

COMMUNICATION ON PROGRESS (COP)

PERIOD covered by your communication on Progress (COP)

From January 2021 To December 2021

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESS)

Please use the box below to include the statement of continued support signed by your company's chief executive

We are proud to bring you our Communication of Progress (CoP), our second disclosure as a member of United Nations Global Compact (UNGC) Malaysia and Brunei chapter. It covers the steps we have taken to ensure we are aligned with United Nations Global Compact principles of Human Rights, Labour, Environment and Anti-corruption.

Our journey with respect to non-financial disclosures began early in 2019 with our first Value-based Intermediation (VBI) Disclosure, leading up to our recently published second Task Force on Climate-related Financial Disclosures (TCFD) report issued in July 2022. We continue to improve all aspects of our non- financial disclosures in line with enhanced expectations from our operating environment.

At the Group level, HSBC Group aims to achieve net zero in our financed emissions by 2050, and in our own operations and supply chain by 2030. In addition, HSBC aims to provide and facilitate USD750 billion to USD1 trillion of sustainable finance and investment for our customers in their transition to net zero and a sustainable future by 2030. In Malaysia, HSBC Malaysia which comprises of HSBC Bank Malaysia Berhad and HSBC Amanah Malaysia Berhad, has allocated RM1 billion towards green and sustainable financing and are committed in supporting the Group to achieve the ambition with many milestones deals already secured in local markets.

At HSBC Amanah, we see rapid changes in societal expectations and how investors are also placing an increasing importance on the wider impact businesses have on people, prosperity and the planet. Beyond profit, businesses are also increasingly evaluated by their abilities to live up to wider societal obligations. For HSBC Amanah, living up to these societal obligations have always been part of our culture and identity. From our operations to the financing that we provided to our clients, we continue to strive to ensure we adhere to the triple bottom line principles.

While you review our CoP, we would like to ask that you provide us with your views and feedback on the areas and matters that you think we are doing well and which you think we can do better – you can email them to project.cocoon@hsbc.com.my. These views will be essential to us as we transition to become a VBI aligned Financial Institution by end of 2022 and more broadly support Malaysia's climate ambition.

I hope you find this CoP useful. Thank you.
Raja Amir Shah Bin Raja Azwa
CEO of HSBC Amanah

2. DESCRIPTION OF ACTIONS

Human Rights & Labour

In line with HSBC Group, HSBC Amanah recognises our duty to protect human rights and the role played by business in respecting them. This follows the UN Guiding Principles' Protect, Respect and Remedy framework. We also recognise that human rights issues are complex and that the roles and responsibilities of business and other stakeholders are the subject of a continuing international dialogue. We are open and willing to engage in this dialogue where appropriate and constructive.

At HSBC, as a Group, we are guided by the International Bill of Human Rights and support the UN Declaration of Human Rights and the principles concerning fundamental rights as set out in the International Labour Organisation's Declaration on the Fundamental Principles and Rights at Work. HSBC is a signatory to and has publicly expressed support for a number of international principles and standards:

- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The Global Sullivan Principles
- The UN Principles for Responsible Investment
- The UN Principles for Sustainable Insurance

In alignment with HSBC as a Group, HSBC Amanah is committed to respecting human rights. How we do this in relation to our employees, suppliers and customers is set out below:

Employees

HSBC Amanah's commitment toward respecting human rights in the workplace is embedded within our HSBC Purpose and Values and is set out in HSBC's Global Policy. We require all our employees to treat colleagues with dignity and respect, creating an inclusive environment.

We do not tolerate bullying, harassment, or unlawful discrimination on any grounds, including age, race, ethnic or national origin, religion or belief, caste, colour, mental or physical health conditions, disability, pregnancy, gender, gender expression, gender identity, sexual orientation, marital status or other domestic circumstances, employment status, and working hours or other flexible working arrangements.¹

On that same note, the Bank also upholds freedom of association and right to collective bargaining, does not tolerate any form of forced labour, and does not approve of child labour.

