

HSBC Modern Slavery and Human Trafficking Statement 2022

Our Annual Statement under the UK Modern Slavery Act

21 February 2023



HSBC

| Opening up a world of opportunity

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About HSBC

HSBC is one of the world’s largest banking and financial services organisations. Our principal holding company, HSBC Holdings plc, is incorporated in England and headquartered in London. HSBC is listed on the London, Hong Kong, New York and Bermuda stock exchanges. Our legal entity structure is made up of a global network of locally incorporated subsidiary companies. Further information on our Group structure is available [here](#).

What We Do

Our global businesses provide financial services to around 39 million customers worldwide through a network that covers 62 countries and territories. Our customers range from individual savers and investors to some of the world’s biggest companies, governments and international organisations.

We serve our customers through three global businesses: Wealth and Personal Banking (WPB); Commercial Banking (CMB) and Global Banking and Markets (GBM).

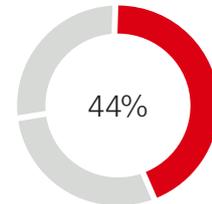
We provide **individuals and families** with mortgages that help them buy their own homes, as well as savings accounts and wealth management products that help them plan for the future.

We offer **businesses** loans to invest in growth, and products such as foreign exchange and trade financing that enable them to expand internationally. For **large companies and organisations** operating across borders, we offer tailored advice on decisions such as financing major projects, issuing debt or making acquisitions.

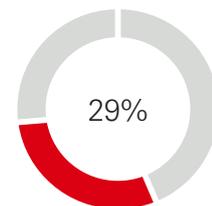
HSBC **Asset Management** provides sustainable investment opportunities covering all asset classes for investors in all regions, with US\$609bn under distribution on behalf of clients as of 31 December 2022 and a presence in 23 countries and territories.

Adjusted revenue by global business¹

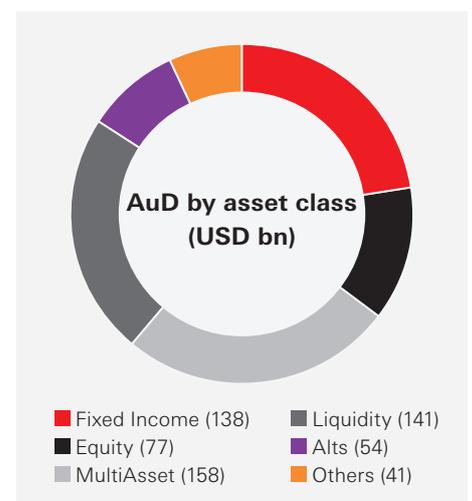
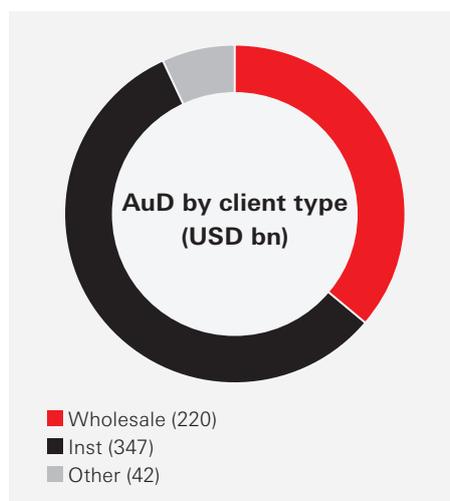
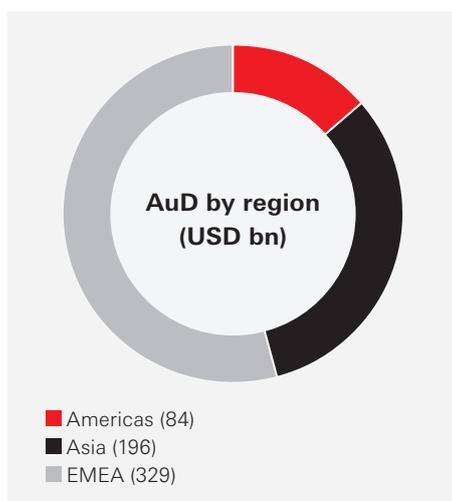
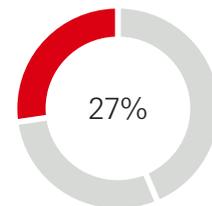
Wealth and Personal Banking



