impacts from its climate scenario analysis. This is due to transitional challenges in relation to data limitations, although nascent work is ongoing in these areas. HBMB expects these data limitations to be addressed in the medium term as more reliable data becomes available and technology solutions are implemented.
<b>Metrics and Targets</b>		
Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process.	Basic Requirements	<p>HBMB currently partially discloses scope 3 GHG emissions, and related risks. In 2025, the Group conducted a materiality assessment on upstream scope 3 categories, and it has identified categories 1 (purchased goods and services), 2 (capital goods), and 6 (business travel) as material. HBMB follows the Group's practice and is currently disclosing business travel emissions. HBMB does not currently disclose all categories of scope 3 emissions including employee commuting emissions (Category 7) and financed emission due to transitional challenges such as data availability. HBMB is working on enhancing the data quality, including engaging an additional supply chain data source to complement the existing data.</p> <p>HBMB does not disclose the amount and percentage of carbon-related assets relative to total assets or business activities vulnerable to climate-related physical and transition risks, or the metrics (including forward-looking metrics) used to assess the impact of climate-related physical (acute, chronic) and transition (policy and legal, technology, market and reputation) risks on parts of wholesale, retail lending and other financial intermediary business activities, as well as our own supply chain, outsourcing arrangements, external service providers and business continuity planning. This is due to transitional challenges. HBMB is developing the appropriate systems, data and processes to provide these disclosures in the medium term.</p> <p>HBMB does not currently fully disclose the proportion of revenue or proportion of assets, client engagement, capital deployment or other business activities aligned with climate-related opportunities, including revenue from low-carbon economy and forward-looking metrics, or any avoided emissions from client's products. This is due to transitional data and system limitations, and the absence of standardised methodologies. The Group is working to improve its data and enhance its disclosures in the medium term.</p> <p>HBMB does not fully disclose proportion/share of the portfolio for which engagement on climate-related risk/opportunities has been a key topic.</p> <p>HBMB contributes to HSBC Group's ambition and does not currently set its targets used to measure and manage physical and transition risk, capital deployment or climate-related opportunities. HBMB is working to enhance the appropriate systems, data and processes to expand its disclosures to align with TCFD requirements. HBMB recognises the need to provide early transparency on climate disclosures but balance this with the recognition that existing data and reporting processes continue to evolve.</p>

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Metrics and Targets		
<p>Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process.</p>	<p>Stretch Requirements</p>	<p>The Group does not currently use an internal carbon price, and is still developing the relevant implementation strategy. The Group aims to provide further disclosures in the medium term. For details on the external carbon prices used in its climate scenario analysis, please see HSBC Holdings plc's Annual Report and Accounts.</p> <p>HBMB does not currently set internal carbon pricing target due to transitional challenges such as developing the appropriate systems and processes, but considered carbon prices as an input for its climate stress testing exercise. HBMB expects to further enhance the disclosure in the medium term as more data becomes available.</p> <p>HBMB does not currently disclose forward-looking assessments of the convergence between the emissions profile of a portfolio, and the sectoral decarbonization trajectory necessary to achieve climate goals.</p> <p>In relation to financed emissions, the Group published on-balance sheet financed emissions for its in-scope target-sectors. The Group also published facilitated emissions for the oil and gas, and power and utilities sectors. For details, please refer to HSBC Holdings plc's Annual Report and Accounts and ESG Data Pack.</p>

### Cautionary statement regarding forward-looking statements

This report contains certain forward-looking statements with respect to the HBMB's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and climate ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about the Group's (including HBMB's) beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Actual results, performance or outcomes may differ materially from those expressed or implied in any forward-looking statements. Forward-looking statements speak only as of the date they are made. The Group (including HBMB) makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements. Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by the Group's (including HBMB's) directors, officers or employees to third parties, including financial analysts. Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

- changes in general economic conditions in the markets in which the Group (including HBMB) operates, such as new, continuing or deepening recessions, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war, further conflict in the Middle East or elsewhere and their impact on global economies and the markets where the Group (including HBMB) operates, which could have a material adverse effect on (among other things) the Group's (including HBMB's) financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for the Group's (including HBMB's) ECL measurements (including, without limitation, as a result of the Russia-Ukraine war, further conflict in the Middle East or elsewhere, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector in mainland China and Hong Kong); potential changes in the Group's (including HBMB's) dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including fluctuations in KLIBOR, HIBOR and the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets and the risk of disruptive correction stemming from high company valuations; lack of liquidity in wholesale funding or capital markets, which may affect the Group's (including HBMB's) ability to meet the Group's (including HBMB's) obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war, the conflict in the Middle East, the US military operation in Venezuela and any potential military action or conflict elsewhere, and the related imposition of sanctions, export-control, trade and investment restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions between China and the US, which may extend to and involve other countries and territories, and developments in Hong Kong and Taiwan and the surrounding maritime region, alongside other potential areas of tension, which may adversely affect the Group (including HBMB) by creating regulatory, reputational and market risks; the efficacy of government, customer, and the Group's (including HBMB's) actions in managing and mitigating climate-related risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact the Group (including HBMB) both directly and indirectly through the Group's (including HBMB's) customers and which may result in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; the significant depreciation of the US dollar through 2025; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using the Group (including HBMB) as a conduit for illegal activities without the Group's (including HBMB's) knowledge; and price competition in the market segments the Group (including HBMB) serves;

