

# The HSBC Book







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For 158 years, our people have opened up a world of opportunity for all those we work with and for.

They have consistently gone the extra mile because of their exceptional individual commitment and dedication to serve others. The power of our international networks has always set us apart from other banks – something I hear all the time from our clients and customers around the world.

Importantly, our people have also had a clear understanding of what we are collectively seeking to achieve, the values and behaviours that are most important to us, and the need for us to act with the interests of all our stakeholders in mind.

I'm excited by what we've achieved in recent years, powered by your brilliant work. As we seek to build on the momentum we've created, this book will ensure you have access to the most important information about our bank, in its simplest form.

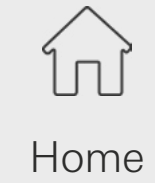
It's designed to help you understand why we're here, where we're going and what expectations we have. It also underpins the key principles, policies and procedures that support our day-to-day activities – so that you too can apply these in your work, whatever you do.

A changing world brings new opportunities all the time, and I believe we all have a personal obligation, as well as a collective responsibility, to constantly think about how we grow with it.

This book is the place that new joiners and experienced leaders alike can go to help them understand how to navigate the challenges we face, and to continue to open up a world of opportunity.

**Noel**

Why we're here. Where we're going. How we'll get there. What guides us.



Our purpose, ambition, strategy and values give us clarity and direction. We call this page our 'plan on a page'.

## Our purpose

# Opening up a world of opportunity

## Our ambition

To be the preferred international financial partner for our clients / mid-teens return on tangible equity (RoTE) in 2024

## Our strategy

### Focus

- ◆ Maintain leadership in scale markets
- ◆ Double-down on international connectivity
- ◆ Diversify our revenue
- ◆ Maintain cost discipline and reshape our portfolio

### Digitise

- ◆ Deliver seamless digital customer experiences
- ◆ Ensure resilience and security
- ◆ Embrace disruptive technologies and partner with innovators
- ◆ Automate and simplify at scale

### Energise

- ◆ Inspire leaders to drive performance and delivery
- ◆ Unlock our edge to enable success
- ◆ Deliver a unique and exceptional colleague experience
- ◆ Prepare our workforce for the future

### Transition

- ◆ Support our customers
- ◆ Embed net zero into the way we operate
- ◆ Partner for systemic change
- ◆ Become net zero in our operations and supply chain by 2030, and our financed emissions by 2050

## Our values

### We value difference

Seeking out different perspectives

### We succeed together

Collaborating across boundaries

### We take responsibility

Holding ourselves accountable and taking the long view

### We get it done

Moving at pace and making things happen



# Why we're here: Our purpose

## What does 'Opening up a world of opportunity' mean?

Our purpose is why we exist. It's also our customer promise. It is a challenge to each of us to make sure that every day, in everything we do, we stay focused on opening up a world of opportunity for our customers, clients, colleagues, investors and communities.

No other bank can match the power of our international networks: not just our geographical network, but also the other kinds of networks that make us unique – our diverse expertise and perspectives, our deep local knowledge, our financial strength, our intellectual capital and insights, and our leading-edge capabilities.

## Our brand is how we deliver on our purpose

It is far more than just our hexagon and our visual design. It provides a clear sense of what makes us different from the competition and alternatives. It needs nurturing.

We have a collective responsibility to help our audiences build an emotional connection with HSBC. We all need to be consistent in bringing our brand to life – from the products, services and customer experiences we create, to the colleague experience, to the way we market and communicate with a wide range of audiences.

If we consistently demonstrate the true power of our international networks, it will help us be more competitive, more famous, and help our audiences see the value we bring.



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Connecting people, ideas and capital, crossing borders and boundaries with an optimistic, future-facing attitude. We overcome obstacles to make opportunity possible for our customers.

Signalling our key international difference, and can also be interpreted at many levels.

Our unique footprint and range of expertise enable unrivalled access to growth and opportunity for our customers, colleagues and shareholders.

# Opening up a world of opportunity

A complete 'ecosystem' of products and services. The full, cross-business promise of the bank.

An attitude of optimism and value-creation, and a spirit of entrepreneurship.



We understand that many customers bank with more than one bank. Our ambition is to be the international bank that customers prefer to use for the opportunities that matter most to them. We measure this through our net promoter scores (NPS).

The power of our international networks is what sets us apart from other banks. We're the bank best placed to offer customers access to international opportunities.

## To be the **preferred international financial partner** for our clients

We will be a partner, not a provider. We will bring the full power of the breadth of the bank to our customers and clients.

## We also have a financial ambition – to achieve a mid-teens return on tangible equity (RoTE) in 2024

### What is RoTE?

- ◆ RoTE describes the return generated on money shareholders have invested in a company. It helps us assess our performance against our peers and is a useful indicator for investors.