Commercial Banking



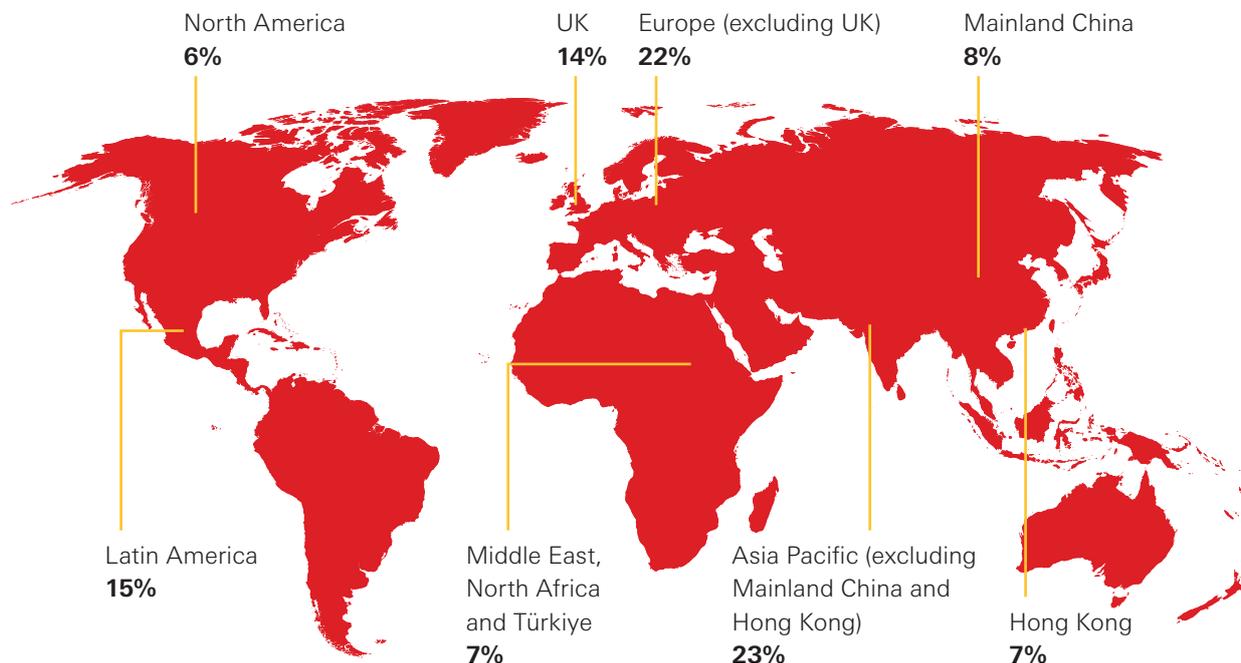
Global Banking and Markets



¹ Calculation based on adjusted revenue of our global businesses excluding Corporate Centre which is also excluded from the total adjusted revenue number. [Corporate Centre had negative adjusted revenue of \$596m in 2022.]