HSBC Amanah employees are made aware of their employment rights through a variety of channels, including written employment contracts and policies, and procedures found in employee internal websites. Employees also receive training on a variety of human rights related issues, including but not limited to: diversity and inclusion; bullying, harassment and racism; anti-money laundering; data privacy and bribery and corruption.

¹ [HSBC Group Human Rights Statement 2022](#)

Customers

Our customers are our priority, and we strive for excellence in everything we do, especially in ensuring that our services and customer experience reflects both quality and finesse. We seek to ensure that the financial services we provide to our customers do not result in any unacceptable negative impact on people or the environment. At Group, HSBC is a signatory to the Equator Principles, which are underpinned by the International Finance Corporation's Performance Standards, and which focus on issues including land rights, child labour, forced labour, and the rights of indigenous and local communities.

Suppliers

At Group level, HSBC has had a Supplier Code in place since 2005. It was updated in 2016 to consider of the revised legislation on disability rights, modern slavery, and human rights. HSBC Amanah adheres to the Supplier Code and expects our suppliers to comply, and to require their own suppliers to, respect the human rights of their employees and the communities in which they operate and to comply with all relevant legislation, regulations, and directives in their respective countries.²

The Supplier Code prohibits the use of forced labour and child labour, and respects labour rights including non-discrimination and the right to freedom of association. Workers, whether they be local or migrant, must also have the right and ability to leave employment when they choose, to the extent possible under local law. Our goal is to work collaboratively with our supply chain partners on sustainability issues, including modern slavery. When a supplier is found to no longer follow the Supplier Code, we can work with them on an improvement plan or, if deemed necessary, terminate the relationship.

Measurement of outcome:

At HSBC Amanah, we listen to feedback from our employees provided through surveys and exchange meetings. We encourage all managers to hold regular exchange meetings specifically designed to hear employees and record their views. Our directors engage directly with employees to ensure that workforce engagement and the employee voice is considered at the highest level. We also continue to build our Speak Up culture, encouraging our employees to voice their opinions through a variety of HSBC Group channels that are available for anonymous reporting such as HSBC Confidential. The organisation also practices data gathering sessions with the senior leadership team to ensure the organisation is committed to the universal values advocated in space of human rights.

We also gather feedback from our suppliers and customers through interactions, surveys, social media, and complaints channels and we use sophisticated speech analytics to obtain a deeper level of understanding of their experiences. The insights gathered are then used to empower our employees to make the necessary improvements to enhance customer experience.

The customer satisfaction survey results are then reported and discussed at various governance forums including the HSBC Amanah Executive Committee (EXCO) In addition, customer complaints are also highlighted and tracked at the HSBC Amanah EXCO. Any follow up actions resulting from these complaints are also presented for discussion and decisioning purposes. We want to ensure that all customer complaints received are always understood and recorded so that we can learn and make improvements where needed.

² [HSBC Supplier Code](#)

Environment

As part of HSBC Group, HSBC Amanah holds true to the values and purpose of the Group and is fully committed and aligned to the Group's sustainability strategy in becoming a net zero bank. The Group's resolution on net zero was supported by 99.71% of the shareholders.³

Background

In 2020, HSBC Group set out an ambitious plan⁴ to prioritise financing and investment that supports the transition to a net zero global economy. This aims to build a thriving, resilient future for the environment, society, and businesses.

At a local level through HSBC Amanah, we officially embarked on our sustainability journey in 2017 following the adoption of the VBI framework. VBI is an initiative championed by the Central Bank of Malaysia, Bank Negara Malaysia (BNM), to redefine Islamic finance and to encourage Islamic banks in Malaysia to shift away from a profit focused (bottom line) mindset to a new and holistic direction that looks at the impact of banking to both people and the planet whilst also ensuring profit returns for shareholders.

As one of the founding members of the VBI Community of Practitioners, HSBC Amanah played a vital role in assisting BNM in designing the first VBI draft strategy paper for the industry. We fully support VBI and are focused on delivering shared value for the communities we serve and the environment we live in both today and in the future. The fundamentals of VBI are also in strategic alignment with HSBC Group's sustainability commitment where VBI is considered as an enabler for HSBC in Malaysia to accelerate the Group's sustainability agenda.