### Why it's important

- ◆ We focus on our RoTE because we consider it the best way of showing the market that we're using the capital they invest in us in the most effective way.
- ◆ Market conditions and the macro-economic environment can influence our RoTE. However, a RoTE in the mid-teens compares favourably against our competitors and demonstrates that we're managing the business well in terms of revenue, costs and capital allocation, alongside a prudent approach to risk management.
- ◆ All these things are essential to maintaining a competitive RoTE, which is why we place as much emphasis on cost discipline and the use of capital as we do on revenue generation.
- ◆ The number of shares in issue also has an impact on RoTE, which is why share buy-backs play a significant role in our strategy. The fewer shares (equity) that are available, the higher the return we earn on that equity when generating the same level of profit.
- ◆ RoTE is therefore a more 'complete' target than profitability alone.



We're focusing our efforts and investment on **four key areas** that build on our strengths and offer the greatest opportunity for our customers and for us.

## 1

### Maintain leadership in scale markets...

- ◆ Strengthen our home markets by investing in our market-leading businesses in Hong Kong and the UK.

## 2

### Double-down on international connectivity...

- ◆ Leverage our network to grow and strengthen our international wholesale business.
- ◆ Continue to build our affluent and international retail propositions.
- ◆ Maintain our leadership in transaction banking.

## 3

### Diversify our revenue...

- ◆ Prioritise building capital light, resilient, fee-income generating businesses such as payments, wealth, investment banking and securities services.
- ◆ Build new areas of growth, such as Innovation Banking, and invest in priority growth markets of mainland China, India, Singapore and the UAE.
- ◆ Consider bolt-on acquisitions to build scale and enhance capabilities.

## 4

### Maintain cost discipline and reshape our portfolio...

- ◆ Leverage the benefits of digitisation, automation and increased efficiency to further reduce cost and complexity.
- ◆ Streamline our market participation by prioritising markets and segments where we have or want to build scale or differentiation, or which have clear network value.
- ◆ Drive balance sheet velocity by increasing 'churn' of risk-weighted assets in the front and back books, shifting away from a hold-to-maturity mindset.

This means being a leader in using tech to serve our customers, inspiring a high-performing culture, and playing our part in enabling the transition to net zero.

## Digitise

- ◆ **Deliver seamless customer experiences:** use technology to understand customers more deeply, provide tailored services that are always on, and integrate our services into third-party platforms and our customers' own systems.
- ◆ **Ensure resilience and security:** embrace the latest technology to protect our customers, our data and the bank against cyber-attacks and financial crime.
- ◆ **Embrace disruptive technologies and partner with innovators:** explore how technologies such as AI and quantum computing, as well as key partnerships with fin-techs and universities, can enhance our services, strengthen security, unlock innovation and deliver commercial value.
- ◆ **Automate and simplify at scale:** rapidly deploy digital solutions to replace manual processes with the aim of 'building once and scaling globally', use the cloud to process data more quickly, and modernise our systems to drive straight through processing.

## Energise

- ◆ **Inspire leaders to drive performance and delivery:** maximise our collective capability to make decisions on trade-offs, accelerate delivery underpinned by clear outcomes and measures, and help colleagues be at their best.
- ◆ **Unlock our edge to enable success:** use all four values to guide us to perform at our very best – as an organisation, as teams, and as individuals.
- ◆ **Deliver a unique and exceptional colleague experience:** clearly define what it means to work at HSBC – where colleagues do interesting work that matters, are rewarded responsibly, recognised for their success and supported to grow.
- ◆ **Prepare our workforce for the future:** reshape the work and skills of our workforce and invest in our capability to acquire, move and retrain talent at scale.

## Transition

- ◆ **Support our customers:** provide and facilitate \$750bn to \$1trn of sustainable finance and investment by 2030, and engage with corporate customers on their transition plans.
- ◆ **Embed net zero into the way we operate:** build the capabilities required to deliver on our commercial ambitions, our net zero commitments, and growing regulatory requirements.
- ◆ **Partner for systemic change:** engage with the public and private sector to channel money to climate solutions, develop the right business models, and scale sustainable and resilient infrastructure.
- ◆ **Become net zero in our operations and supply chain by 2030, and our financed emissions by 2050:** set science-aligned 2030 targets for the highest-emitting sectors, and put clear policy guardrails in place to enable us to meet them.





Our values guide us to perform at our best as an organisation, as teams, and individually. Every single day.

## We value difference

Seeking out different perspectives

We were born speaking different languages. We were founded on the strength of **different experiences, attributes and voices**; they are integral to who we are and how we work.

The greater our empathy and diversity, the better we reflect the worlds of our customers and communities – and the better we can serve them.

