## Principles of Governance

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<th>ESG Report References</th>
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| **Governing Purpose**       | Aligns purpose: the company’s stated purpose, in the expression of the views by which a business proposes solutions to economic, environmental and social issues. Corporate governance purpose should create value for all stakeholders, including shareholders. | HSBC Holdings plc Annual & Interim Reports 2021 — ISS review — Our Approach to Risk, P. 49  
HSBC Holdings plc Annual Report and Accounts 2021 — Strategic report — How we do business — Engaging with our stakeholders and our material ESG risks, P. 29 |
| **Quality of Governing Body**| Corporate governance body: composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; execution of non-executive governance; tenure of the governance body; number of each individual’s other significant positions and commitments, and the nature of the commitments; gender and type of independent representative. | HSBC Holdings plc Annual & Interim Reports 2021 — Report of the Directors — Corporate governance — P. 220  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Governance — How ESG is governed, P. 80 |
| **Stakeholder Engagement**  | Material issues reported to stakeholders: a list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged. | HSBC Holdings plc Annual & Interim Reports 2021 — ESG Review — Our approach to ESG — How we decide what to measure, P. 44  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Our approach to ESG — P. 80  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Governance — How ESG is governed, P. 80 |
| **Cultural Behaviour**      | Total percentage of governance body members, employees and business partners who have received training on the organisation’s anti-corruption policies and procedures, broken down by region. | HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Governance — Safeguarding the financial system, P. 87  
HSBC Annual Report 2021 — Employee profile |
| **Risk and opportunity oversight** | Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship. | HSBC Holdings plc Annual Report and Accounts 2021 — Risk Review — Risk Management, P. 125  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Environmental — Our climate ambition, P. 46  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Environmental — Our approach to climate risk, P. 56  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Environmental — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — ESG Review — Materials and supply chain — Corporate climate risk, P. 131 |
| **Climate Change**          |温室气体排放和碳足迹：报告温室气体排放和碳足迹信息。报告所有温室气体的排放量和碳足迹。包括上游和下游的影响。 | HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Approaching our own operations, P. 52  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — Additional information — Approach to ESG reporting, P. 422 |
| **Water**                  |可再生水管理：报告可再生水管理的相关信息。包括可再生水的使用和保护。 | HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — Additional information — Approach to ESG reporting, P. 422 |
| **Biodiversity and Water** | River basin management: report on the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA). | HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
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## Additional Disclosures

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| **Annual**                  | Estimates and report material upstream and downstream (GHG Protocol Scope 1 and Scope 2 emissions) when appropriate. | GHG emissions data  
ESG Datapack 2021 — Environmental Key facts; Scope 1 & 2 Dual Reporting |
| **Climate Change**          | Implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Discuss whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C — and to achieve net-zero emissions before 2050. | HSBC Holdings plc Annual & Interim Reports 2021 — Strategic report — How we do business — Approaching our own operations, P. 52  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategic report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategic report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — Additional information — Approach to ESG reporting, P. 422 |
| **Water**                  | Estimate and report the same information for the full value chain (upstream and downstream) when appropriate. | HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — Additional information — Approach to ESG reporting, P. 422 |
| **Biodiversity and Water** | Report for operations where material: report on the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA). | HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 148  
HSBC Holdings plc Annual & Interim Reports 2021 — Strategy Report — How we do business — Task Force on Climate-related Financial Disclosures (TCFD), P. 63  
HSBC Holdings plc Annual Report and Accounts 2021 — Additional information — Approach to ESG reporting, P. 422 |

## Additional Notes

- The ESG report covers our own operations currently. Full value chain data is not available at this stage.
- HSBC continues to review and expand on metrics for reporting environmental, social and governance (ESG) performance and takes the views of our stakeholders into account while doing so. In 2021, we committed to disclosure against the most relevant and meaningful to our business core metrics within the World Economic Forum ‘Stakeholder Capitalism Metrics’. We are focused on providing investors with useful, relevant and meaningful sustainability information and we will look to evolve our disclosures over time. The following disclosures are based on the materiality review conducted internally and taking into account feedback from external stakeholders. Where the metrics were deemed not relevant or material to our business, we provided a brief explanation. For certain metrics, we focused the disclosure on our key markets and will be looking to expand the disclosure taking into account the evolving sustainability standards landscape.
World Economic Forum - Stakeholder Capitalism metrics

HSBC continues to review and expand on metrics for reporting environmental, social and governance (ESG) performance and takes the views of our stakeholders into account while doing so. In 2021, we committed to disclosing against the most relevant and meaningful to our business metrics within the World Economic Forum ‘Stakeholder Capitalism Metrics’. We are focused on providing investors with useful, relevant and meaningful sustainability information and we will look to evolve our disclosures over time. The following disclosures are based on the materiality review conducted internally and taking into account feedback from external stakeholders. Where the metrics were deemed not relevant or material to our business, we provided a brief explanation. For certain metrics, we focused the disclosure on our key markets and will be looking to expand the disclosure taking into account the evolving sustainability standards landscape.

