

# HSBC Greenhouse Gas (GHG) Emissions

## Reporting Guidance 2025

This greenhouse gas (GHG) Emissions Reporting Guidance (“GERG”) document supports the preparation and reporting of greenhouse gas emissions data by HSBC Holdings plc (hereafter “HSBC”), for HSBC Group’s own operations and supply chain. It is the responsibility of HSBC management to ensure that appropriate procedures are in place to prepare its greenhouse gas emissions reporting in accordance with the GERG. HSBC has:

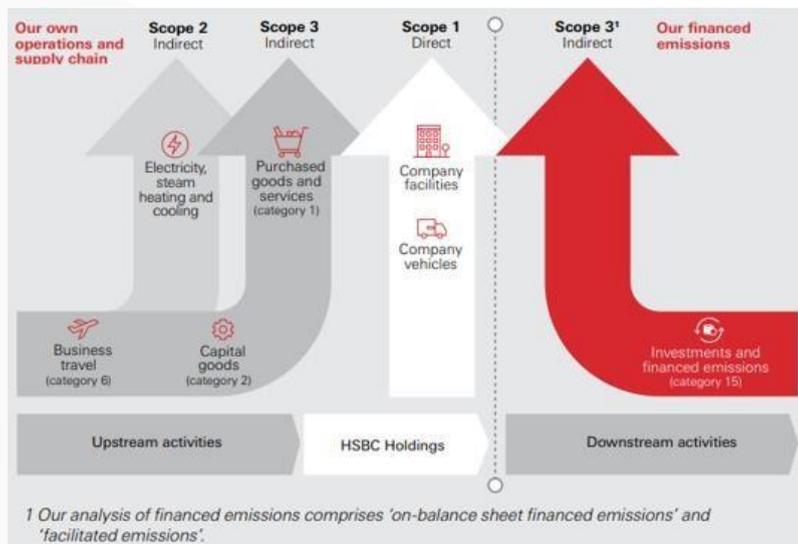
- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of carbon emissions data that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria (i.e. GERG) for measuring, preparing and reporting the GHG emissions data and applied them consistently;
- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information; and
- measured and reported the GHG emissions data based on this reporting criteria.

### General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information preparation – to highlight to users of the information the primary principles of relevance and reliability of information;
- Information reporting – the primary principles are comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

### HSBC’s Emissions



### Reporting Scope

Our reporting period aligns with our financial year January – December. Due to a three-month time lag in data availability, we use the data from Q4 of the previous year, to estimate current year’s Q4 data. This is the latest available data at the time of reporting, and no significant events occurred during Q4 of the current year, which we consider would materially impact such estimate.

HSBC's organisational boundary is defined as "operational control"<sup>1</sup>, as it allows us to introduce and implement our operating policies to support efficiency and reduction measures.

Our GHG emissions data comprises greenhouse gas emissions arising from scope 1, 2 and scope 3 categories 1 (purchased goods and service), 2(capital goods) and 6 (business travel), according to the Greenhouse Gas Protocol:

### Scope 1

- Energy used through primary fuels (e.g. gas, diesel, oil, LPG) in commercial buildings, vehicles and other forms of transport owned or leased by HSBC used for business purposes.

### Scope 2

- Electricity, steam and cold consumed in commercial buildings.

#### In-scope energy notes:

- Given that our reporting boundary is defined by operational control, we include the energy consumption and emissions from off-shored operations where HSBC retains control via contractual agreement. Energy usage in residential buildings is not captured, due to being determined immaterial in 2025.
- Greenhouse gas emissions from acquisitions and disposals are included and terminated respectively from the date of contractual completion of the transfer of asset ownership/ leasehold. This is consistent with HSBC's financial reporting approach. For acquisitions, where data is not available: estimates are prepared for additions which contribute more than 5% of the reporting unit (i.e. country level) annual scope 1, 2 and scope 3 -category 6 emissions.