**So, we champion inclusivity. We listen. We remove barriers. And we seek out views different from our own.**

## We succeed together

Collaborating across boundaries

We offer our customers a **unique breadth** of opportunity.

And we can only deliver the full promise of this by being **truly connected** across boundaries.

With our customers and partners. Together as colleagues and as an organisation.

So, we **collaborate across boundaries**. We break down silos. We trust and support each other. And, when necessary, **get out of each other's way**.

Together, we make possible what we cannot do alone.

## We take responsibility

Holding ourselves accountable and taking the long view

What we do has a **real impact** on people's lives, communities and the planet. We take this responsibility seriously.

We set ourselves **high standards** and are each accountable for our actions. We use **good judgement**. And if something doesn't feel right, as colleagues we **speak up** and act.

We build for tomorrow, today. We succeed only by **taking the long view**, by focusing on the **sustainable interests** of our customers, investors, and the planet we all share.

## We get it done

Moving at pace and making things happen

We create value for our customers and investors by always moving forward and **making things happen**.

We're **entrepreneurial**: we try new things, we learn and improve, and we **take smart risks**.

We're dynamic: we **reject mediocrity** and we move at pace.

We're **decisive**: we make clear choices and take bold actions.

And **we keep our word**: we do what we promise.

## Our values-aligned behaviours:

- ◆ Seeking out different perspectives
- ◆ Listening
- ◆ Being empathetic
- ◆ Championing inclusivity

- ◆ Connecting and collaborating
- ◆ Supporting others
- ◆ Acting with shared purpose
- ◆ Removing barriers

- ◆ Setting high standards
- ◆ Using good judgement
- ◆ Speaking up and acting
- ◆ Taking accountability

- ◆ Being decisive
- ◆ Taking smart risks
- ◆ Learning and improving
- ◆ Keeping promises



To fulfil our purpose, we need the best people, performing at their best. Our colleague deal focuses on the opportunities for colleagues and what they can expect when they deliver on strategy.

## Your opportunities

You'll do interesting work that matters...

- ◆ **You'll help real people.** From families buying their first home to businesses investing in the future, you'll shape the lives and communities of 40 million customers.
- ◆ **You'll make change happen.** We need fresh ideas, good judgement, and bold action as we create a new generation of brilliant experiences for our customers.
- ◆ **You'll shape a sustainable future.** By playing your part in our net zero journey.

...in line with our purpose and values

- ◆ **You'll embrace different perspectives.** With around 200,000 colleagues across dozens of countries, you'll work with people with diverse backgrounds, cultures, perspectives and experiences.
- ◆ **You'll be connected around the world.** Explore opportunities and ways to collaborate across boundaries so capital, trade and ideas flow where they're needed most.
- ◆ **You'll uphold our values and be part of a global brand.** With strong foundations and a rich and respected heritage that's making a difference around the world.

## Our commitments to you

In return, we'll reward the difference you make

### We'll reward you responsibly

- ◆ **We'll give you financial security.** Our salary and benefits are designed to give you a solid foundation for life, now and in the future.
- ◆ **We're competitive.** We benchmark every year, so we're always looking at rewarding you competitively for your role, skills, experience, and location.
- ◆ **We're unbiased.** We have processes to make sure our reward decisions are fair and free from bias.

### We'll recognise your success

- ◆ **We win together.** We reward the performance of individuals and teams, as well as the success of HSBC as a whole.
- ◆ **We'll help you succeed.** You'll get guidance and feedback from peers, managers, and others so you can do your best work.
- ◆ **Our values guide us.** You'll be recognised and rewarded for delivering on our purpose and living our values in everything you do.

### We'll support you to grow

- ◆ **Your wellbeing comes first.** We have a huge range of resources to support the mental, physical, and social wellbeing of you and your family.
- ◆ **We'll help you progress your career.** You'll have access to skills and development programmes that will help you be successful now – and in the future.
- ◆ **We'll provide flexibility.** We offer choice in when, where and how you and your team work together.



Our approach to conduct and risk management ensures we have a strong risk culture. It's supported by a decision-making framework, which helps everyone make good choices.

**Our conduct approach is there to make sure we do the right things for our customers.**

- 1** We understand our customers' needs.
- 2** We provide products and services that offer a fair exchange of value.
- 3** We service customers' ongoing needs, and put it right if we make a mistake.
- 4** We act with integrity in the financial markets we operate in.
- 5** We operate resiliently and securely to avoid harm to customers and markets.

**Our risk management approach follows five steps to help ensure the right balance of risk and return.**

- Define and enable**  
We define risk appetite and controls, and enable risk culture and accountability.
- Identify and assess**  
We identify and record risks to our business and assess the potential impact.
- Manage**  
We manage and control our risks within appetite.
- Aggregate and report**  
We aggregate and analyse data and report it to enable decision making.
- Govern**  
We govern risks through analysis, challenge, remediation and appropriate timely escalation.