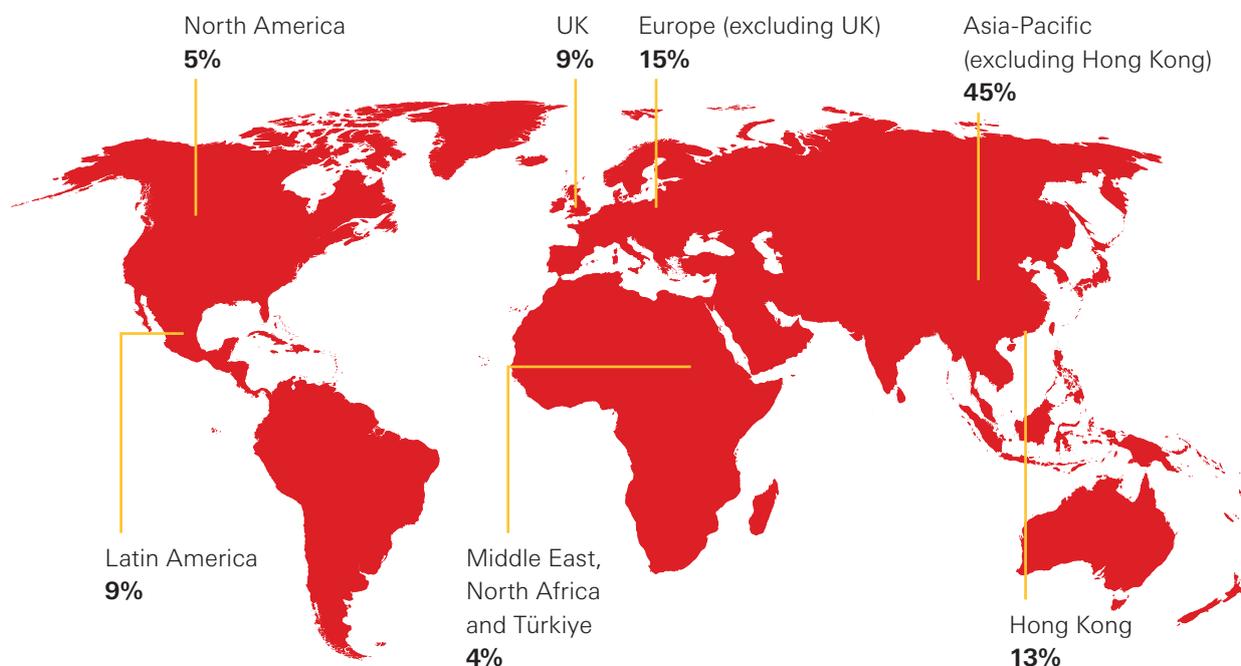
Our Suppliers

HSBC Group is supported by 23,044 suppliers¹, across the regions shown in the map below². These suppliers, and the companies that supply them, constitute our **global supply chain**. HSBC's major categories of spending include consultancy/professional services, IT services, corporate real estate and services that support our banking operations.



Our People

The HSBC Group employs 219,000 full-time equivalent employees from offices in 62 countries and territories across our geographical regions shown below.



¹ Last year the number reported was contracted suppliers per region. This year this was expanded to all suppliers per region paid during the year, including those engaged through purchase orders and one-time agreements, giving a more complete view of the supply chain. In 2022, we have changed the methodology to capture the supplier data. The process is being embedded and we are working on further strengthening internal controls.

² Figures shown are rounded to the nearest percentage point.

Our Policies

How we do business is as important as what we do. Our responsibilities to our customers, employees and shareholders, as well as to the countries, territories and communities in which we operate, go beyond being profitable. This is consistent with HSBC's [Group Values](#), which include taking responsibility for our impact on people's lives and communities, and our approach to [Environmental, Social and Governance](#) (ESG) issues.

In our [Human Rights Statement](#), we set out how we meet our responsibility to respect human rights. In meeting this responsibility, we are guided by the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, the principles on fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, the UN Principles for Responsible Investment, and the UN Principles for Sustainable Insurance.

Our commitment to respect Human Rights is embedded in several Group-wide policies. Taken together, these policies govern our behaviour as a provider of financial services to business and to personal customers, as a buyer of goods and services, as an investor and as an employer.

This Statement builds on the Human Rights Statement, with more specific information on our approach to tackling Modern Slavery.

Business Customers

Our approach is to work closely with our business customers to help them understand and manage their environmental and social impact. We engage with these customers and, where appropriate, support them in adopting more sustainable practices. We may end banking relationships with customers when they are unwilling or unable to comply with our standards.

We have specific policies covering certain sectors where environmental and social risks are higher. Some of these have direct relevance to Modern Slavery, for example:

- ◆ Our [Agricultural Commodities Policy](#) prohibits business with customers involved, directly or through their supply chain, in the exploitation of people and communities, including through harmful or exploitative child labour or forced labour. For palm oil producers, the policy also requires certification under the Roundtable on Sustainable Palm Oil (RSPO), which includes (RSPO Principle 6) protection for workers' rights and safe and decent working conditions.
- ◆ Our new [Energy Policy](#), published in December 2022, has the stated aim of supporting a just and affordable transition, recognising the local realities in the communities we serve. This also covers the social impact of customer activities, including on workers.

