

HSBC Holdings plc

Directors' Remuneration Policy Supplement
Policy as approved by shareholders at the 2025 AGM

Directors' remuneration policy

This supplement sets out the Directors' remuneration policy in full, as presented to and approved by 96.10% of shareholders at the 2 May 2025 Annual General Meeting.

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 Group Remuneration Committee (the 'Committee') is responsible for reviewing and recommending to the Board the Directors' remuneration policy for shareholder approval. 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

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. The Committee carefully considered all feedback received, which directly influenced the final proposal.

Over several years, the Committee expressed concerns that the 2:1 cap on the ratio between variable and fixed pay for material risk takers ('MRTs') was having a material impact on the competitiveness of the executive Director remuneration opportunity at HSBC versus international peers.

Following removal of the 2:1 cap by the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') in 2023, the Committee felt it was 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 stakeholders. This also helps address compression between the total compensation of our executive Directors and some of our Group Operating Committee roles.

In determining the new policy, the Committee considered several different incentive structures adopted by our global peers, such as hybrid structures, the use of restricted stock and retaining part of the

Fixed Pay Allowances ('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 proposed to reverse the changes made in 2014 when the bonus cap was introduced, to increase the proportion of pay linked to long-term performance. This meant 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').

The Committee also proposed increasing the shareholder guideline to equal the LTI opportunity of 600% of salary for both executive Directors in line with market practice. Additionally, the Committee proposed implementing 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.

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.

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.

Full detail on the context for the review, the Committee's key considerations, including how the Committee responded to shareholder feedback, is provided in the Chair's letter on pages 279 to 284 of HSBC Holdings plc Annual Report and Accounts 2024.

Committee Discretion

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.

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

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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<p>Benefits take account of local market practice and include, but are not restricted to:</p> <ul style="list-style-type: none"> – 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. <p>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.</p>
Maximum opportunity	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee retains discretion to:</p> <ul style="list-style-type: none"> – 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. <p>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.</p> <p>The Committee may adjust and amend awards in accordance with the relevant plan rules.</p>
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	<p>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.</p> <p>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.</p> <p>The overall payout of the annual incentive could be between 0% (for below minimum performance) and 100% of the maximum opportunity.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee has the discretion to:</p> <ul style="list-style-type: none"> – 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)	<p>The Committee has the discretion to operate malus and clawback provisions.</p> <p>Malus can be applied to unvested awards in circumstances including:</p> <ul style="list-style-type: none"> – 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. <p>Clawback may be applied in circumstances including:</p> <ul style="list-style-type: none"> – 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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee may adjust or amend awards in accordance with the rules of the HSBC Share Plan.</p>
Maximum opportunity	The maximum opportunity for the LTI award in respect of a financial year is up to 600% of base salary.
Performance measures	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> – 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	<p>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:</p> <ul style="list-style-type: none"> – Group CEO: 600% – Group CFO: 600% <p>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.</p>
Maximum opportunity	Not applicable.

Committee discretion

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	<ul style="list-style-type: none"> – Profit before tax – RoTE – Revenue growth – Volume growth – Costs 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – Customer satisfaction – Employee engagement – Succession planning and inclusion – Carbon reduction and sustainable finance 	<ul style="list-style-type: none"> – Reduce carbon emissions – Sustainable finance 	Measures are selected to support the delivery of our strategic priorities.
Risk and compliance measures, modifier and/or underpin	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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	<p>The base salary will reflect the individual's role, experience and responsibility, and will be set in the context of market practice.</p> <p>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.</p>
Benefits	<p>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.</p>
Variable pay awards	<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>
Buy-out awards	<p>The Committee may make an award to buy out remuneration terms forfeited on resignation from the previous employer.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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	<p>Executive Directors may be entitled to payments in lieu of:</p> <ul style="list-style-type: none"> – 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. <p>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.</p>
Annual incentive and LTI	<p>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.</p>
Unvested awards	<p>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:</p> <ul style="list-style-type: none"> – 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. <p>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.</p> <p>In the event of death, unvested awards will vest and be released to the executive Director's estate as soon as practicable.</p> <p>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.</p>
Post-departure benefits	<p>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.</p>
Other	<p>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.</p> <p>Except in the case of gross misconduct or resignation, an executive Director may also receive retirement gifts.</p>
Legal claims	<p>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.</p>
Change of control	<p>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.</p>