**Our decision-making framework has questions that guide us to make the right decisions.**

- Principles**  
Does this decision sit well with our sense of what is right and wrong?
- Profit**  
Does this make commercial sense for the customer and for HSBC?
- People**  
Do you understand the impact of this decision on others?
- Policy**  
Are you operating within the rules?
- Personal**  
Do you have the courage to do the right thing?  
  
And our Delegation of Authority Framework sets out approval limits and who can sign documents for specific entities.

**We encourage colleagues to speak up when something feels wrong.**

- We want everyone to take responsibility and recognise that positive change only happens when people speak up.**  
  
You're encouraged and supported to share your opinions, participate in healthy debate and raise concerns.  
  
Our Global Code of Conduct sets out clear behavioural standards.  
  
If you see anything that goes against our values, breaks the law, breaches our regulations or our policies, or that simply feels wrong please speak up or escalate.  
  
You can find the different ways to do this on the Speak Up and Escalations site.





The Group consists of three global businesses, working together with global functions and Digital Business Services (DBS), and operates in dozens of countries and territories.

## Our global businesses

### Commercial Banking (CMB)

We partner with businesses around the world – supporting every stage of their growth, their international ambitions and their sustainability transitions – through our universal banking capabilities.

We operate in more than 50 markets, serving 1.3m business customers – from small enterprises to large international corporates. We also power the global innovation economy, supporting the innovators and investors reshaping our world.

We deliver value to our clients through our international network, financing strength, digital capabilities and a full suite of HSBC products, including our industry-leading global trade and payments solutions.

### Global Banking & Markets (GBM)

We open up opportunities for our clients globally through the power of our international connectivity and capabilities.

Our clients are the largest multi-national corporates, asset owners and investors, and public sector entities around the world. We also enable CMB and WPB clients with our markets and investment banking expertise.

We use our intellectual capital, financial strength, and broad product capability to connect clients between East and West.

### Wealth & Personal Banking (WPB)

We help millions of our customers look after their day-to-day finances and manage, protect and grow their wealth.

We serve around 38m customers globally, 6m of whom are international, ranging from retail customers to ultra-high net-worth individuals and their families.

We build long-term relationships, offering a full suite of products and services across transactional banking, lending and wealth to help our customers reach their goals and aspirations. And if customers are living, studying or investing abroad, our international banking services help them feel at home wherever they are.

## Our governance and management

### Corporate Governance

Our [corporate governance framework](#) sets out how we're organised and governed.

### HSBC Holdings Board

The Board aims to promote HSBC's long-term success, deliver sustainable value to shareholders and promote a culture of openness and debate. Led by the non-executive Group Chairman, it sets the Group's strategy and risk appetite. It also approves capital and operating plans for achieving strategic objectives recommended by management.

### Group Executive Committee (GEC)

The GEC supports our Group Chief Executive in the day-to-day management of the Group. GEC members are individually responsible for developing, implementing and executing the strategy for their respective global business, function, country or region.

### Principal Subsidiaries

HSBC Holdings plc Board oversees the regions through seven principal subsidiaries:

- ◆ The Hongkong and Shanghai Banking Corporation Limited
- ◆ HSBC Bank Canada (sale expected to complete in 1Q24)
- ◆ HSBC Bank plc
- ◆ HSBC North America Holdings Inc.
- ◆ HSBC UK Bank plc
- ◆ HSBC Latin America Holdings (UK) Limited
- ◆ HSBC Middle East Holdings BV



# Our commitment to our communities and society

We aim to deliver our strategy in a way that is sustainable, and to build strong relationships with all our stakeholders – from the people who work for us, bank with us, own us, and regulate us, to the people who live in the societies we serve and on the planet we all inhabit.

We have been present in many of these communities for many decades, investing in them as they built their futures.

Today, our purpose continues to guide us in acting in the long-term interests of these communities we serve, and the planet we all share.

We focus our efforts on the environment, our societal impact, and governance – and we measure these efforts and report on them annually.



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## Environmental

### Financing the transition

- ◆ Support our customers
  - ◆ Embed net zero into the way we operate
  - ◆ Partner for systemic change
  - ◆ Become net zero in our operations and supply chain by 2030, and our financed emissions by 2050
- 

## Social

### Foster inclusion and build resilience

- ◆ Build an inclusive, healthy and rewarding workplace
  - ◆ Help customers access the financial services they need and support them to achieve their goals
  - ◆ Work alongside our communities to achieve real world progress
- 

## Governance

### Act responsibly

- ◆ High standards of corporate governance
- ◆ Respecting human rights
- ◆ Integrity, conduct and fairness
- ◆ Safeguarding data





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