### Scope 3

- HSBC conducts annually a materiality assessment of all 15 scope 3 categories, and reports on the categories of Scope 3 emissions that are most material and relevant (categories 1, 2 and 6) to our operations. The rest of the categories (apart from category 15) are not considered relevant and/or material for our business. Our reporting is evolving, and we will continue to review and assess the impact of other scope 3 categories in the medium term;
- Category 6 Business travel including air; rail; employees' cars used for business purposes; taxi; and hire car. Emissions from HSBC-owned and -leased cars are included in scope 1;
- Categories 1 & 2 (Purchased goods & services, and capital goods), are based on HSBC spend with upstream suppliers.

For scope 1, 2 and 3 (business travel), reporting data is defined on the basis of the percentage of full time equivalent Staff (FTE) as at 30 September. A scale up calculation is made on the basis of the FTE coverage rate to account for markets that are not currently captured in our reporting processes (typically less than 5% of FTE).

In addition, an emissions uplift rate is applied to reflect uncertainty concerning the quality and coverage of emissions measurement and estimation for the reporting markets. The uplift rates were originally defined based on Intergovernmental Panel on Climate Change (IPCC) Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories and HSBC's own internal analysis of data coverage and quality and are reviewed annually and adjusted accordingly as the scope of emissions coverage expands. In 2025 we implemented [significant] changes to seek to improve our data quality and remove the element of uncertainty of our scope 2 and 3 emissions reporting. Some of the key changes include the implementation of a new data governance framework, upskilling of data owners through training, and increased data scrutiny through multiple review cycles. Hence, in 2025 we removed the uplift rates for scope 2 and 3 (category 6 business travel) and adjusted the uplift rate for scope 1, to account for estimated fugitive emissions. Our approach of estimating fugitive emissions is still evolving, and we expect to further enhance this disclosure in the medium term.

Greenhouse gas emission reporting covered in this document excludes:

- Scope 3 Category 15 emissions from investments [and financed emissions] (including loans to third party organisations)
- Spend associated with use of financial intermediaries (e.g. exchanges)
- Interest payments made to depositors on interest bearing accounts
- Employee commuting (except where HSBC provides this service in its Global Technology Centres and Global Service Centres).

CO<sub>2</sub>e factors are used when available, to estimate and monitor the impact of other gases that are excluded (e.g. methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PCFs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>)). Refrigerant gases used for cooling in HVAC and refrigeration systems (e.g. CFCs, HCFCs, HFCs, HFOs) are accounted for through the estimated fugitive emissions and the uplift. CO<sub>2</sub>e is reported in metric tonnes.

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<sup>1</sup> HSBC Group or its subsidiaries that have full authority to implement the Group environmental policy and have control of facilities management.

Further details on the preparation of emissions reported are presented below.

## Data preparation

### *Energy*

Data is reported for electricity, primary fuel sources and locally generated energy sources. Energy consumption data where possible is obtained via meters and collated from the service provider invoices. Where metered data is only partially available or not available, energy consumption may be estimated on the basis of a comparable property, extrapolation of cost per unit or estimates using floor area or other published industry baselines.

### *Travel*

For air and rail travel, actual distance data is obtained from the business travel service agents, on which emissions factors are applied. Where journey details are not available, estimates of distance travelled are based on the cost of an average journey, fuel consumption or by extrapolating from a single month of travel. Where tickets are ordered on a local basis through a travel company, an estimated distance of the journey may be made by the traveller/claimant. For independent bookings, the estimate of distance travelled is based on the cost of an average journey. In line with the GHG protocol, emissions from travel in vehicles owned or controlled by HSBC are reported under Scope 1 emissions. Emissions from travel in vehicles owned or operated by third parties are reported under Scope 3 (Category 6: Business travel).

Since 2024, emissions from charter planes have been provided directly by the vendor and included in our report under scope 3 (Category 6: Business travel).

