

# How HSBC Group implemented TCFD

3 Aug 2022



# Our climate ambition is the 4th pillar of HSBC strategy and links to our purpose

Our TCFD reporting journey is a key part of this

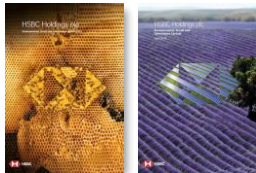
## TCFD reporting



Becoming a net zero bank

### Pre-2021

- ◆ 1-2 pages included in the strategic report of the Annual Report covering high level progress made and exposure to top six transition risk sectors
- ◆ 4 years of TCFD standalone supplement (since 2017)



### 2021 - significant enhancement to our climate-related disclosure

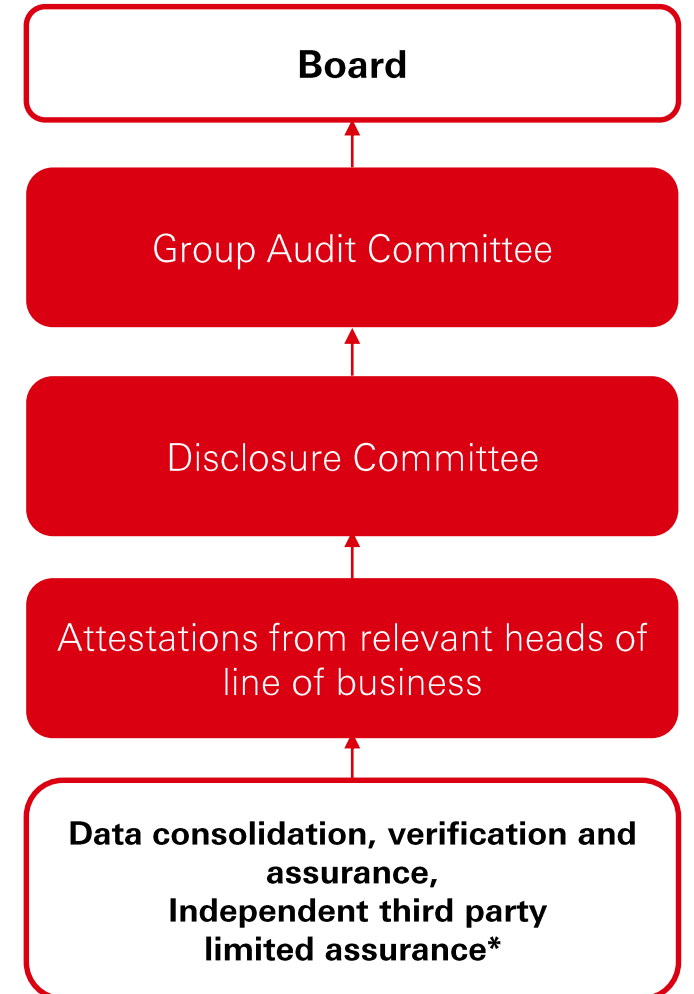
- ◆ Embedded in the annual report and accounts disclosures:
  - Financed emissions disclosures, including on-balance sheet financed emissions targets for oil & gas and power & utilities sectors
  - Progress made on the integration of climate risk into the risk management framework, enhancing climate risk appetite statement, policies and controls
  - Balance sheet exposure for the 6 high risk sectors and thermal coal exposure portfolio
- ◆ In addition to TCFD, additional ESG/ Climate disclosures for World Economic Forum (WEF) and HK listing rule disclosure requirements
- ◆ Enhanced ESG data pack with expanded quantitative data disclosures

### Future disclosure plan

- ◆ Continue to aim to fully align with the TCFD recommendations and recommended disclosure
- ◆ Continue to disclose in relations to our climate ambition (including the latest climate announcement made in March 2022), we will:
  - ◆ Expand our disclosure of financed emissions targets for more sectors
  - ◆ Continue to report our thermal coal exposure, progress in phasing out thermal coal financing, and update relevant policies

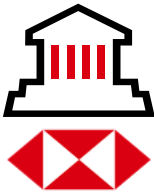
### Governance process

- ◆ Same as our annual report disclosure



\* In our 2021 disclosure, PwC provided limited assurance on (1) sustainable financing and investment ambition; (2) financed emissions; (3) our own operations' carbon emissions

# How HSBC Group implemented TCFD



## Board and management involvement

### “Top-down” approach

- ◆ More frequent updates to Board
- ◆ Cross-business ESG forums
- ◆ Remunerations of executive directors:
  - Group CEO and CFO’s 2020 and 2021 long-term incentive (‘LTI’) scorecards - 25% weighting on environment and sustainable finance



## Group-wide education

### Training for colleagues

- ◆ Climate risk training to colleagues across the three lines of defence
- ◆ Global mandatory training - introduction to our climate ambition

