

Supporting sustainable growth

Our purpose and values

Our purpose is to be where the growth is, enabling businesses to thrive and economies to prosper, and ultimately helping people fulfil their hopes and realise their ambitions. Our values define who we are as an organisation and make us distinctive.

Dependable

We are dependable, standing firm for what is right and delivering on commitments.

Open

We are open to different ideas and cultures, and value diverse perspectives.

Connected

We are connected to our customers, communities, regulators and each other; caring about individuals and their progress.

HSBC's approach to ESG

ENVIRONMENTAL



Support our own sustainable operations and help customers in their transition to a low-carbon economy

Ensure robust climate-related risk management and maintain sustainability risk policies to cover sensitive sectors

SOCIAL



Foster a customer-centric approach, and act on customer feedback

Promote diversity and inclusion of our workforce

GOVERNANCE



Maintain the highest standards of governance

Protect our customers through Financial Crime Risk Management

This factbook contains a selection of our Environment, Social, Governance information from our ESG Update, published April 2018. The ESG Update is available at: www.hsbc.com/our-approach/measuring-our-impact

ENVIRONMENTAL



We recognise our wider obligations to the communities in which we operate and understand economic growth must also be sustainable. We have taken genuine strides forward, including setting out a series of commitments to assist in the global transition to a low-carbon economy. As we recognise the increasing importance of skills in today's economy, we are looking to help people access education and training. We will continue to engage with our stakeholders, and set policies that change in line with technology, science and societal expectations.

Sustainable finance

Facilitate financial flows to enable a transition to a low-carbon and sustainable economy.

Sustainable networks and entrepreneurship

Foster new business development and sustainable international growth.

Future skills

Provide our customers, our communities and our people with the skills and knowledge needed to thrive in the global economy.



Our sustainable finance commitments

- 1 Provide **\$100bn of sustainable financing and investment** by 2025
- 2 Source **100% of our electricity from renewable sources by 2030**, with an **interim target of 90%** by 2025
- 3 Reduce our exposure to **thermal coal** and actively **manage the transition path for other high carbon sectors**
- 4 Adopt the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)** to improve transparency
- 5 Lead and shape **the debate around sustainable finance and investment**

For more information on all of our commitments, please see pages 29-33 of the ESG Update.

Climate-related risk management

- Our Sustainability Risk team approves relationships or transactions where sustainability risks are assessed to be high. We have a global network of 77 sustainability risk managers who advise on environmental and social risks.
- Our Risk team is taking steps to embed transition risk into our risk management strategy, including incorporating an initial assessment of transition risk into our Credit Risk Management processes.
- We published our first TCFD disclosure in our Annual Report and Accounts 2017. Further disclosure of quantitative data on impacted sectors is planned for 2018 reporting.

For more information on transition risk and sustainable risk management, see pages 29-34 of the ESG Update.

Targets for sustainable operations

2020 Goal*
set from 2011 baseline

Progress to date
2017

75%
Waste
reduction

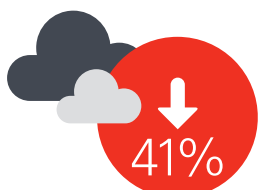


60%

66%
Paper
reduction



64%



We have reduced our **CO₂ emissions by 41%** since 2011

CASE STUDY

HSBC'S SUSTAINABLE DEVELOPMENT GOAL BOND

In November 2017, HSBC Holdings issued its inaugural \$1bn SDG bond. This is the first time that a private sector entity has issued a benchmark-size bond of this type. The proceeds from the issuance will be used to finance eligible businesses and projects in accordance with HSBC's SDG Bond Framework (which is aligned to the United Nations' Sustainability Development Goals).

HSBC's SDG bond focuses on seven of the 17 UN SDGs. These include good health and well-being, quality education, clean water and sanitation, affordable and clean energy, industry, innovation and infrastructure, sustainable cities, and communities and climate action.

The transaction gained strong momentum, with the issue comfortably oversubscribed for the maximum available deal size of \$1bn.

