HSBC's net zero requirements

Guide for Suppliers

Understanding our requirements and how to meet them 2026

We've written this guide to help HSBC's suppliers understand:

- HSBC's net zero supply chain ambition
- HSBC's net zero expectations when working with suppliers
- How our suppliers can join us on our decarbonisation journey

HSBC's net zero supply chain ambition

HSBC aims to achieve net zero in our own operations, travel and supply chain by 2050, in line with our overarching net zero ambition. We aim to support our suppliers in their transition to net zero as our supply chain contributes circa 90 per cent of our operational emissions.

Why are we engaging our suppliers?

We aim to support our suppliers in their transition to net zero as our supply chain contributes around 90 per cent of our operational emissions and is the area in which we face the most significant decarbonisation challenge. When working with suppliers, we recognise that we're all at different stages of our decarbonisation journey. To help, we've created this guide to support our suppliers and further explain the expectations set out in our **Supplier Code of Conduct.** We're committed to working with and supporting our suppliers so that we can collectively reduce the emissions from our supply chain.

What are HSBC's net zero expectations of suppliers?

HSBC	Suppliers
Areas of focus: Our ambition to become net zero in our operations, travel and supply chain by 2050. Working in partnership with our supply chain to reduce carbon emissions. Making regular, transparent disclosures on how we are progressing toward net zero.	**Must:** Have a clear ambition statement with regard to their emissions reduction* Disclose on request, accurate scope 1, 2 and 3 greenhouse gas emissions data*, or, where such data is not yet available, such information as may be required for HSBC to calculate estimated greenhouse gas emissions data via a method identified by HSBC. Where supplier is unable to provide accurate scope 1, 2 and 3 greenhouse gas emissions data, supplier will work towards providing such data as soon as practicable. *To measure and manage our greenhouse gas emissions, we follow the Greenhouse Gas Protocol global framework, which identifies 3 scopes of emissions: • Scope 1 - the direct emissions we create. • Scope 2 - the indirect emissions resulting from the use of electricity and energy to run a business. • Scope 3 - indirect emissions attributed to upstream and downstream activities.

HSBC	Suppliers
	Are encouraged to: Have targets to increase renewable electricity purchasing. Provide plans to reduce greenhouse gas emissions, with interim targets in place for 2030.

**Suppliers that do not have a clear ambition statement and disclose on request scope 1, 2 and 3 emissions data will need to develop a net zero plan within 12 months of the contract with HSBC being signed. The plan will need to outline when a clear net zero ambition will be articulated and when emission reporting and disclosure will be in place.*

We will typically engage our suppliers about these requirements at different stages of our relationship:

- At the beginning of the relationship, during procurement sourcing activity and supplier onboarding;
- During contract renewal;
- As part of our approach to engaging with our prioritised suppliers, or through diarised quarterly business reviews.

How can suppliers meet HSBC's net zero requirements?

We're committed to working alongside our suppliers throughout this journey, and we've created this guide to help suppliers understand the part they have to play. The examples below provide more information about the key requirements. Suppliers can contact their local procurement contact at HSBC for a discussion at any time.

1. Carbon ambition statement

It's vital that carbon ambition statements are clear, measurable, and publicly available. A clear carbon ambition statement could be qualitative or quantitative.

For qualitative, a good example would be:

- *"[Company name] is committed to developing a net zero target by 2026 and to achieve Net Zero by 2050"*

For quantitative, key elements to be included in the statement:

a) Commitment to a percentage reduction and / or net zero
b) Baseline year for the commitment, e.g 2019
c) Target date for achieving the commitment, e.g. by 2050
d) Commitment covers operational emissions (scope 1 & 2), and supply chain emissions (scope 3)

Examples of carbon ambition statements
Does **not** meet:

- *"We aim at reducing our carbon footprint as much as possible". This does not meet quantative requirements as there is no timeline, scope of target, or percentage reduction included.*

Does meet:

- (Example 2): *[Company name] is committed to reducing absolute operational scope 1 and 2 emissions by [XX%] and absolute value chain scope 3 emissions by [XX%] by [20XX] vs baseline. This does meet quantative requirements as there is timeline, clear scope, and a percentage reduction included.*

2. Disclosure of greenhouse gas (GHG) emissions

In general, the steps for disclosure should include:

- Quantify* Annual greenhouse gas emissions should be quantified and kept up-to-date annually (please see the Appendix for the GHG emissions calculation reference and resources);
- GHG emissions should be verified by independent auditors – wherever possible;
- Emissions disclosure should take place through channels such as:
    - **CDP** (formerly known as Carbon Disclosure Project)
    - Other public platforms such as annual reports, sustainability reports, company website.