- ◆ Our [Forestry Policy](#) prohibits business with customers involved directly, or through their supply chain, in wood logged in violation of traditional and civil rights. In high risk countries, relevant customers must have Forestry Stewardship Council certification, which include (Principle 4) provisions on community relations and workers' rights.
- ◆ Our [Mining and Metals Policy](#) recognises the heightened risk in the sector of adverse impacts on workers. It sets out the HSBC response to customers causing or contributing to severe adverse impacts on human rights, which begins with an assessment of the customers' actual and potential impacts; their commitments to respect human rights; their remediation of the impacts; their own grievance mechanisms; and whether HSBC may have financed such impacts. Under the policy, HSBC businesses should support customers making acceptable progress towards good practice, but end relationships with those who do not meet our minimum standards.
- ◆ As a signatory to the [Equator Principles](#) (EP), HSBC expects customers to include an assessment of the Modern Slavery risks common to infrastructure projects, including child labour, forced labour and restrictions on collective bargaining and freedom of association (as set out in the [Guidance Notes to EP4](#)) in their project Assessment Documentation. This may affect our decision to provide finance.

These sector policies help us mitigate the risk that the financial services we provide to our business customers may contribute to, or be linked to, Modern Slavery. They usually lead us to work together with the customer to mitigate adverse impacts. In 2023, we aim to develop and publish a new Deforestation Policy, which will consolidate the existing Agricultural Commodities and Forestry policies (listed above) and will also cover human rights issues, including those related to Modern Slavery. Our business customers are also subject to our financial crime policies, set out at the end of this section.

Suppliers

HSBC has had an Ethical and Environmental **Code of Conduct for Suppliers** of Goods and Services (our [Supplier Code of Conduct](#)) in place since 2005. The Supplier Code of Conduct was refreshed in 2022 to include the following new minimum requirements that suppliers:

- ◆ allow workers, whether local or migrant, to leave employment when they choose;
- ◆ ensure employees are not charged recruitment fees; and
- ◆ provide facilities and information to workers to assist with agreements and negotiations on conditions of employment.

The new requirements complement the existing requirements that suppliers:

- ◆ avoid causing or contributing to adverse human rights impacts and address any when they occur;
- ◆ meet or exceed the standards required by applicable

- legislation relating to employment and labour;
- ◆ do not employ children, prohibit the use of child labour in their operations and supply chain and take immediate and effective measures to stop child labour;
- ◆ prohibit the use of all types of slavery, forced labour and human trafficking within their operations and their supply chain;
- ◆ ensure that wages meet legal requirements and industry standards without unauthorised deductions;
- ◆ ensure that working hours are in accordance with local regulation and industry practice and that voluntary overtime is at a manageable level;
- ◆ if permitted by law, do not prevent workers from organising and joining associations such as labour or trade unions;
- ◆ protect the rights of temporary workers;
- ◆ ensure responsible sourcing of goods supplied to HSBC;
- ◆ apply clear and consistent disciplinary and grievance procedures that include provisions prohibiting mental, physical or verbal abuse and protect workers against retaliation;
- ◆ provide safe working conditions where issues, incidents and non-compliance are identified and addressed; and
- ◆ have appropriate due diligence procedures to identify and manage human rights considerations within their supply chain.

Under the Supplier Code of Conduct, HSBC reserves the right to review suppliers' policies, procedures or any other documents related to compliance with the Supplier Code of Conduct. In some cases, HSBC may require an on-line or on-site audit of a supplier. Our suppliers are also subject to our financial crime policies, set out below.

Investment

HSBC Asset Management has formally integrated ESG factors into its investment decisions since signing the Principles for Responsible Investment ('PRI') shortly after their launch in 2006. It was one of the earliest asset managers to do so. Its first responsible investment fund was launched in 2001.