Becoming the Value Based Intermediation Aligned Financial Institution

Building upon the work HSBC Amanah has done with VBI, HSBC Amanah aspires to further scale up the sustainability agenda to deliver more significant impact in the industry. We have done this by unveiling an ambitious 24-month bank wide initiative called 'Cocoon'.

Launched in 2020, 'Cocoon' aims to transition HSBC Amanah into the Group's first VBI aligned entity by 2022. HSBC Amanah aims to develop our very own Triple Bottom Line (TBL) framework to achieve our goals under 'Cocoon' by achieving at least 51% of our financing classified as TBL assets by 2022. This will help us to ensure most of the financing assets we hold are truly delivering the TBL definition of having positive impact to 'planet, people and prosperity'. The framework we are currently developing will help the Bank to meet the ambition set by the BNM.

Through this framework, HSBC Amanah is targeting to help and support its clients to transition into more sustainable ways of doing business by collectively building a thriving low carbon economy. The initiative is also in line with fulfilling the Group's ambition of achieving net zero in its operations and supply chain by 2030 and net zero in financed emissions in 2050 and more broadly support Malaysia's climate ambition.

³ [Shareholders back HSBC's net zero commitment](#)

⁴ [HSBC Climate Strategy](#)

Measurement of outcome:

a) Customised financing solutions through product innovation

HSBC Group defines sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and advisory activities that support the achievement of the United Nations Sustainable Development Goals (SDGs), including but not limited to the aims of the Paris Agreement on climate change. We are embedding sustainability in our business practices as we further strengthen understanding of our customers and their activities and support them in our alignment with the objectives of VBI.

▪ Islamic Green Trade Finance

In June 2021, HSBC Amanah launched its first Islamic Green Trade Finance proposition with the issuance of a Green Bank Guarantee for an energy solution company specializing in renewable energy projects. The facility will facilitate the integration of sustainable products and solutions into their business operations to enable long-term growth and reduce climate impact. The initiative continues with completion of another milestone transaction via green trade finance to a cocoa manufacturer. The deal is the first green trade financing facility for sustainable cocoa sourcing in Malaysia.

▪ Enhancing Digital Capability

With transport and use of paper account for significant global emissions and climate risk, digitalisation continues to be an important agenda to promote paperless and contactless transactions. HSBC Amanah continues to promote digital solutions for the customers as one of the key strategies to fight climate risk, not compromising any customer experience element. The new digital initiatives rolled out in 2021 includes launch of (1) HSBC Global Wallet – an international payment and multi-currency account solution; (2) Sophis – introduces equity linked quanto structured products for retail customers; (3) EZInvest and Wealth on mobile – enables retail customers to access and monitor wealth products on mobile.

HSBC Malaysia successfully commercialised Blockchain Letter of Credit (LC) capability via Contour to help customers transition from paper-based to digital transactions. HSBC Malaysia is the first international bank in Malaysia to launch DuitNow Request to help businesses digitalise their collections by making the process more seamless and convenient. Digital Service Request is also implemented which allows customers to create, authorise and submit service requests directly through our online banking platform as well as deployed the LiveChat functionality on HSBC Malaysia's public website and HSBCnet to provide additional channels for customers to contact the HSBC team. We also enhanced the customer onboarding, and credit and lending/financing journey through Application Programme Interface (API) and robotic process automation.

▪ **Sustainability Sukuk**

HSBC Bank Malaysia Berhad acted as the joint-lead manager and joint bookrunner, whilst HSBC Amanah acted as the joint SDG structuring agent for the GOM's inaugural Sustainable Development Goals (SDG) framework, pursuant to GOM's USD800 million 10-year Sustainability Sukuk. The sukuk represents the world's first sovereign US Dollar sustainability sukuk.