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

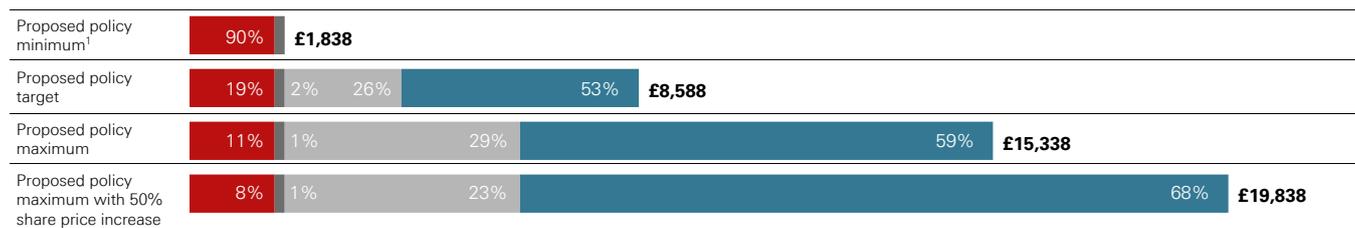
The following charts show how the total value of remuneration and its composition would vary under different performance scenarios for executive Directors under the policy, approved by shareholders at the 2025 AGM.

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.

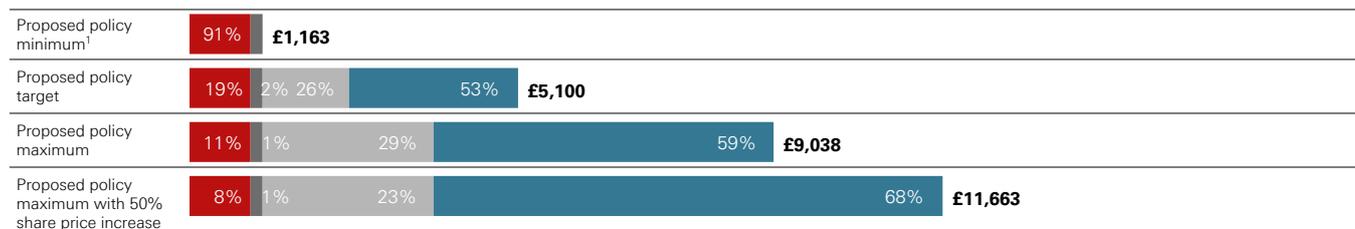
The charts set out:

- 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)



■ Fixed pay (salary and cash in lieu of pension) ■ Benefits ■ Annual incentive ■ LTI

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 of HSBC Holdings plc Annual Report and Accounts 2024.

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
<p>Fees To reflect the time commitment and responsibilities of a non-executive Director of HSBC Holdings.</p>	<p>The policy for non-executive Directors is to pay:</p> <ul style="list-style-type: none"> – 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. <p>Fees are paid in cash. The Board retains the discretion to pay in shares rather than cash where appropriate.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> – 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.
<p>Expenses/benefits</p>	<p>Any taxable or other expenses incurred in performing their role are reimbursed, as well as any related tax cost on such reimbursement.</p> <p>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.</p>	<p>Not applicable</p>
<p>Shareholding guidelines To ensure appropriate alignment with the interests of our shareholders.</p>	<p>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.</p> <p>The Committee reviews compliance with the guidelines annually. The Committee has full discretion in determining any consequences in cases of non-compliance.</p>	<p>Not applicable</p>

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.

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Incorporated in England and Wales with limited liability
Registration number 617987