Carbon Reduction Plan

Supplier name: **HSBC Bank plc**

Publication date: **11 March 2024**

Commitment to achieving Net Zero

HSBC Bank plc is committed to achieving Net Zero emissions by **2050**.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.
For those activities for which emissions are not captured, HSBC has a negligible carbon footprint.

Baseline Year: 2019	
Additional Details relating to the Baseline Emissions calculations.	
The reporting below covers HSBC's own carbon footprint as detailed in the Notes for Completion above.	
Baseline year emissions:	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	22,000 tCO2e
Scope 2	392,000 tCO2e
Scope 3 **(Included Sources)**	<u>Purchased Goods & Services</u> 830,000 tCO2e <u>Capital Goods</u> 38,000 tCO2e <u>Upstream transportation and distribution</u> Not captured

	Waste generated in operations Not captured Business Travel Transportation 272,000 tCO2e Employee Commuting Not captured Downstream Transportation Not captured Source: HSBC ESG Datapack, 2020[1]
Total Emissions	1,554,000 tCO2e

Current Emissions Reporting

Reporting Year: 2023	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	16,918 tCO2e
Scope 2	167,174 tCO2e
Scope 3 **(Included Sources)**	Purchased Goods & Services 859,256 tCO2e Capital Goods 121,783 tCO2e Upstream transportation and distribution Not captured Waste generated in operations Not captured Business Travel Transportation 109,241 tCO2e Employee Commuting Not captured

[1] 210223-esg-datapack-2020.pdf

	Downstream Transportation Not captured Source: HSBC ESG Datapack, 2023[2]
Total Emissions	1,274,372 tCO2e

Further clarifications in current emissions reporting

- Total Emissions excludes financed emissions. For further details of HSBC's financed emissions reporting methodology, please see P53 of HSBC Holdings plc Annual Report and Accounts 2023[3]
- Fuel and energy related activities: Not relevant, any emissions relevant to fuel and energy has already been captured within reported Scope 1 and 2
- Upstream transportation and distribution: Upstream transportation and distribution are not currently deemed by HSBC to be relevant to the nature of our business. As a bank, we do not require specific transportation and distribution, aside from that which occurs as part of our supplier relationships and as such is included in Purchased Goods and Services
- Waste Generated in Operations: Waste generated in operations are not currently deemed by HSBC to be relevant to the nature of our business. As a bank, waste is not material to our industry, as concluded by CDP's Relevance of Scope 3 Categories by Sector paper
- Employee commuting: From 2018, we have incorporated data for circumstances such as transporting our employees safely to support our 24/7 business activity. This is included in the Business Travel emissions figure. Remaining employee commuting not currently deemed by HSBC to be relevant to the nature of our business
- Upstream leased assets: Not relevant, upstream leased assets already included within HSBC's Scope 2 emissions
- Downstream transportation and distribution: Downstream transportation and distribution are not currently deemed by HSBC to be relevant to the nature of our business. As a bank, we do not require specific transportation and distribution, aside from that which occurs as part of our supplier relationships and as such is included in Purchased Goods and Services
- Processing of sold products: Processing of sold products is not currently deemed by HSBC to be relevant to the nature of our business
- Use of sold products: Use of sold products is not currently deemed by HSBC to be relevant to the nature of our business, selling services. The downstream emissions of these services are captured under category 15
- End of life treatment of sold products: End of life treatment of sold products is not currently deemed by HSBC to be relevant to the nature of our business, selling

[2] 240221-esg-datapack-2023.pdf
[3] 240226-annual-report-and-accounts-2023.pdf

services. The downstream emissions of these services are captured under category 15
- Downstream leased assets: Downstream leased assets are not currently deemed by HSBC to be relevant to the nature of our business
- Franchises: Franchises is not currently deemed by HSBC to be relevant to the nature of our business

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

HSBC Group targets:

- To be net zero in our own operations and supply chain by 2030
- Align our financed emissions to achieve net zero by 2050
- Provide and facilitate $750bn to $1tn of sustainable finance and investment by 2030

In December 2021, HSBC committed to:
- Phase-out the financing of coal-fired power and thermal coal mining in EU/OECD by 2030, and worldwide by 2040
- Engage with relevant clients on their transition plans and agree financing phase-out timelines
- Seek to withdraw any financing and advisory services with a client that makes a new commitment to, or proceeds with, thermal coal expansion after 1 January 2021 (unless such expansion was contractually committed or under construction before that date)

In February 2022, HSBC announced targets for reducing financed emissions in two carbon-intensive sectors:
- A 34% reduction in the absolute on-balance sheet financed emissions for the oil and gas sector by 2030
- A 75% reduction in the on-balance sheet financed emissions intensity for the power and utilities sector by 2030

In 2023, we set on balance sheet 2030 financed emissions targets for key transport and heavy industry sectors (all on a 2019 basis):
- Reduce on-balance sheet financed emissions intensity by 28% for the cement sector
- Reduce on-balance sheet financed emissions intensity by 42% for iron, steel and aluminium sector
- Reduce on-balance sheet financed emissions intensity by 25% for aviation sector
- Reduce on-balance sheet financed emissions intensity by 65% for automotive sector

Moreover, we also established a 3-year, bank-wide, internal sustainability transformation programme.