HSBC Asset Management's commitment to the UN Global Compact principles in the areas of human rights, labour, environment and anti-corruption have helped shape its approach to sustainable business. HSBC Asset Management has its own human rights principles for investments, which include specific provisions on risks related to Modern Slavery. Investee companies are expected to:

- ◆ promote the fair treatment, equal opportunity and health and safety of employees;
- ◆ eliminate harmful or exploitative child labour and forced labour;
- ◆ protect the rights of local communities and indigenous peoples; and
- ◆ identify, assess and respond to human rights risks in their supply chains.

Personal Customers

We recognise that some of the personal customer accounts

we provide may be associated with Modern Slavery. Our financial crime policies, set out below, help us to identify these associations and take appropriate action. Some of our customers may themselves be vulnerable to Modern Slavery. We look for indicators that this might be the case, either from activity on customer accounts or interactions with branch staff, alerting relevant authorities if suspicions arise. As part of our [Financial Inclusion strategy](#), we also provide basic bank accounts to survivors of Modern Slavery in the UK and to a range of potentially vulnerable individuals in other markets.

Employees

HSBC's commitment to respect human rights in the workplace aligns with our values and is set out in global policy — see [our commitments and actions](#) on the HSBC Group website. We have specific policies to protect our employees' rights, as listed below.

- ◆ We require that all our employees treat colleagues with dignity and respect, creating an inclusive environment. We do not tolerate discrimination, bullying, or harassment on any grounds as is set out in our [statement of business principles and code of conduct](#).
- ◆ We respect our employees' right to freedom of association. We observe recognised agreements and local legal frameworks and work with recognised employee representative bodies. It is our approach to maintain well-developed communications and consultation programmes with all employee representative bodies.
- ◆ Our remuneration policies are designed to pay our people fairly and to attract, retain and motivate the best people, regardless of gender, ethnicity, age, disability, or any other factor unrelated to performance or experience.
- ◆ Our vetting policy applies to all new hires and some internal moves.
- ◆ Underpinning all these policies, we want the voices of our employees to be heard. We are committed to maintaining a "Speak Up Culture", encouraging feedback and effective confidential channels for employee complaints, including our [whistleblowing arrangements](#), and we want employee representative bodies to feel secure in advocating for their members.

Financial Crime

Our [Financial Crime Policies](#) apply to all customers, employees and third parties, including suppliers. These policies, covering fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing, are designed to mitigate the risk that we initiate or continue relationships with individuals or entities involved in criminal activity. Perpetrators of Modern Slavery may generate profits that would be considered proceeds of crime; their actions may constitute money laundering predicate offences and could also be a source of terrorist financing. Public authorities may impose sanctions for human rights abuses including Modern Slavery, and we recognise that bribery and corruption can also contribute to such abuses.

Our approach to Due Diligence and Risk Management

Risk Overview

In 2022, the results of our review of salient human rights issues indicated that HSBC was most likely to be exposed to Modern Slavery through its relationships with business customers, suppliers and investee companies, especially (though not exclusively) those operating, or with supply chains, in sectors dependent on low-skilled or migrant workers, with a high turnover of potentially vulnerable workers, or in places where these practices are prevalent. Our processes designed to identify, prevent, mitigate and account for how we address our impacts on human rights (human rights due diligence) are described below.

We continued to assess that Modern Slavery issues were less likely to arise in respect of our personal customers but recognised that a small number of these customers may attempt to use their personal accounts to launder the proceeds of related crimes or may themselves be victims. Our financial crime risk management processes help us to identify and respond to these risks as illustrated in the case study included below.

Modern Slavery issues were also assessed as far less likely to arise in respect of our employees; the financial services sector is not among those considered high risk in this regard. Nevertheless, we take a range of steps, detailed below, to help ensure our employees' right to decent work is respected.

Business Customers

Due Diligence

HSBC's relationship managers are the primary point of contact for most of our business customers and are responsible for checking whether our customers meet the policies described in Section 2 above.

They are supported by more than 75 Sustainability Risk Managers across the Group, who have local or regional responsibility for advising on, and overseeing, the management of environmental and social risks, such as Modern Slavery. Sustainability Risk Managers are supported by Group Reputational and Sustainability Risk, a central team responsible for developing policies, guidance and training, and overseeing the overall policy compliance.