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- changes in government policy and regulation, as well as monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which the Group (including HBMB) operates and the consequences thereof (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the Group (including HBMB) operates); continued volatility in trade and tariff policies, changes in tariff rates, including sector-specific levies, imposed by various nations, including the US, which could further disrupt trade growth and supply chains; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to the Group (including HBMB), including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to climate disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to climate across all sectors and markets; changes in UK or Malaysia macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling or ringgit; general changes in government policy (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the Group (including HBMB) operates) that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where the Group (including HBMB) operates including increased competition from non-bank financial services companies; and
- factors specific to the Group (including HBMB), including its success in adequately identifying the risks the Group (including HBMB) faces, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); the Group's (including HBMB's) ability to achieve the Group's (including HBMB's) financial, investment, capital and climate ambitions, targets and commitments (including the positions set forth in the Group's thermal coal phase-out policy and the Group's energy policy and the Group's targets to reduce the Group's on-balance sheet financed emissions and, where applicable, facilitated emissions in the Group's (including HBMB's) portfolio of selected high-emitting sectors), which may result in the Group's (including HBMB's) failure to achieve any of the expected outcomes of the Group's (including HBMB's) strategic priorities and may result in reputational risks; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how the Group (including HBMB) manages risk, including model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and interest rates have had on the performance and usage of financial models, which may require the Group (including HBMB) to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions the Group (including HBMB) bases the Group's (including HBMB's) financial statements on; changes in the Group's (including HBMB's) ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to the Group (including HBMB) or any of the Group's subsidiaries, which could increase the cost or decrease the availability of the Group's (including HBMB's) funding and affect the Group's (including HBMB's) liquidity position and net interest margin; changes to the reliability and security of the Group's (including HBMB's) data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact the Group's (including HBMB's) ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; the Group's (including HBMB's) dependence on loan payments and dividends from subsidiaries to meet the Group's (including HBMB's) obligations; changes in the Group's (including HBMB's) reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way the Group (including HBMB) prepares the Group's (including HBMB's) financial statements; the Group's (including HBMB's) ability to successfully execute planned strategic acquisitions and disposals; the Group's (including HBMB's) success in adequately integrating acquired businesses into the Group's (including HBMB's) business; the Group's (including HBMB's) ability to successfully execute and implement the announced strategic reorganisation of the Group (including HBMB); changes in the Group's (including HBMB's) ability to manage third-party, fraud, financial crime and reputational risks inherent in the Group's (including HBMB's) operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect the Group's (including HBMB's) ability to recruit and retain senior management and an inclusive and skilled workforce; and changes in the Group's (including HBMB's) ability to develop sustainable finance and climate-related products consistent with the evolving expectations of the Group's (including HBMB's) regulators, and the Group's (including HBMB's) capacity to measure the environmental and social impacts from the Group's (including HBMB's) financing activity (including as a result of data limitations and changes in methodologies), which may affect the Group's (including HBMB's) ability to achieve the Group's (including HBMB's) climate ambitions, targets and commitments, including the Group's (including HBMB's) net zero ambition, the Group's (including HBMB's) targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in the Group's (including HBMB's) portfolio of selected high-emitting sectors and the positions set forth in the Group's (including HBMB's) thermal coal phase-out policy and the Group's (including HBMB's) energy policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, the Group's (including HBMB's) ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; the Group's (including HBMB's) success in addressing operational, legal and regulatory, and litigation challenges.

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The information, statements and opinions set out in this Annual Report and Accounts 2025 do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

### Additional cautionary statement regarding climate-related data, metrics and forward-looking statements

The Task Force on Climate-related Financial Disclosures 2025 ('TCFD 2025') contains a number of forward-looking statements (as defined above) with respect to the Group's climate ambitions, targets, commitments, climate-related pathways, processes and plans, and the methodologies and scenarios the Group (including HBMB) uses, or intends to use, to assess the Group's (including HBMB's) progress in relation to these ('climate-related forward-looking statements').

In preparing the climate-related information contained in the TCFD 2025, the Group (including HBMB) has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The Group (including HBMB) have used climate data, models and methodologies that it considers, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse financed emissions and operational and supply chain emissions, to set climate-related ambitions, targets and commitment and to evaluate the classification of sustainable finance and investments. However, these data, models and methodologies are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and the Group (including HBMB) expects industry guidance, market practice, and regulations in this field to continue to change. The Group (including HBMB) also face challenges in relation to its ability to access data on a timely basis, lack of consistency and comparability between data that is available and its ability to collect and process relevant data. Consequently, the climate-related forward-looking statements and climate metrics disclosed in the TCFD 2025 carry an additional degree of inherent risk and uncertainty.

