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Independent Limited Assurance Report to the Directors of HSBC Holdings plc on the use of bond proceeds

Our limited assurance conclusion

Based on the procedures we have performed, as described under “Summary of work performed” and in the “Areas of Assurance Focus” section below and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the **A** symbol in HSBC Holdings plc’s (“HSBC’s”) Green Bonds Report for the year ended 30 June 2024 (the “Report”) and summarised below (together, the “Subject Matter Information”), has not been prepared, in all material respects, in accordance with HSBC’s Green Bond Framework published on 6 November 2015 (the “Reporting Criteria”) available at <https://www.hsbc.com/investors/fixed-income-investors/green-financing-framework>¹.

What we were engaged to assure

The Subject Matter Information, which covers the use of proceeds, needs to be read and understood together with the Reporting Criteria which HSBC’s Directors are solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are as set out in the table in Appendix A.

The scope of our work did not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

Our work

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’, issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance engagement, we give more detail about the procedures performed, so that the intended users of the Subject Matter Information can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed for vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- evaluated the suitability in the circumstances of HSBC’s use of the Reporting Criteria as the basis for preparing the Subject Matter Information;

¹ The maintenance and integrity of HSBC’s website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on HSBC’s website.



- through inquiries, obtained an understanding of HSBC’s control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design, obtaining evidence about their implementation or testing operating effectiveness of control activities;
- compared year on year movements in use of proceeds and obtained explanations from management for differences we identified;
- performed limited substantive testing on a sample basis of the Subject Matter Information as follows:
 - traced data points to or from source information to check that the Subject Matter Information had been appropriately evaluated or measured and recorded;
 - inspected supporting evidence for the assets to which proceeds are allocated and assessed whether this was consistent with the Eligible Sectors in HSBC’s Reporting Criteria. Our procedures did not include inspecting the existence of the assets or the validation of documents received from third parties as evidence;
 - inspected minutes of the Global Sustainability Treasury Committee to assess that the assets to which proceeds are allocated have been approved;
- compared exchange rates used against independent external sources; and
- evaluated the disclosures and overall presentation of the Subject Matter Information.

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

<i>Overall materiality</i>	<p>Materiality differs depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information.</p> <p>For use of proceeds of each bond in the list in Appendix A, 5% of HSBC’s reported amount of proceeds allocated/used has been set as the threshold.</p> <p>These thresholds mean that a misstatement of applicable amount or percentage either as an individual misstatement, or as an aggregate of smaller misstatements, would lead us to conclude that the relevant element of the Subject Matter Information had not been prepared in all material respects in accordance with the Reporting Criteria.</p>
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We also agreed to report to the Directors misstatements (“reportable misstatements”) identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.

Areas of Assurance Focus

Areas of Assurance Focus are those areas of our work that in our professional judgement required particular focus and attention, including those which had the greatest effect on the overall assurance strategy, the allocation of resources, and directing the efforts of the engagement team.

We considered the following areas to be Areas of assurance focus and discussed these with HSBC’s management.



Classification of assets in accordance with HSBC's Green Bond Framework	
Nature of the issue	HSBC maintains a list of assets that align to Eligible Sectors, to which proceeds from the bonds listed in Appendix A are allocated. The assets are loan agreements with HSBC's customers, where the loan amounts are restricted for use on specific projects which align to the Eligible Sectors, as defined on page 4 of HSBC's Green Bond Framework. There is a risk that proceeds allocated by HSBC to the customer are not used for the specific projects as agreed in the loan agreement, and therefore don't align to the Eligible Sectors.
How our work addressed the areas of assurance focus	In addition to the procedures set out in the summary of work performed section above the following additional procedures were performed on a sample basis: <ul style="list-style-type: none"> inspected documentation of monitoring performed by HSBC to validate that the use of proceeds are being used for the assets; and inspected certifications (such as BREEAM and LEED) as defined by the Eligible Sector section of HSBC's Reporting Criteria
Element(s) of the Subject Matter Information most significantly impacted	Use of proceeds disclosures on pages 10 to 15 of the HSBC Green Bond Report 2024

Challenges of non-financial information

The absence of a significant body of established practice upon which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time. In particular the basis for the allocation/use of bond proceeds may differ between different reporting frameworks, including whether proceeds may be used for existing assets or only to new assets, and the basis on which eligibility of asset is determined.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

Reporting on Other Information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The Directors are responsible for the other information. As explained above, our conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

HSBC's responsibilities

HSBC's management are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to HSBC and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error;



- documenting and retaining underlying data and records to support the Subject Matter Information; and
- producing the Report that provides a balanced reflection of HSBC's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report; and
- producing a statement of HSBC's responsibility.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of HSBC.

Use of our report

Our report, including our conclusion, has been prepared solely for the Directors of HSBC in accordance with the agreement between us dated 10 December 2024 (the "agreement"). Our report must not be made available to any other party save as set out in the agreement. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and HSBC's for our work or our report except where terms are expressly agreed between us in writing.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants
London
12 December 2024



Appendix A

The reporting criteria for all the bonds listed in the table below: HSBC Green Bond Framework dated 6 November 2015 available at <https://www.hsbc.com/investors/fixed-income-investors/green-and-sustainability-bonds>

The Subject Matter Information is disclosed on pages 10 to 15 of the HSBC Green Bond Report 2024.

HSBC Reference	ISIN number	Bond issue date	Tenor (years)	Curr	Subject Matter Information: Use of proceeds as at 30 June 2024 (m)
HSBC-GRB-006	XS1917601582	27/11/2018	6 years	EUR	1,250.0
HSBC-GRB-015	TW000G133227	25/12/2020	5 years	TWD	3,000.0
HSBC-GRB-002	FR0013224334	27/03/2017	8 years	EUR	38.0
HSBC-GRB-003	FR0013294352	20/11/2017	15 years	EUR	40.0
HSBC-GRB-004	FR0013298189	05/12/2017	15 years	EUR	50.0
HSBC-GRB-005	FR0013336013	01/06/2018	15 years	EUR	100.0
HSBC-GRB-007	FR0013432846	29/07/2019	6 years	USD	0.1
HSBC-GRB-016	FR0013483161	18/02/2020	12 years	EUR	20.0
HSBC-GRB-022	XS2346727543	19/05/2021	5 years	EUR	3.9
HSBC-GRB-024	XS2357952998	18/06/2021	5 years	EUR	7.0
HSBC-GRB-030	XS2390403140	17/09/2021	5 years	EUR	1.4
HSBC-GRB-033	XS2366184716	28/07/2021	3 years	JPY	1500.0
HSBC-GRB-042	XS2673657339	29/08/2023	5 years	AUD	35.0
HSBC-GRB-043	XS2676812956	05/09/2023	5 years	AUD	35.0
HSBC-GRB-044	XS2676813251	06/09/2023	5 years	AUD	35.0
HSBC-GRB-045	XS2692820611	21/09/2023	5 years	AUD	35.0
HSBC-GRB-046	XS2751185757	29/04/2024	1 year	USD	22.0