In addition, as recent as December 2021, an energy infrastructure and technology company issued a MYR1 billion sustainability-linked sukuk wakalah programme, which represents Malaysia's first ever sustainability-linked sukuk. HSBC Amanah acted as the sole principal adviser and lead arranger for the sukuk wakalah programme, sole sustainability-linked structuring agent for the company's sustainability-linked financing framework, and lead manager for the sukuk issuance.

b) Non-financial Disclosures

▪ **Task Force on Climate-related Financial Disclosure**

HSBC Amanah continues its ESG related disclosure journey with its first Task Force on Climate-related Financial Disclosures (TCFD) in 2021. This report is based on Financial Sustainability Board's recommendations around four pillars – Governance, Strategy, Risk Management and Metrics and Targets, to provide more clarity in terms of the direction and mechanism that HSBC Amanah takes in its sustainability journey.

▪ **UNGC Communication on Progress**

Apart from the TCFD, HSBC Amanah has also published its very first Communication on Progress (CoP) as the member of the United Nations Global Compact (UNGC) Malaysia & Brunei in 2021. This report aims to communicate on the progress and efforts that HSBC Amanah made to support and uphold the Ten Principles of UNGC. In addition to providing valuable information to the stakeholders, CoP is also a requirement by UNGC for an organization to maintain its membership by fulfilling the commitment that the organisation has declared.

c) External Advocacy, Partnership and Awards

▪ **Joint Committee on Climate Change (JC3)**

Through VBI, HSBC Amanah also plays an active role in thought leadership. HSBC Amanah is an active member of the JC3 since 2019, chaired the JC3 subcommittee in 2020 and 2021 on engagement and capacity building and has also served as the SC4 lead secretariat from 2020 until 3Q2021. JC3 is an initiative co-chaired by BNM and Securities Commission Malaysia to pursue collaborative actions for building climate resilience within the Malaysian financial sector.

On 23 – 25 June 2021, the JC3 SC4 and ASEAN Low Carbon Energy Programme under the UK Prosperity Fund has jointly organised the JC3 Flagship Conference which were attended by 6,382 participants. This conference took place in 2.5 day series of interactive webinars with masterclasses via Webex and YouTube with Ernst & Young as the main content

provider and delivery partner. Targeted at C suite and senior level management of FIs and their stakeholders in the value chain, there are 3 themes of the event which are Sustainability as a Business Strategy for Financial Institutions, JC3 Outcomes and Implications for Malaysian Financial Institutions and finally Sustainable Finance for the Private Sector. A full post event report on key takeaways was published in Aug 2021.⁵

▪ **Partnership with United Nations Global Compact (UNGC)**

Apart from being A member of UNGC via UNGC's local chapter, HSBC Malaysia also partnered with UNGC Network Malaysia & Brunei (UNGCMYB) to launch the CEO Roundtables and CEO Sustainability Guide in October 2021 with Nottingham University as well as a sustainability practitioner certification programme with Taylor's University.

▪ **Partnership with Climate Governance Malaysia (CGM)**

HSBC Malaysia hosted the First Joint Sustainability webinar in partnership with CGM on Transitioning into a Sustainable Future to guide Malaysian corporates towards discovering their potential in implementing sustainability at the core of their business models. In October 2021, HSBC Malaysia signed a Memorandum of Understanding with CGM, which is the Malaysian chapter of the World Economic Forum's Climate Governance Initiative. Through this significant partnership, a four-part webinar series was specially curated to assist business of all sizes, from small and medium enterprises (SMEs) to mid-market enterprises (MMEs) and large corporates, to share what climate change entails, why banker and regulators are taking this seriously and what steps can be taken to manage the business risks arising from climate change.

▪ **Awards and recognitions**

The journey embarked by HSBC Amanah on sustainability space is well recognised, including winning 'Islamic ESG Bank of the Year' by The Asset Triple A Islamic Finance Award for the 2nd consecutive year in 2021. It also received 'Best Green Financing', 'Best ASEAN Sustainability SRI Sukuk' and 'Best ASEAN Green SRI Sukuk – Renewable Energy' on the same event. In addition, HSBC Amanah continues to be recognised as 'Best Islamic Trade Finance Bank' for the 4th consecutive year. The key deals from HSBC Amanah also contribute to HSBC to be recognized as Asia's Best Bank for Sustainable Finance by Euromoney Awards for Excellence in 2022. All these accolades are solid endorsements of HSBC Amanah's capabilities and sustainable financing and constant commitment to the transition to a global net zero economy.