In January 2024, we published our net zero transition plan, which is an important milestone in our journey to achieving our net zero ambition and sets out how we intend to harness our strengths and capabilities in areas where we believe we can support large-scale emissions reduction: transitioning industry, catalysing the new economy, and decarbonising trade and supply chains.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

Carbon reduction in our own operations

In 2023 we achieved a reduction in our energy consumption by 26.3% against our 2019 baseline. In 2023, we reduced emissions from our energy consumption and travel to 293,333 tonnes CO_2e, which represents a 57.3% reduction compared with our 2019 baseline.

Facilitation of sustainable finance for clients

Our sustainable finance and investment ambition aims to help promote green, sustainable and socially focused business and sustainable investment products and solutions. Since 1 January 2020, we have provided and facilitated $267.8bn of sustainable finance and $26.6bn of ESG and sustainable investing, as defined in our Sustainable Finance and Investment Data Dictionary 2023. This included 38% where the use of proceeds were dedicated to green financing, 12% to social financing, and 15% to other sustainable financing. It also included 26% of sustainability-linked financing and 9% of net new investment flows managed and distributed on behalf of investors.

In 2023, our underwriting of green, social, sustainability and sustainability-linked bonds for clients decreased over the year, measured on a proportional share basis, in line with the wider bond market environment, although it remained at 15% of our total bond underwriting. On-balance sheet sustainable lending transactions increased by 7% compared with 2022.

In 2023, transactions totalling $0.7bn were identified as no longer fulfilling our eligibility criteria. These were declassified and removed from the cumulative progress total and reported as a negative entry in 2023. Continued progress towards achieving our sustainable finance and investment ambition is dependent on market demand for the products and services set out in our Sustainable Finance and Investment Data Dictionary 2023.

Corporate governance

In May 2021, shareholders approved a climate change resolution at our AGM that commits us to set, disclose and implement a strategy with short- and medium-term targets to align our provision of finance with the goals and timelines of the Paris Agreement.

Industry initiatives

In 2021, we were one of 43 founding members of the Net-Zero Banking Alliance (‘NZBA’), which seeks to reinforce, accelerate, and support the implementation of decarbonisation strategies for the banking sector.

We also joined the Partnership for Carbon Accounting Financials ('PCAF'), which seeks to define and develop greenhouse gas accounting standards for financial institutions.

We also co-chair the Coalition for Climate Resilient Investment, which was launched at the UN Climate Action Summit to help investors and policymakers understand infrastructure investments and incorporate physical climate risk in decision making.

Supplier engagement

Our supply chain is critical to achieving our net zero ambitions, and we are partnering with our suppliers on this journey. Since 2020, we have been encouraging our largest suppliers to make their own carbon commitments, and to disclose their emissions via the CDP (formerly the Carbon Disclosure Project) supply chain programme.
In 2023, suppliers representing 70.6% of total supplier spend completed the CDP questionnaire, compared with 63.5% in 2022. We will continue to engage with our supply chain through CDP, and through direct discussions with our suppliers on how they can further support our transition to net zero.

In 2023, we launched our supplier net zero guides, providing further details to support suppliers in understanding our net zero ambitions, as set out in our supplier code of conduct. We are developing internal decarbonisation plans for the highest-emitting procurement categories (IT hardware, real estate, data centre and servers, and telecom services), to be included in category strategies and to support future supplier selection.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[4] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[5].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[6].

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[4] Corporate Standard | GHG Protocol
[5] Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK (www.gov.uk)
[6] Corporate Value Chain (Scope 3) Standard | GHG Protocol

Signed on behalf of the Supplier:

The information contained within this Carbon Reduction Plan has been signed off by the board of directors (or equivalent management body) of HSBC Bank plc as of 21st February 2024.

HSBC's board of directors include:

- Mark E Tucker - Group Chairman
- Noel Quinn - Group Chief Executive
- Georges Elhedery - Group Chief Financial Officer
- Geraldine Buckingham - Independent non-executive Director
- Rachel Duan - Independent non-executive Director
- Dame Carolyn Fairbairn - Independent non-executive Director
- James Forese - Independent non-executive Director
- Ann Godbehere - Independent non-executive Director
- Steven Guggenheimer - Independent non-executive Director
- Dr José Antonio Meade Kuribreña - Independent non-executive Director
- Kalpana Morparia - Independent non-executive Director
- Eileen Murray - Independent non-executive Director
- Brendan Nelson - Independent non-executive Director
- David Nish – Senior Independent non-executive Director
- Swee Lian Teo - Independent non-executive Director
- Aileen Taylor - Group Company Secretary and Chief Governance Officer