Road travel is measured by direct measurement of journeys made for business purposes. Details of road journeys, including distances travelled, engine size of vehicle and fuel type are submitted as part of expense claims/invoices or from the fleet providers. This may include company vehicles, personal/private vehicles and hire vehicles. This does not include electric vehicles, as the intensity factor for the use of these vehicles is 0 kg CO<sub>2</sub>e/km. Where only cost data is available, an estimate of distances travelled can be calculated on a local basis. Where journey data is not available, previously recorded data or industry baseline data may be used. In rare instances, it is impossible to split the business travel from the personal travel for company cars. In this situation, some personal travel may be included in our reporting.

### *Supply Chain (Purchase Goods & Services and Capital Goods)*

To calculate our supply chain emissions, we use the spend-based method under the Greenhouse Protocol. The spend data is obtained from HSBC's internal records and systems. The determination of whether spend is categorised as 'Purchased Goods & Services' and 'Capital goods' is based on whether spend is capitalised under financial reporting. This capitalisation information is available for spend data from HSBC's main internal spend system. For approximately 10% of markets where spend data quality concerns exist, we assume the spend is non-capitalised and associated emissions are reported under the Purchased goods & services category.

We have adjusted the spend associated with our largest suppliers of contingent workers on the assumption that associated emissions are predominantly captured through HSBC's Scope 1 and Scope 2 own operations emissions. We have considered the structure and proportionality of agency fees and direct pay rates in order to make these adjustments.

Emissions are then calculated using the scope 1, scope 2 and upstream scope 3 that our suppliers disclose through CDP (formerly the Carbon Disclosure Project) and/or sourced through an [alternative] external data provider. In estimating our supply chain emissions, we consider our suppliers' Scope 1, Scope 2 and Upstream Scope 3 emissions. We aim to collect emissions and financial data for our top 600 suppliers (approximately) based on spend. The data is collected through external data provider and includes reported information from CDP, annual reports and supplier engagement. Emissions are reported to CDP at parent entity level for an organisation. Where we have this emissions data for a supplier, the proportion of their emissions allocated to HSBC is based on the total Group-level spend with the supplier, as a proportion of the supplier's total revenue.

Supplier emissions data where external verification/assurance has taken place, is prioritised. We have assumed that where emissions are reported by an organisation, these account for 100% of the organisation's emissions for that scope. Where emissions data is publicly available, but has not been externally verified/assured, it will also be used, however less precision in the emissions data for a supplier will be reflected by a less favourable data quality score, see figure 1 below.

Where reported emissions data is not available for a supplier, we use estimated emissions from our external data provider for those suppliers, and in the absence of those, we then use the revenue-based CDP industry average for the supplier's primary activity, to derive their emissions associated with HSBC. Where emissions are calculated using supplier emissions data, revenue and emissions are taken at a group or parent level. This means that where a supplier has a diverse range of products and services, the calculated carbon intensity may be higher or lower than that of HSBC's actual relationship with the supplier. This is due to limitations in the granularity of the data available.

**Figure 1. Data Quality Scoring**

Data Quality	
<b>Score 1</b>	Reported and verified emissions
<b>Score 2</b>	Reported and unverified emissions
<b>Score 3</b>	Estimated emissions using available data points (sector, region, financial metrics, asset value, energy consumption).
<b>Score 4</b>	Emission factors for the sector per unit of revenue are known (CDP Industry Average).

HSBC spend data covers the period October to September, while the timing of emissions and revenue data reported for suppliers varies, we use the latest data available as at end of 2024, to calculate supply chain emissions.

**Conversion factors**

Conversion factors enable determination of the amount of carbon dioxide equivalent released into the atmosphere per unit of energy consumption. Different types of energy source and modes of travel have different conversion factors reflecting the carbon intensity.

**Scope 1 – Energy**

Scope 1 emissions are calculated using 2025 factors for Q2-Q4 and 2024 factors for Q1, provided by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) for each primary fuel source.

**Scope 1 – Travel**

Scope 1 emissions are calculated using 2025 factors for Q2-Q4 and 2024 factors for Q1, provided by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA) based on the engine size and type of vehicle.