The investment in digital capabilities is also recognised where HSBC Malaysia was awarded the 'Digital Bank of the Year' by the Asset Triple A Digital Award 2021. HSBC Amanah also was awarded 'Outstanding Customer Experience – Contact Center' and 'Outstanding Innovation in Digital CX Product/Service – Islamic Banking' by Digital CX Awards 2021.

⁵ [JC3 Flagship Conference 2021 Report](#)

d) Decarbonisation of HSBC Malaysia and HSBC Amanah's Supply Chain

In HSBC Group 2030 ambition, there are three elements in the strategy: reduce, replace and remove. HSBC Group plan to focus on reducing carbon emissions from consumption, and then replacing remaining emissions with low-carbon alternatives in line with the Paris Agreement goal. HSBC Group plan to remove the remaining emissions that cannot be reduced or replaced by procuring high-quality offsets at a later stage.

In support of Group's strategies, there is an ongoing initiative to de-carbonise the supply chain across all entities under HSBC Malaysia through digitalised operational processes and a reduction in printing and usage of paper. Simplification of bank processes through a digitisation strategy has led to a reduction in paper consumption. For example, we have simplified branch processes, replaced paper forms with Smart e-Forms and replaced the need for a wet signature with biometrics and e-signature. These initiatives are being tracked under 'Cocoon'.

We support our customers' transition to lowering carbon through transition financing, which is financial support that helps even the most heavy-emitting companies take action to become more environmentally sustainable over time. In 2021, HSBC Amanah has provided USD68 million worth of new sustainability linked financing-

Year 2021 was a landmark year for HSBC Amanah as the head office transited from Leboh Ampang to Menara IQ, part of township and in the country's international financial centre at Tun Razak Exchange (TRX). The township is given green building certification, with GBI Platinum and LEED Gold rating. Menara IQ itself is a LEED Gold certified building and was voted Best New Green & Sustainable Commercial Building by Malaysia Green Building Council's Leadership in Sustainability Awards 2022. It is of strategic importance to provide the best and conducive banking environment for customers and a sustainable working environment for our staff.

e) Environmental-related projects being funded – as part of HSBC Malaysia-led initiatives at country level.

- **Restoration of North Selangor Peat Swamp Forest (NSPSF) through Community-Based Peatlands Water Management and Rehabilitation – in partnership with Global Environment Centre (GEC) since 2011.**

Climate innovation, nature-based solutions and sustainable infrastructure are key to cutting carbon emissions and tackling climate change. HSBC Malaysia has been actively involved in the restoration and promotion of sustainable management of the peat swamp forest and surrounding peatlands with involvement of local community group – a key nature-based solutions initiative, in North Selangor Forest and its surrounding areas together with our partner Global Environment Centre (GEC). Our partnership helps sustain local livelihoods, reduce risk of fire, associated haze and greenhouse gas emissions as well as restore more than 1,000 hectares of degraded areas within the forest reserve through rewetting, revegetation and fire prevention approaches as well as natural forest regeneration.

By employing nature-based solution and rehabilitation strategies of peatland rewetting, revegetation through planting and natural regeneration, and fire prevention, the project serves not only to prevent further degradation of the peat swamp forest in Raja Musa Forest Reserve (including peat oxidation and subsidence of the peatland), but also to help

the natural succession of vegetation. This act will also help to retain the soil moisture and prevent further peat fires as well as facilitate recovery of the peatland forest and re-activate carbon sequestration.