* For quantification please refer to Appendix – Reference / Resources for more details

3. Renewable electricity purchasing targets

Renewable electricity targets need to be quantitative. Targets should include the following:

a) Scope of operational boundary which involves the use of electricity
b) Targeted proportion of renewable electricity vs total electricity
c) When to achieve, e.g. by 2030, 2050
d) Optional additional details such as types and sources of renewable electricity purchase:
    - Source (e.g. solar, wind)
    - Type (e.g. green tariff, Power Purchase Agreement (PPA), Renewable Energy Certificates (RECs), etc)

Targets would preferably be publicly available – for example, on a company website or in an Annual Report.

Examples of renewable electricity targets
Does **not** meet:

- *"We aim aim to increase renewable energy use if available"*

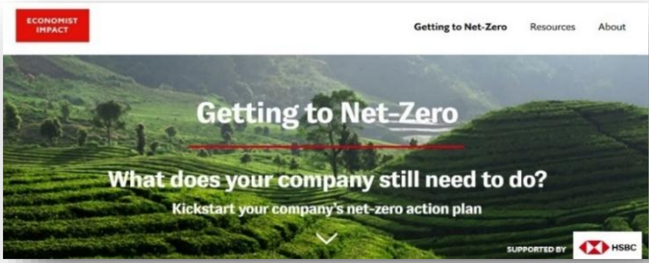
Does meet:

- *[Company name] is committed to increasing the use of renewable electricity in our operations up to at least 80% by [20xx] and encourage supply chain to adopt the same ambition.*

4. Greenhouse gas emissions reduction plan

A net zero plan or decarbonisation plan, also known as a **climate transition plan or carbon reduction plan**, is a time-bound action plan that sets out how an organisation plans to realise its carbon ambition statement.

The plan should set out how an organisation will reduce absolute greenhouse gas emissions by a defined timeline.



Minimum requirements for the plan are:

a) **Commitments or ambitions** related to the transition to the low carbon economy. Commitments should include short and long-term carbon reduction targets. For example, a net zero target or science-based target (**SBT**)

b) **Strategies and actions with a clear timeline** that detail how commitments or ambitions will be achieved. These plans should include carbon reduction glidepaths, regular operational emissions reporting, and supply chain engagement activities relating to supply chain emissions (Scope 3)

c) **Governance and accountability mechanisms** that support the delivery of the plan and robust periodic reporting (for example, integration of relevant KPIs to executive remuneration, declaration and sign off by senior executives, external reporting on CDP, annual reports, website).

HSBC offers the following tools that serve as a starting point:

ESG Directory

HSBC Sustainability Tracker | HSBC Sustainability Tracker

Still have questions?

If you require more information on how to meet HSBC's net zero requirements as a supplier to HSBC, please reach out to your local procurement contact.

Appendix – Reference / Resources

General

- Net zero in our operations | HSBC Holdings plc
- HSBC's Net Zero Transition Plan 2025

Target setting

- Science Based Targets
- Corporate Net-Zero Standard - Science-Based Targets initiative's (SBTi)

Creating a plan

- The Transition Plan Taskforce (TPT)
- CDP Technical Note: Reporting on Climate Transition

Disclosure

- CDP – How to disclose as a company

To measure and manage carbon emissions, one should follow the Greenhouse Gas (GHG) Protocol and/or local requirements, if any, from local authorities / governments. Examples of calculation tools and resources are available for free on public domains, e.g.:

- https://transitiontaskforce.net/
- Greenhouse Gas Protocol – Tools & Resources
- The UK Business Climate Hub
- Decarbonisation measures - Singapore
- Report emissions and energy - Australia
- Climate Action Toolbox - New Zealand
- GHG Emissions Calculation and Estimation Tools – The Green and Sustainable Finance Cross-Agency Steering Group, Hong Kong

For your organisation's carbon footprint, the GHG protocol identifies three scopes of emissions, including operations and value chain:

- Operation Scope 1 - represents direct emissions by your organisation, e.g. from burning fuels such as natural gas for heating or petrol to fuel cars.

- Operation Scope 2 - represents indirect emissions from purchased electricity, cooling, heat or steam.

- Value chain Scope 3 - represents all other indirect emissions (i.e. not included in Scope 2) that occur in the value chain, e.g. from the use of sold products and services, business travel or waste disposal.