HSBC investigates potential adverse human rights impacts, including those related to Modern Slavery, where credible allegations are reported, or where potential issues are identified and escalated. Where required, individual customer relationships are subject to further review by Reputational Risk and Client Selection Committees. We may exit customer

relationships when customers are unwilling or unable to comply with our standards.

We screen for ESG risks within our Customer Due Diligence governance processes and we obtain independent ESG negative news data from a specialist vendor to give us a clearer picture of whether such customers are acting responsibly on ESG issues, including Modern Slavery. We broadened this approach by integrating ESG negative news monitoring into our refreshed sustainability risk assurance framework. ESG negative news screening is being extended across the customer portfolio.

In 2022, we began testing new approaches to human rights due diligence in respect of customers in Germany, the UK, Bangladesh and the Middle East. These approaches are designed to enhance our ability to identify, prevent, mitigate and account for how we address our impacts on human rights, complementing existing screening and risk mitigation activities.

Engagement

We engage with customers and, where appropriate, support them in adopting more sustainable practices, including in respect of the right to decent work of their employees and those in their supply chain.

Suppliers

Due Diligence

In 2022, we modified the way we apply our ESG negative news screening capability to suppliers, using ESG risk factors as the threshold criteria rather than contract value. Our processes now screen suppliers in 14 sectors identified as having a high ESG risk, such as construction and food and beverage. The ESG screening covers 28 environmental, social and governance issues including forced labour, child labour, freedom of association and collective bargaining, occupational health and safety issues, and poor employment conditions.

We extended a **supplier due diligence** programme, previously piloted in the UAE by our MENAT team, across Egypt and Türkiye. The approach includes a risk assessment based on a desk-top review informed by a self-assessment questionnaire, after which several suppliers are selected for an on-site audit.

The **risk assessment** element of the MENAT programme has been incorporated into our global onboarding assessment process using a Human Rights Inherent and Residual Risk Questionnaire. The **audit element** of the MENAT programme is being expanded through pilots in our Asia-Pacific (ASP) and

Latin America (LATAM) regions, to assess the potential need for more supplier audits in the future.

In October 2022, we introduced a Sustainable Procurement Mandatory Procedure, which includes enhancement of the way we manage human rights risk in our supply chain. The Mandatory Procedure sets out the minimum requirements to ensure our procurement decisions take into account social, environmental and governance considerations when buying goods and services from suppliers.

Engagement

Our Supplier Code of Conduct (see Section 2, above) gives us the right to conduct audits and to request evidence of due diligence processes in respect of any of the issues covered, including Modern Slavery. With the launch of the revised Supplier Code of Conduct, we expect to be able to strengthen our collaboration with suppliers to help support continual improvement in respecting human rights.

Investment

Due Dilligence

In implementing the sustainable investment policies set out above, HSBC Asset Management uses a proprietary ESG research platform that combines multiple ESG data points and assessments from independent third parties. Its ESG scores are based on its view of the materiality of ESG issues by sector, drawing upon qualitative and quantitative assessments undertaken by our equity and fixed income team. It takes into account frameworks such as the Sustainability Accounting Standards Board (SASB) and reviews new ESG data sources on an ongoing basis.

HSBC Asset Management conducts enhanced due diligence when it has evidence that companies held in actively managed equity and fixed income portfolios may be in serious breach of the UN Global Compact's Ten Principles, which include the elimination of all forms of forced and compulsory labour, and the effective abolition of child labour. The findings of the enhanced due diligence are reviewed and approved by the Asset Class ESG Committee. Pending this approval, new investments are restricted.

Engagement

HSBC Asset Management recognises its responsibility to be active, long-term stewards of the businesses in which it invests on behalf of customers, meeting companies regularly to improve its understanding of their business and strategy, to communicate expectations and to signal any concerns. It also recognises collaborative engagement as a tool to promote change, in particular where individual investor action may be less effective. It participates in investor-led joint engagement initiatives that align with its priorities and where it believes these can have a positive influence in improving the companies in which it invests. Where material risks are identified that cannot be addressed through engagement, it may apply selective exclusions which are regularly reviewed. Further details, including on HSBC Asset Management's position on escalation, are outlined in its [Engagement Policy](#).

