

**HSBC HOLDINGS PLC**  
**TERMS OF REFERENCE AND**  
**SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

**Approved by the HSBC Holdings Board on 27 July 2023**

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## **1. Purpose of the Board**

- 1.1 The role of the Board of Directors (“Board”) is to provide entrepreneurial leadership of HSBC Holdings plc (the “Company”) within a framework of prudent and effective controls which enables risks to be assessed and managed. The Board is collectively responsible for the long-term success of the company and delivery of sustainable value to shareholders.
- 1.2 The Board establishes and approves the overall strategy and risk appetite for the Company and the Group. It also approves capital and operating plans for the achievement of the strategic objectives it has set. Implementation of the strategy established and approved by the Board is delegated to the Group Chief Executive Officer.
- 1.3 The Board is responsible for managing the business of the Company and, in doing so, may exercise all the powers of the Company, subject to any relevant laws and regulations and to the Articles of Association (“Articles”).
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## **2. Matters Reserved for the Board**

The following matters are reserved for the Board:

### **2.1 Strategy Oversight & Performance**

- Establishment and approval of the Group’s strategy and strategic objectives as recommended by the Group Chief Executive Officer, whilst satisfying itself that the Group’s purpose, strategy and values align with the desired culture and standards of the Group.
- Monitor performance and seek assurance of competent and prudent management of operations in line with the Group’s strategy, risk appetite, business plans and budgets.
- Oversight of large-scale change and transformation programmes.
- Oversight, consideration and approval of the Group’s Technology, and Environmental, Social and Governance (ESG) strategies.
- Responsibility for the cascade of key information and decisions relating to, strategy and planning, risk, people, governance, legal, regulatory and internal controls to its Principal Subsidiaries.

### **2.2 Corporate Structure, Capital & Risk**

- Approval of any significant changes in accounting policies or practices.
- Approval of the financial resource plan (FRP) to include annual budget, capital expenditure and business plans.
- Approval of risk appetite framework and risk appetite statement for the Group.

- Approval of any changes to the Group's listing or status as a plc.

### **2.3 Material Expenditure & Financial Commitments**

- Approval of any acquisition, disposal, investment, capital, revenue, legal or litigation expenditure, sponsorship or charitable donation or realisation or creation of a new venture with a value in excess of the delegated amount, as may be specified from time to time.
- The making of political or philanthropic donations.

### **2.4 Financial Reporting**

- Consideration and approval of the annual report and full-year financial statements and results announcements, as recommended by the Group Audit Committee.
- Approval of dividend policy and declaration of dividends and buyback programmes.

### **2.5 Stakeholder Engagement**

- Ensure effective engagement with, and encourage participation from, shareholders and other key stakeholders.
- Review periodically the effectiveness of stakeholder engagement mechanisms, including engagement with the workforce.
- Approval of all shareholder communications, circulars, prospectuses, listing particulars and other related documents.

### **2.6 Culture**

- Establish the Group's purpose, values and standards and ensure that these and its strategy are aligned with its culture.
- Assess and monitor culture and, where appropriate, seek assurance that corrective action has been taken by management when this is not aligned.

### **2.7 Appointments**

- Approval of the appointment of Directors, including the Board roles listed below, and executives to the following positions (including appointments that are analogous, appointments of successors by whatever title, any interim appointments and appointments of alternate directors that may otherwise require the approval of the Board):
  - Group Chairman
  - Senior Independent Director
  - Group Chief Executive Officer
  - Group Chief Financial Officer
  - Group Company Secretary & Chief Governance Officer
  - Group Chief Risk & Compliance Officer
  - Group Chief Accounting Officer
- Approval of remuneration for independent non-executive directors.

### **2.8 Corporate Governance Matters**

- Responsibility for reviewing the Group's overall corporate governance arrangements.
- Oversee or delegating responsibility for the oversight of corporate governance to one or more Committees of the Board, as it sees fit.
- Oversee the Directors' Conflicts of Interests Policy and authorise any potential or actual conflicts of interest.

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### **3. Operations, Delegations and Committees**

#### **3.1 Board Operations**

- The Board meets with sufficient regularity to discharge its duties effectively, at such times as it may determine, which is ordinarily at least seven times a year.
- Members are expected to attend Board and Committee meetings in person where possible, but may also attend by telephone or video conference. The quorum for meetings of the Board shall be a minimum of three Directors.
- The Board undertakes a formal review of its own performance and effectiveness on an annual basis and periodically reviews progress against these findings and recommendations. An external advisor will be appointed to undertake the review at least every three years.
- The Board undertakes to have the appropriate balance of skills, experience, independence and knowledge of the Company as well as the support required to enable it to discharge its duties and responsibilities effectively.
- The Board undertakes to be of sufficient size that the requirements of the business can be met and that changes to the Board's composition can be managed without undue disruption.
- The Board comprises a balance of executive and non-executive directors such that no individual or small group of individuals can dominate the Board's decision-making, and so that the Board does not become over-reliant on certain individual's experience. At least half the Board, excluding the Chair, will be independent.
- The Chief Risk and Compliance Officer and the Chief Legal Officer ordinarily attend Board meetings at the invitation of the Chairman.
- Directors may appoint, employ or retain such professional advisors as they may consider appropriate. Any such appointment will be made through the Company Secretary, who is responsible for the contractual arrangements and payment of fees by HSBC on behalf of the Board.

#### **3.2 Delegation of Authority**

- Under the Delegation of Authority Framework, the Board delegates all of the powers, authorities and discretions of the Board in so far as they concern the management and day-to-day running of the Group to the Group Chief Executive Officer in accordance with such policies and directions as the Board may from time to time determine with the exception of the matters reserved to the Board as set out above.
- The Board may delegate, by power of attorney or otherwise, any of its powers, authorities and discretions (including the power to sub-delegate) to any Director, committee, person or persons for such time and on such terms as it thinks fit.

#### **3.3 Board Committees**

- The Board approves and oversees the establishment, membership and chairmanship of all Board Committees, following discussion with and recommendations from the Nomination and Corporate Governance Committee; and
- The Board approves the Terms of Reference for Board Committees, including amending these as appropriate.