18. People

- Dignity and equality
  - Diversity and inclusion (%)
  - Percentage of employees per employee category, by age, gender, and other indicators of diversity (e.g. ethnicity)

- Pay equality (%)
  - Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.

19. People

- Dignity and equality
  - Wage level (%)
  - Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.

- Pay equality (%)
  - Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.

20. People

- Health and well-being
  - Health and safety (%)
    - The number of and rate of fatalities as a result of work-related injuries, high-consequence work-related injuries (excluding fatalities), recordable work-related injuries, man-traps, work-related illness, and the number of hours worked.

- Health and well-being
  - Health and safety (%)
    - An exploration of how the organization facilitates workers’ access to non-occupational medical and healthcare services, and the scope of access provided for employees and their families.

- Health and well-being
  - Health and safety (%)
    - The number of and rate of fatalities as a result of work-related injuries, high-consequence work-related injuries (excluding fatalities), recordable work-related injuries, man-traps, work-related illness, and the number of hours worked.

21. Property

- Employment and wealth generation
  - Economic contribution
    - 1. Direct economic value generated and distributed (EVGD) – on an accruals basis, covering the basic components for the organization’s global operations, ideally split out by revenue, operating costs, employee wages and benefits, payments to providers of capital, payments to government, community investment.

- Employment and wealth generation
  - Economic contribution
    - 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.

- Employment and wealth generation
  - Economic contribution
    - In the best of our knowledge and belief, neither the HSBC Group nor any of its principal subsidiaries has received material financial assistance from any government during the reporting period.

- Employment and wealth generation
  - Financial contribution
    - Total capital expenditures (Capex) minus depreciation, supported by narrative to describe the company’s investment strategy.

- Employment and wealth generation
  - Financial contribution
    - HSBC capital expenditure.

- Employment and wealth generation
  - Financial contribution
    - For 2021, we have SEK4m in assets capital investments net of depreciation primarily related to technology and real estate functions supporting our businesses. This is mainly driven by software assets.

- Employment and wealth generation
  - Financial contribution
    - Software $1.00bn - our technology investment continues to improve the experiences of our customers and colleagues, and boost efficiency while reducing our cost base. To improve our operational proficiency, we are increasingly using the Public and Private Cloud through partnerships with technology firms such as Amazon and Google. This helps to support our customer journeys, increase resilience and reduce maintenance costs.

- Employment and wealth generation
  - Financial contribution
    - HSBC Corporate Services capital investments in 2021 were $762.7m in cash ($75.1bn RMB), driven by capital spend on our real estate portfolio including offices, retail branches and data centers. Our investments support the Bank’s strategic initiatives including investing in our buildings to be more sustainable and supporting our carbon net-zero commitments. We also continued to invest in the future of workplace, and further enhance the client and colleague experience as we provide a productive, healthy and safe environment. Finally, we also invest in optimising our footprint and continuously aim to reduce wasted capital capacity.

- Employment and wealth generation
  - Financial contribution
    - Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders.
World Economic Forum - Stakeholder Capitalism metrics

HSBC continues to review and expand on metrics for reporting environmental, social and governance (ESG) performance and takes the views of our stakeholders into account while doing so. In 2021, we committed to disclosing against the most relevant and meaningful to our business core metrics within the World Economic Forum 'Stakeholder Capitalism Metrics'. We are focused on providing investors with useful, relevant and meaningful sustainability information and we will look to evolve our disclosures over time. The following disclosures are based on the materiality review conducted internally and taking into account feedback from external stakeholders. Where the metrics were deemed not relevant or material to our business, we provided a brief explanation. For certain metrics, we focused the disclosure on our key markets and will be looking to expand the disclosure taking into account the evolving sustainability standards landscape.

In 2021, we focused on providing investors with relevant and meaningful disclosure. We looked to our disclosures over time.

Forward Looking statement

This communication contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements may be identified by the use of terms such as 'expects,' 'targets,' 'believes,' 'seeks,' 'estimates,' 'may,' 'intends,' 'plan,' 'will,' 'should,' 'potential,' 'reasonably possible' or 'anticipates,' variation of these words, the negative thereof or similar expressions. HSBC has based the forward-looking statements on current plans, information, data, estimates, expectations and projections about future events, and therefore undue reliance should not be placed on them. These forward-looking statements are subject to risks, uncertainties and assumptions about us, as described under ‘Cautionary statement regarding forward-looking statements’ contained in the HSBC Holdings plc Annual Report on Form 20-F for the year ended 31 December 2020, filed with the Securities and Exchange Commission (‘SEC’) on 24 February 2021 (the ‘2020 Form 20-F’), in other reports on Form 6-K furnished to or filed with the SEC subsequent to the 2020 Form 20-F (‘Subsequent Form 6-Ks’) and in our Annual Report and Accounts for the fiscal year ended 31 December 2021 available at www.hsbc.com and which we expect to file with the SEC on Form 20-F on 23 February 2022 (the ‘2021 Form 20-F’). HSBC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of their dates. Additional information, including information on factors which may affect the HSBC Group’s business, is contained in the 2020 Form 20-F, Subsequent Form 6-Ks and the 2021 Form 20-F.