Voting

Asset Management supports and in some cases co-files shareholder resolutions on sustainability issues, including Modern Slavery. For further detail see our [Global Voting Guidelines](#).

Personal Customers

The provision of services to our personal customers is most likely to be linked to Modern Slavery through association with the financial activities of perpetrators of these crimes and their victims. We include below an example of how our financial crime controls have helped to **identify criminal abuse of personal accounts**, and some details of our **work to support survivors of Modern Slavery** in the UK.

CASE STUDY

Our support to Survivors of, or those vulnerable to, Modern Slavery

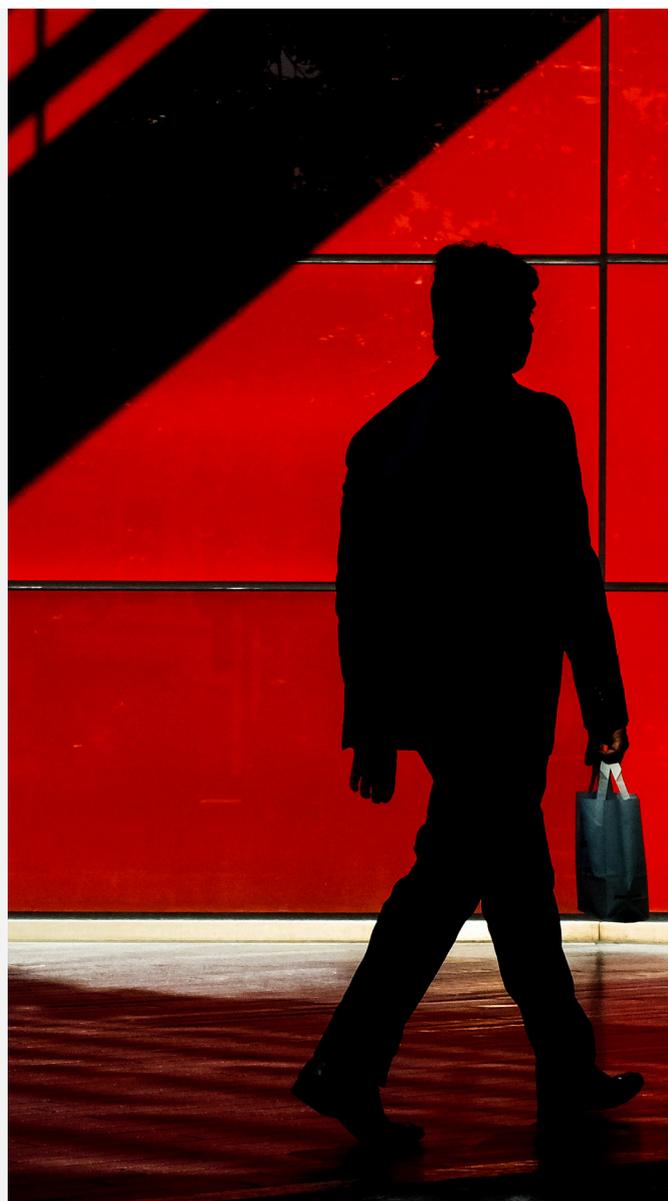
We have now opened over 2,000 accounts for survivors of Modern Slavery in the UK since the launch of our pioneering Survivor Bank programme in 2018, which acts as a blueprint for the UN's Finance Against Slavery and Trafficking (FAST) Survivor Inclusion Initiative. We built on this experience in developing access to banking services for customers in the UK and in Hong Kong with no fixed abode, providing over 4,000 accounts under these programs.

Having a bank account allows the most vulnerable in society – including those at potential risk of forced labour or debt bondage – to better safeguard their finances, save for the future and broaden their chances of finding employment.

In 2022, HSBC UK introduced a new process to help refugees fleeing the conflict in Ukraine to access the financial services they need to set up a new life in the UK. Over 9,000 Ukrainian refugees have now opened a bank account with us.