Since the commencement of the project in year 2011, more than 20,000 volunteers have taken part in tree planting events and successfully planted about 47,467 trees of Mahang (*Macaranga Pruinosa*) and Tenggek Burung (*Melicope lunu-ankenda*) in the degraded area covering approximately 60 hectares of the Raja Musa Forest Reserve. This programme also offered great opportunities and hands-on experiences to the volunteers to explore and appreciate the roles, ecological functions and the importance of the peat swamp forest in Raja Musa Forest Reserve to the well-being of the local ecosystem and communities.

In the implementation of this project, the green employment opportunity has been introduced as a compensation mechanism contributed by the local community to restore and prevent fire in peat swamp forest and surrounding peatlands to improve the "well - being and social equity of those involved, while significantly reducing fire risks and ecological scarcities.

Furthermore, local communities and the Friends of North Selangor Peat Swamp Forest (SHGSU) has been actively raising trees to be planted in the project site which has been established to generate income for B40 community members through the sapling buy-back system. More than 80 local community members including the SHGSU have been actively involved for several years in green employment that have been identified and offered to the local community members in this project implementation as follows:

Rewetting

- 45 people were involved in the construction of canal blocking activity and maintenance of the restored area

Revegetation

- Nursery and trees supply (3 families are directly involved –with the participation of more than 15 people),
- Provide supporting services (such as food preparation, logistics providers and others) for the organization of events under this project

Fire Prevention and control

- 10 SHGSU members who have been trained and are actively involved in Forest Patrolling and Monitoring activities

Measurable Impact of the project on UN SDGs:

Restoration of North Selangor Peat Swamp Forest through community-based peatland water management and rehabilitation via nature-based solution is crucial for the achievement of the following Sustainable Development Goals:

GOAL 4: Quality Education: this project support educational aspect through an environmental education known as Peatland Forest Ranger Programme which educates on environmental protection, particularly Peat Swamp forest through camps, field trips and field-based activities. More than 200 primary and secondary school students have benefited from the Peatland Forest Ranger Programme annually.

GOAL 5: Gender Equality: This project supports empowerment of women in the field of environment particularly in project implementation including taking part in eco-tourism activities and exhibitions before the Covid-19 pandemic.

GOAL 6: Clean Water and Sanitation: The project activities support the reduction of degraded peatland (part of wetlands), soil subsidence and peatland fire prevention to reduce CO₂ emissions to the atmosphere by restoring below ground water levels through the construction of canal blocks and community based monitoring and patrolling activities.

GOAL 8: Decent Work and Economic Growth: SHGSU members who are involved in the implementation of the project activities have received alternative income gained through (amongst others) nursery upgrading work, sowing and care of seedlings and trees in nursery, tree planting work, maintenance and monitoring/replacement planting, fire patrolling, food preparation and transportation services.

GOAL 11: Sustainable Cities and Communities: The project helps reduce and prevents the incidence of peatland fires and haze problems at the local level. As such, it can provide a healthy and good living environment without air pollution and other associates problems.

GOAL 12: Responsible Consumption and Production: This project has actively encouraged the involvement of the local community via the Friends of North Selangor Peat Swamp Forest in carrying out conservation efforts and maintaining the peat swamp forest for the sake of ecological balance and environmental well-being. In addition, through this project the Community Sustainable Peatland Centre has been established to educate and learn the ways of peatland management, fire prevention and among other related.

GOAL 13: Climate Action: The project activities supports reduction of peat degraded areas, soil subsidence and prevention of peatlands fire to reduce emission of CO₂ into the atmosphere which expedites global warming and climate change effects.

GOAL 15: Life on Land: This project protects and conserves peatland, promoting sustainable management, hence restoring degraded peatlands and increasing biological diversity in the North Selangor Peat Swamp Forest especially the revegetation through planting and natural regeneration.