Patricia Espinosa, Executive Secretary of UN Climate Change, said: 'A dramatic expansion in creative financing is going to be crucial for catalysing the transition to a low-carbon, sustainable world. It is happening, but needs to happen with greater urgency, speed and scale. So, congratulations to HSBC for this innovation and its explicit support for the SDGs and the Paris Climate Change Agreement – we look forward to many more financial institutions following suit.'

*The 2020 goals are the updated targets published in 2017



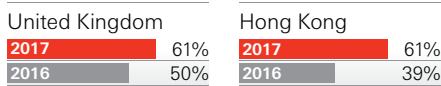
We have made significant improvements to the way we listen to customers and their feedback has helped improve our products and services. However, there's more we can do to simplify processes, improve the digital experience and ensure we deliver fair outcomes to all our customers. We will continue delivering on our conduct agenda in Global Banking and Markets and ensure all employees live up to our high standards. In addition, we remain committed to resolving outstanding investigations stemming from former practices with Global Private Banking.

Our customers	Number of customers (approx.)	Adjusted profit before tax (\$bn)	Adjusted risk-weighted assets (\$bn)	Number of customers (approx.)	Adjusted profit before tax (\$bn)	Adjusted risk-weighted assets (\$bn)	
Retail Banking and Wealth Management (RBWM)	37m	6.5	121	Global Banking and Markets (GB&M)	4,100	5.8	299
Commercial Banking (CMB)	1.7m	6.8	301	Global Private Banking (GPB)	45k	0.3	16

How we listen

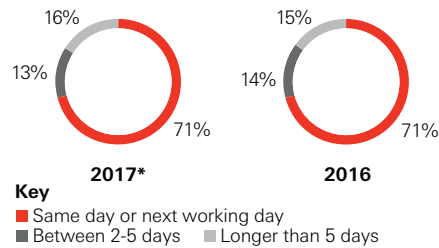
We are focusing on RBWM, our global business with the largest amount of customers, and in our largest markets. We measure and report on customer data for all of our global businesses in our ESG Update.

Customer recommendation[†] RBWM



[†]Percentage of customers providing an 8 or above score out of 10. In Hong Kong the survey methodology changed in 2017, with surveys migrated from telephone to online. This may affect the comparison with prior year figures.

Complaints resolution Time taken to resolve complaints (excluding PPI complaints) RBWM



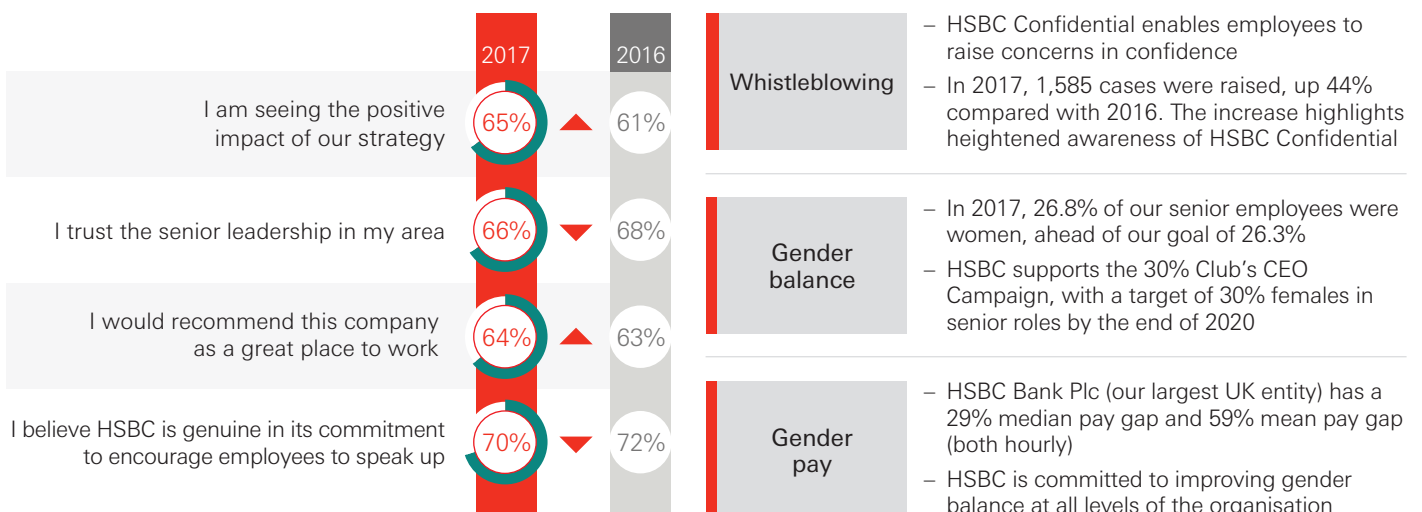
*2017 figures do not include First Direct UK complaint volumes, which were not available at time of publication. They are not expected to materially impact results.