Due to the unpredictable evolution of climate change and its future impact and the uncertainty of future policy and market response to climate-related issues and the effectiveness of any such response, the Group (including HBMB) may have to re-evaluate its progress towards its climate ambitions, targets and commitments in the future, update the methodologies it uses or alter its approach to climate analysis and may be required to amend, update and recalculate its climate disclosures and assessments in the future, as market practice and data quality and availability develop.

No assurance can be given by or on behalf of HBMB as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, ambitions, targets, commitments, prospects or returns contained herein. Such statements should not be interpreted as guarantees of future performance or outcomes, not as representations that HBMB's activities are fully aligned with any particular taxonomy, regulatory standard or external framework unless explicitly stated. Readers are cautioned that a number of factors, both external and those specific to the Group (including HBMB), could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any climate-related forward-looking statement or metric due to a variety of risks, uncertainties and other factors (including without limitation those referred to below):

- Climate change projection risk: this includes, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts;
- Climate projection risk: climate metrics are complex and are still subject to development. In addition, the scenarios employed in relation to them, and the models that analyse them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology-driven outcomes;
- Changes in the climate regulatory landscape: this involves changes in government approach and regulatory treatment in relation to climate disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to climate across all sectors and markets;
- Variation in reporting standards: climate reporting standards are still developing and are not standardised or comparable across all sectors and markets, new reporting standards in relation to different climate metrics are still emerging;
- Data availability, accuracy, verifiability and data gaps: the Group's (including HBMB's) disclosures are limited by the availability of high-quality data in some areas and the Group's (including HBMB's) ability to timely collect and process such data as required. Where data is not available for all sectors or consistently year on year, there may be an impact to the Group's (including HBMB's) data quality scores. The Group (including HBMB) may not be able to fully mitigate financial reporting risks related to its climate disclosures due to the limited quantity and consistency of available data. The accuracy and reliability of data is also impacted by the diverse range of internal and external data sources and data structures needed for climate-related reporting. While the Group (including HBMB) expects its data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be unexpected fluctuations within sectors year on year, and/or differences between the data quality scores between sectors. Any such changes in the availability and quality of data over time, or the Group's (including HBMB's) ability to collect and process such data, could result in revisions to reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on-year;
- Developing methodologies and scenarios: the methodologies and scenarios the Group (including HBMB) uses to assess financed emissions and set climate-related ambitions, targets and commitments may develop over time in line with market practice, industry standards, and/or developments in science, where applicable. Such developments could result in revisions to reported data, including on financed emissions or the classification of sustainable finance and investments, meaning that data outputs may not be reconcilable or comparable year-on-year. Consequently, the Group (including HBMB) might need to reassess its progress towards climate-related ambitions, targets and commitments in the future; and
- Risk management capabilities: global actions, including the Group's (and HBMB's) own actions, may not be effective in transitioning to net zero and in managing relevant climate risks, including in particular climate, nature-related and human rights risks, each of which can impact the Group (including HBMB) both directly and indirectly through its

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customers, and which may result in potential financial and non-financial impacts to the Group (including HBMB). In particular:

- the Group (including HBMB) may not be able to achieve its climate ambitions, targets and commitments (including with respect to the positions set forth in the Group's thermal coal phase-out policy and its energy policy, and its targets to reduce its on-balance sheet financed emissions and, where applicable, facilitated emissions in its portfolio of selected high-emitting sectors), which may result in the Group's (including HBMB's) failure to achieve some or all of the expected outcomes of its strategic priorities and raise reputational concerns; and
- the Group (including HBMB) may not be able to develop sustainable finance and climate-related products consistent with the evolving expectations of its regulators, and its capacity to measure the environmental and social impacts from its financing activity may diminish (including as a result of data and model limitations and changes in methodologies), which may affect its ability to achieve the climate ambitions, targets and commitments, including its net zero ambition, its targets to reduce its on-balance sheet financed emissions and, where applicable, facilitated emissions in its portfolio of selected high-emitting sectors and the positions set forth in its thermal coal phase-out policy and energy policy, and increase the risk of greenwashing. The Group (including HBMB) may face additional risks if it knowingly or unknowingly makes inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to its stakeholders.

Any forward-looking statements made by or on behalf of the Group (including HBMB) speak only as of the date they are made. The Group (including HBMB) expressly disclaims any obligation to revise or update these climate forward-looking statements, other than as expressly required by applicable law.

Written and/or oral climate-related forward-looking statements may also be made in the Group's (including HBMB's) periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, its regulators, public offering, circulars and prospectuses, disclosure documents, press releases and other written materials, and in oral statements made by the Group's (including HBMB's) Directors, officers or employees to third parties, including financial analysts.

The Group's data dictionaries and methodologies for preparing the above climate-related metrics and third-party limited assurance reports can be found on: [www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre](http://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre).