HSBC HOLDINGS PLC
GROUP REMUNERATION COMMITTEE

Approved by the Board on 18 September 2025

Terms of Reference

1. Purpose

The Board of HSBC Holdings plc ('the Company') has delegated responsibility for matters related to remuneration for the Company and its subsidiaries (the 'Group') to the Group Remuneration Committee (the 'Committee'), in particular, for:

1.1. Setting the overarching principles, parameters and governance of the Group's remuneration framework;

1.2. Approving the remuneration of the Group Chair, executive Directors (including setting the Directors' Remuneration Policy), and members of the Group Operating Committee, ('Senior Executives');

1.3. Satisfying itself that remuneration practices comply with the regulatory and other legislative requirements that the Group is subject to; and

1.4. Satisfying itself that the remuneration framework is in line with risk appetite, purpose, strategy and values, and long-term interests of the Group and its stakeholders, and is free from any form of bias.

The Committee is concerned with the business of the whole Group and accordingly its authority extends to all relevant matters relating to the Group.

2. Membership

i. The Committee (including the Chair) will comprise at least three members, all of whom shall be independent non-executive Directors. The Committee shall include at least one member of the Group Risk Committee ('GRC').

ii. The Chair shall be appointed by the Board and shall have served for at least 12 months on the Committee or another remuneration committee before taking up the role. Members of the Committee will collectively have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities.

3. Meetings and quorum

i. The Committee shall meet with sufficient notice and with such frequency and at such times it may determine.

ii. The quorum for meetings is two members, including the Chair or their delegate from among the members.

iii. The Secretary of the Committee will be nominated by the Group Chief People and Governance Officer.

iv. Only members have the right to attend Committee meetings; any other person can attend, by invitation of the Chair, for the whole or part of the meeting, except where their own remuneration is discussed.

v. The Group Chief Risk & Compliance Officer will attend meetings to report on the alignment of the Group's remuneration framework and proposals with its risk profile and risk management.

4. Responsibility of the Chair

The Chair's role requires:

i. Fostering an open, inclusive and, where appropriate, challenging discussion;

ii. Ensuring the Committee and its members have the information necessary to perform their tasks and devote sufficient time and attention to the matters within their remit;

iii. Facilitating the running of the Committee to assist it in providing independent oversight of relevant executive decisions; and

iv. Reporting to the Board on the Committee's activities.

5. Areas of Responsibility

The Committee's responsibilities shall include:

5.1. Remuneration framework and governance

5.1.1 Setting the overarching principles, parameters and governance framework of the Group's remuneration policy, including but not limited to:

(a) the methods for measuring performance including annual incentive and long-term incentive measures for Senior Executives;

(b) fixed and variable pay plans;

(c) retirement plans where the aggregate funding arrangements exceed an amount as specified by the Committee from time to time (the 'Committee Plan Threshold');

(d) employee share plans (prior to referral to shareholders, as applicable);

(e) shareholding requirements;

(f) malus, clawback and other risk adjustment mechanisms; and

(g) severance plans.

5.1.2. Satisfying itself that the framework is:

a) aligned with the business strategy, risk appetite, culture and values, and long-term sustainable success of the Group;

b) aligned with the interests of its shareholders and other stakeholders;

c) free from bias of any form;

d) aligns with the Group's purpose, strategy, values and promotes inclusion, employee engagement and wellbeing;

e) takes into account all types of risks, liquidity and capital levels;

f) is consistent with and promotes the sound and effective risk management of the Group;

g) does not encourage risk-taking that exceeds the level of tolerated risk of the Group; and

h) does not encourage any company within the Group to bear any risk that would undermine its ability to comply with any regulatory obligation.

5.1.3. Approving:

a) the aggregate annual variable pay pool; and

b) any individual remuneration terms or payments for any Group employee where it exceeds an amount specified by the Committee from time to time (the 'Committee Individual Threshold');

c) individual discretions in accordance with the terms of any deferred remuneration plan; and

d) individual awards that require regulatory approval.

5.1.4. Overseeing the wider workforce value proposition to ensure this supports the Group's business strategy, goals and long-term sustainable success.

