

HSBC HOLDINGS PLC
TERMS OF REFERENCE AND
SCHEDULE OF MATTERS RESERVED FOR THE BOARD

1. Purpose of the Board

The role of the Board of Directors (“Board”) is to provide entrepreneurial leadership of HSBC Holdings plc (the “Company”) within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is collectively responsible for the long-term success of the company and delivery of sustainable value to shareholders.

The Board establishes and approves the overall strategy, and risk appetite for the Company and the Group. It also approves capital and operating plans for the achievement of the strategic objectives it has set. Implementation of the strategy established and approved by the Board is delegated to the Group Chief Executive.

The Board is responsible for managing the business of the Company and, in doing so, may exercise all the powers of the Company, subject to any relevant laws and regulations and to the Articles of Association (“Articles”).

2. Matters Reserved for the Board

The following matters are reserved for the Board:

Strategy Oversight & Performance

- Establishment and approval of the Group’s strategy and strategic objectives as recommended by the Group Chief Executive Officer, whilst satisfying itself that the Group’s purpose, strategy and values align with the desired culture and standards of the Group.
- Monitoring performance and seeking assurance of competent and prudent management of operations in line with the Group’s strategy, risk appetite, business plans and budgets.
- Oversight of large-scale change and transformation programmes.
- Oversight of technology strategy.
- Oversight, consideration and approval of the Group’s Environmental, Social and Governance (ESG) strategy.
- Responsibility for the cascade of key information and decisions relating to, strategy and planning, risk, people, governance, legal, regulatory and internal controls to its Principal Subsidiaries.

Corporate Structure, Capital & Risk

- Approval of any significant changes in accounting policies or practices.
- Approval of the annual operating plan (AOP) to include annual budget, capital expenditure and business plan.
- Approval of risk appetite framework and risk appetite statement for the Group.
- Approval of any changes to the Group’s listing or status as a plc.

Material Expenditure & Financial Commitments

- Approval of any acquisition, disposal, investment, capital, revenue, legal or litigation expenditure, sponsorship or charitable donation or realisation or creation of a new venture with a value in excess of the delegated amount, as may be specified from time to time.
- The making of political or philanthropic donations.

Financial Reporting

- Consideration and approval of the annual report and financial statements, preliminary, interim management statements, half-year and full-year results announcements, as recommended by the GAC.
- Approval of dividend policy and declaration of dividends.

Shareholder Engagement

- All shareholder communications, circulars, prospectuses, listing particulars, other documents requiring approval.

Appointments

- Approval of the appointment of Directors, including the Board roles listed below, and executives to the following positions (including appointments that are analogous, appointments of successors by whatever title, any interim appointments and appointments of alternate directors that may otherwise require the approval of the Board):
 - HSBC Holdings plc Group Chairman
 - Senior Independent Director
 - Group Chief Executive Officer
 - Group Chief Finance Officer
 - Group Company Secretary
 - Group Chief Risk Officer,
 - Group Chief Accounting Officer
 - Group Chief Compliance Officer

Corporate Governance Matters

- Responsibility for reviewing the Group's overall corporate governance arrangements.
- Overseeing or delegating responsibility for the oversight of corporate governance to one or more Committees of the Board, as it sees fit.

3. Operations, Delegations and Committees

Board Operations

- The Board meets with sufficient regularity to discharge its duties effectively, at such times as it may determine, which is ordinarily at least seven times a year.
- Members are expected to attend Committee meetings in person where possible, but may also attend by telephone or video conference. The quorum for meetings of the Board is three Directors.

- The Board undertakes a formal review of its own performance and effectiveness on an annual basis. An external advisor will be appointed to undertake the review at least every three years.
- The Board undertakes to have the appropriate balance of skills, experience, independence and knowledge of the Company as well as the support required to enable it to discharge its duties and responsibilities effectively.
- The Board undertakes to be of sufficient size that the requirements of the business can be met and that changes to the Board's composition can be managed without undue disruption.
- The Board comprises a balance of executive and non-executive directors such that no individual or small group of individuals can dominate the Board's decision-making, and so that the Board does not become over-reliant on certain individual's experience. At least half the Board, excluding the Chair, will be independent.
- The Chief Risk Officer ordinarily attends Board meetings at the invitation of the Chairman.
- Directors may appoint, employ or retain such professional advisors as they may consider appropriate. Any such appointment will be made through the Company Secretary, who is responsible for the contractual arrangements and payment of fees by HSBC on behalf of the Board.

Delegation of Authority

- The Board delegates the management and day-to-day running of the Group to the Group Chief Executive Officer in accordance with such policies and directions as the Board may from time to time determine with the exception of the matters reserved to the Board as set out above.
- The Board may delegate, by power of attorney or otherwise, any of its powers, authorities and discretions (including the power to sub-delegate) to any Director, committee, person or persons for such time and on such terms as it thinks fit.

Board Committees

- The Board approves and oversees the establishment, membership and chairmanship of all Board Committees, following discussion with and recommendations from the Group Nomination and Governance Committee; and
- The Board approves the terms of reference for Board Committees, including amending these as appropriate.