GOAL 17: Partnerships to achieve the Goals: A collaborative programme between HSBC Malaysia, Global Environment Centre, Selangor State Forestry Department and local community initiated in 2011. The programme aims at conserving the various species of peat swamp and restoring the deteriorated area to its former glory, retaining the original characteristics of the peatland forest. The programme focuses on planting more trees in order to stop peatland fires and haze and help prevent global warming. The initial focus of the replanting is to rapidly create forest cover which further prevents encroachment into the forest, thus reducing the risk of fire. In addition, the programme approach also strengthens the implementation of sustainable management of peat swamp forests in North Selangor Peat Swamp Forest through smart partnerships to achieve the common goal of protecting and conserving peat swamp forests in creating a balanced ecosystem for the general well -being of society without affecting the environment.

Anti-Corruption

Compliance

HSBC Group is committed to high standards⁶ of ethical behaviour and have zero tolerance towards bribery and corruption. HSBC requires compliance with all anti-bribery and corruption laws in all markets and jurisdictions in which it operates. These laws include the UK Bribery Act, the US Foreign Corrupt Practices Act and the HK Prevention of Bribery Ordinance, as well as other similar laws and regulations in the countries where we operate, including Malaysia.

HSBC's Global Anti-Bribery and Corruption compliance programme (AB&C Programme) and policies are overseen by the HSBC Holdings plc Board. The policy incorporates the results of regular risk assessments and emphasises that books and records must be fair, accurate, and kept in reasonable detail. HSBC requires all employees, including the Board of Directors and Associated Persons, to comply with the principles in the policy in the performance of their services for or on behalf of HSBC.

The AB&C Policy defines the minimum standards which all HSBC Group Entities must comply. This includes the AB&C Key Principles, which requires all activity:

- Must be conducted without intent to bribe or corrupt
- Must be reasonable and transparent
- Must not be considered lavish or disproportionate to the professional relationship
- Must be appropriately documented with business rationale and
- Must be authorised at an appropriate level of seniority.

Furthermore, it is unethical, illegal, and contrary to HSBC principles and good corporate governance to bribe or corrupt others, including to:

- Offer or provide a payment (including facilitation payments) or additional benefit, or
- Solicit or accept a payment or additional benefit to or from any third party (whether a customer, public official, private individual, etc.)

in order to improperly obtain or retain business or otherwise gain an unfair advantage in business.

The AB&C Policy facilitates these Key Principles by further setting minimum standards under four AB&C pillars:

Staff: All Staff (Staff means HSBC permanent and fixed term employees, contractors and consultants (including those on assignment or secondment to HSBC)) must ensure their interactions or relationships do not induce, or can be seen to induce, improper action in order to obtain or retain a business advantage. This covers the giving and receiving of Additional Benefits, which refers to: Gifts and entertainment; charitable donations and giving; sponsorships and brand partnerships; training; speaker fees; and hiring. The AB&C Policy sets out clear recording, approval and escalation requirements for Additional Benefits, together with any prohibited activity.

⁶ [HSBC Group Anti- Bribery and Corruption Policy Statement](#)

Associated Persons: The AB&C Policy requires that all HSBC associated persons must be identified, recorded and have appropriate due diligence completed.

Strategic Risk: All HSBC strategic activity is required to identify and mitigate any bribery or corruption risk. The AB&C Policy sets these minimum standards, which includes due diligence and integration of AB&C controls, for:

- strategic and proprietary investments and disposals
- new products and services design, and
- corporate real estate transactions.

Customer Risk: Customers must not use HSBC products and services to facilitate the payment or receipt of bribes or funds from corrupt activity. To comply with the letter and spirit of applicable AB&C laws and regulation, the AB&C Policy requires risk-based controls are in place to prevent HSBC products and services being used for bribery or corruption. This includes customer due diligence, transaction monitoring and customer exit requirements.

Measurement of outcome:

As part of the prevention, identification and remediation of AB&C issues, HSBC requires all Staff, Board of Directors, and Associated Persons to comply with the principles in the AB&C Policy and annual mandatory AB&C training is provided to all Staff, with additional targeted training, tailored to the roles of individuals.

HSBC carries out regular, risk assessments, monitoring and testing of its AB&C programme, with any applicable findings included within the AB&C Policy. HSBC also maintains clear whistleblowing policies and processes, to ensure that individuals can confidentially report concerns.