**Scope 2 – Energy**

HSBC reports energy emissions under the location and market basis introduced by the revised scope 2 guidance of the GHG protocol. HSBC has reviewed the revised GHG Protocol Scope 2 Guidance and has worked with service providers in 2020 to integrate the revised GHG Protocol Scope 2 Guidance into HSBC's reporting methodology to enable HSBC to report using both location-based and market-based methodologies.

Market-Based

For market-based emissions reporting, HSBC applies the following hierarchy of emissions information and factors, using the most recent data available from:

1. Factors provided by electricity attribute certificates or equivalent instruments;
2. Factors provided by contracts for electricity, such as power purchase agreements (PPAs);
3. Factors provided by energy suppliers;
4. Factors provided by the Association of Issuing Bodies (AIB) for the residual mixes in Europe;
5. Other grid-average emission factors (subnational or national);
6. Factors provided by the International Energy Agency (IEA).

Location-Based

For location-based emission reporting; HSBC applies the following hierarchy of emission factors:

1. Regional or subnational emission factors;
2. National production emission factors;
3. Factors provided by the International Energy Agency (IEA);
4. Historical factors, where above factors are not available.

### Scope 3 - Travel

For travel, guidance on the use of conversion factors, including the most recent factors released by DEFRA are used and reviewed annually, for all travel across our reporting markets. In 2021 we updated our reporting methodology related to air travel emissions including the cabin seating class and the radiative forcing factors. Our 2019 baseline has been updated for air travel and includes the cabin seating class and the impact of the radiative forcing.

### Scope 3 – Supply Chain

Where reliable supplier specific emissions data is not available, industry averages are used. These industry average factors are presented as metric tonnes CO<sub>2</sub>e/US\$m and are sourced from CDP, who publishes annual industry averages. As per our standard process and methodology, we use the most recent CDP industry average emission intensity factors. At the time of preparation, only the 2024 industry average factors were available. However, following a review of the 2024 averages, we concluded that due to a significant variance compared to 2023 in several industries, across all scopes of emissions, we decided to use the 2023 CDP industry averages. Based on this analysis management determined that the 2023 industry averages were not representative of HSBC supplier emissions.

## Emissions re-baseline and restatement policy

Our emissions re-baseline and restatement policy defines the circumstances for a restatement of previously reported emissions data and targets, including a re-baseline. This is necessary to help ensure the consistency, comparability and relevance of the reported GHG emissions data over time. It covers revisions of emissions metrics and targets due to changes in emissions accounting, including changes to methodology, errors, and scope or boundary changes. We expect our policy to continue to evolve with developing industry guidance. In 2025, we are not restating our reported numbers for the prior years.

### Key drivers of change

Understanding the drivers of change allows us to perform quantitative and qualitative root cause assessments of any changes to the emissions metrics previously disclosed.

When key drivers, in aggregate, breach our defined significance thresholds, a restatement of previously reported emissions data and targets, including a re-baseline, is required. These thresholds are implemented only where the drivers are attributable to a methodology change, or an error, or a scope or boundary change.

**Figure 2 - Policy summary**

Key areas of change	What we expect to disclose
<ul style="list-style-type: none"> <li>◆ Changes to the emissions methodology including those driven by changes in industry guidance/regulations.</li> <li>◆ Errors, such as those in the internal application or interpretation of methodology or errors in the internal data.</li> <li>◆ Scope of boundary changes, such as acquisitions or divestments, and inventory boundary and coverage changes.</li> </ul>	<ul style="list-style-type: none"> <li>◆ A revised comparative amount for the restatement period that reflects the new information.</li> <li>◆ The difference between the amount disclosed in the previous period and the revised comparative amount.</li> <li>◆ The reasons for revising the comparative amount and why the new information provides reliable and more relevant information.</li> <li>◆ The actions being taken to seek to remediate same or similar errors in the future.</li> </ul>

Emissions data and related processes are continually evolving. Therefore, we do not consider data and process enhancements to be a key driver of change. This may change over time as data and processes mature.