5.2. **Senior executive remuneration and Directors' Remuneration Policy**

5.2.1. Approving the remuneration for Senior Executives, ensuring that these decisions take account of wider workforce pay and people strategies.

5.2.2. Recommending to the Board, for approval by shareholders, the Directors' Remuneration Policy and any other remuneration matters that may require shareholder approval.

5.3. **Regulatory, risk and audit**

5.3.1. Satisfying itself that there are effective safeguards in place to ensure that the remuneration framework complies with regulatory and other legislative requirements that the Group (and, where relevant, its subsidiaries) are subject to.

5.3.2. Reviewing any matters relating to remuneration that need to be reported to the Board, shareholders or the Group's primary regulator, including approval of:

a) the Directors' Remuneration Report in the annual report and accounts

b) the Group's regulatory submissions including the Group's 'Remuneration Policy Statement' for each financial year; and

c) any statement required by the Group's primary regulator from the Committee about the Group's remuneration framework.

5.3.3. Consider input from the GRC and other Board Committees on the alignment of remuneration with risk appetite, control effectiveness and conduct, and the application of risk adjustments, malus or clawback.

In carrying out the above responsibilities the Committee shall:

5.4. Determine the governance of, and delegated mandates for, approving individual remuneration packages and any changes to framework as covered in 5.1;

5.5. Satisfy itself that remuneration for employees in the Risk & Compliance, and Internal Audit, functions is determined independently of other business areas;

5.6. Ensure that no employee is involved in deciding their own remuneration;

5.7. Regularly review the effectiveness of the Group's remuneration framework, to ensure practices continue to react appropriately to external and internal events and to allow the Committee to test the criteria used for determining remuneration awards and risk adjustment; and

5.8. Ensure that the remuneration structures and procedures implemented to achieve compliance with remuneration regulations are subject to both central and independent internal review at least annually.

5.9. **Principal Subsidiaries**

The Group's principal subsidiary companies are shown in the Appendix attached to these terms of reference. The Committee's responsibilities in relation to these subsidiary companies are as follows:

5.9.1. Endorsing proposals by any Principal Subsidiary to establish a committee with responsibility for remuneration matters (a "Principal Subsidiary Remuneration Committee") and setting the Group's expectations for subsidiary remuneration committees where they exist within the Group;

5.9.2. Endorsing fees to be paid to external Directors by Principal Subsidiaries; and

5.9.3. Liaising with and considering any concerns raised by Principal Subsidiaries and/or Principal Subsidiary Remuneration Committees in relation to remuneration matters applicable to each Principal Subsidiary and the subsidiaries in their respective regions.

6. Operation of the Committee

To ensure effective operation, the Committee:

6.1. Shall review annually these terms of reference and its own effectiveness, as well as review the quality of information it receives and recommend any necessary changes.

6.2. May delegate authority to make decisions on its behalf to the (i) Chair on matters which may need attention between Committee meetings, and (ii) Group Head of Performance and Reward on matters which are not material, provided that such decisions are notified to the Committee members and ratified at the next scheduled Committee meeting.

6.3. Shall seek confirmation on an annual basis (at least) from the relevant executive management members that remuneration policies and procedures have been implemented as approved by the Committee.

6.4. Is authorised by the Board to engage independent professional advisers and have access to such resources including employees as it may consider appropriate.

6.5. Shall appoint independent remuneration consultants to support the Committee in discharging their responsibilities. The Committee shall also review the terms of appointment of external remuneration consultants that the Board may decide to engage for advice or support.

6.6. Shall give consideration to laws and regulations of all applicable jurisdictions and regulators.

6.7. Whilst these Terms of Reference set out the matters falling under the scope of the Committee as delegated by the Board, any references to decisions or approvals do not override the authority of the relevant subsidiary board as set out in the local laws and regulations in which they operate.

APPENDIX

Group Remuneration Committee Terms of Reference

Principal Subsidiary companies of HSBC Holdings plc

1. The Hongkong and Shanghai Banking Corporation Limited
2. HSBC North America Holdings Inc.
3. HSBC Bank plc
4. HSBC Latin America Holdings (UK) Limited
5. HSBC Middle East Holdings B.V.
6. HSBC UK Bank plc