For more information on Customers, see pages 8-20 of the ESG Update.

Our employees

Our people are critical to our success and set us apart from the competition. We foster a culture that recognises positive behaviours, while providing channels for employees to raise concerns. In 2018, gender balance will be a priority and we aim to increase the number of women in senior roles. We will also continue to act on the outcomes of our employee surveys to allow us to support HSBC as a high performing organisation where people thrive.

Select results from our employee Snapshot survey



For more information on Employees, see pages 21-28 of the ESG Update.



We remain committed to high standards of governance and are subject to corporate governance requirements in both the UK and Hong Kong. Over the past five years, we have transformed our ability to manage financial crime risk and are committed to further refining our approach, applying advanced analytics and artificial intelligence to target suspicious activity. We continue to embed our sustainable commitments into our governance process throughout the organisation.

Board Governance

- The Board of HSBC Holdings plc aims to promote the Group’s long-term success, deliver sustainable value to shareholders and promote a culture of openness and debate.
- It comprises a majority of independent non-executive Directors, whose role is to challenge and scrutinise the performance of management and to help develop proposals on strategy.
- The Nomination Committee is responsible for implementation of the Board’s diversity policy, measured against two objectives: i) at least 30% of candidates being women; and ii) only using external search consultants that have signed up to the Voluntary Code of Conduct for Executive Search Firms.

Financial Crime Risk Management

Having the right expertise	<p>In 2017 we made significant progress. We have:</p> <ul style="list-style-type: none"> – Finished putting in place the new and upgraded systems and processes. – Completed a country-by-country assessment against core capabilities set out in our financial crime risk framework. – Finalised the target operating model for the Financial Crime Risk function. – Introduced a strengthened financial crime risk management governance framework. – We will continue enhancing our systems and ensure our improvements are fully integrated into our day-to-day risk management practices.
Investing in technology	
Global Standards programme	
Customer relationships	
Asking the right questions	

Tax

We are committed to applying both the letter and spirit of the law in all territories in which we operate. We aim to have open and transparent relationships with all tax authorities, ensuring that any areas of uncertainty or dispute are agreed and resolved in a timely manner.

As a consequence, we believe that we pay our fair share of tax in the jurisdictions in which we operate. We have adopted the Code of Practice on Taxation for Banks, which was introduced in 2009, and manage tax risk in accordance with a formal tax risk management framework.

Important notice and forward looking statements

For more information on Governance, see pages 37-40 of the ESG Update.

Important notice

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Forward-looking statements

This presentation and subsequent discussion may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position and business of the Group (together, “forward-looking statements”). Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant assumptions and subjective judgements which may or may not prove to be correct and there can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur

or will be realised or are complete or accurate. Forward-looking statements are statements about the future and are inherently uncertain and generally based on stated or implied assumptions. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management’s beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report and Accounts on Form 20-F for the fiscal year ended 31 December 2017 filed with the Securities and Exchange Commission on 20 February 2018.

This presentation contains non-GAAP financial information. The primary non-GAAP financial measure we use is ‘adjusted performance’ which is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons. Significant items are those items which management and investors would ordinarily identify and consider separately when assessing performance in order to better understand the underlying trends in the business. Reconciliations between non-GAAP financial measurements and the most directly comparable measures under GAAP are provided in our Annual Report and Accounts 2017 and the Reconciliations of Non-GAAP Financial Measures document which are both available at www.hsbc.com.

Information in this presentation was prepared as at 3 April 2018.