Kristina, a Ukrainian refugee from Mykolayiv, had to leave her family in Ukraine and is now living with a host family in Northumberland:

“The first thing that comes to mind when you are abroad, and your relatives stayed in a country where there is a war, is that you need to work to support your family. But before you can find a job, you need to open a bank account. I applied to HSBC with just a Ukrainian biometric passport which meant I could complete all the documents faster. I was also given a surprise gift, a tablet. This is a very good thing when you don't have a computer and means I can now complete all the necessary applications for living in England. I am very grateful to HSBC.”



CASE STUDY

Identifying human trafficking risks

Leveraging our typologies and negative news screening capabilities, our Compliance teams have identified several cases of active retail and corporate banking accounts held in the names of suspected offenders involved in child exploitation, organised prostitution and forced labour.

By combining leads from open-source reports with law enforcement engagement, our Compliance team identified several retail account holders involved in fake recruitment schemes that led to the cross-border kidnapping of jobseekers, who were held for ransom and often subjected to forced labour. Reviews of transactional activities identified additional red flags such as large volumes of cash transactions, unusual transaction flows and unusual overseas ATM activity. The team assessed the accountholders were likely involved in operating social media accounts to recruit victims and receiving ransom payments.

Employees

We take action to implement the policies described above:

- ◆ Within our Global Mandatory Training, required to be completed by all colleagues, we raise awareness of HSBC's **intolerance of bullying, harassment and discrimination** and the action we take when it is identified. We also provide training on HSBC's Speak-Up channels.
- ◆ We monitor our colleagues' confidence in our Speak-Up channels through our all-employee Snapshot survey which measures our **Speak-Up** and **Trust** indices, both of which increased year-on-year in 2022 and remain ahead of the industry benchmark.
- ◆ We **promote freedom of association** for employees. In the UK, for example, we consult regularly with Unite, the National Council of Managers, UK Employee Consultative Committee and Business Involvement Group (BIG) for M&S Bank (respectively, our recognised trade union, our internal body representing management grades and our body representing all other UK employees). We regularly consult our European Works Council, and globally the terms of industry-wide or collectively negotiated agreements apply to HSBC in 30 countries.
- ◆ HSBC's pay framework provides clear and consistent guidance to help ensure **our pay decisions are free from discrimination** and we survey employees anonymously on an annual basis on whether they consider their pay is fair. In addition:
 - **All HSBC employees that work in a jurisdiction with a legal minimum wage are paid at, or above, this amount.** In the UK we have been formally accredited by the Living Wage Foundation for having adopted the living Wage' and the 'London Living Wage' since 2014.
 - In several of our sites **we have entered into collective bargaining** or union agreements, where we have an obligation to apply fixed pay increases across specific populations.
 - Employees can access support, such as our **financial well-being education programme**, which is designed to help colleagues develop healthy financial habits and forms part of our global Future Skills Resilience curriculum.
- ◆ We listen to feedback from our employees through the following channels:
 - **Our Snapshot Survey.** Our directors set the tone by discussing employee feedback leveraged from our Snapshot report, but also through regular interactions with the workforce. We have also appointed a workforce engagement non-executive director to represent the views of colleagues to the board.
 - **Several Speak-Up channels** available to all employees via a dedicated intranet page. Any employee or staff member with concerns related to Modern Slavery can raise them through a number of routes including line manager escalation and if necessary through HSBC Confidential which is available in local languages.
 - **Our "Speak Up Index"**, which reviews our employees' reported confidence in relation to the following three questions: "My company is genuine in its commitment to encourage colleagues to speak up", "I feel able to speak up when I see behaviour which I consider to be wrong" and "Where I work, people can state their opinion without the fear of negative consequences".
- ◆ All country teams are required to have a policy by which employees can raise their complaints or concerns, and these policies must meet minimum standards. We encourage colleagues to speak with their line managers or use local complaints policies wherever possible, but we recognise there are circumstances where people may feel the need to raise concerns more discreetly. HSBC Confidential, our global whistleblowing platform, allows our employees, past and present, to raise concerns in confidence and, where preferred, anonymously.
 - HSBC Confidential can be accessed in various ways, including telephone hotlines, online portals and email in several languages.
 - We monitor, and regularly report to management committees, on employee conduct and concerns, trends and themes, including instances of alleged discriminatory treatment and disciplinary action taken.
 - We do not tolerate retaliation against anyone who raises concerns, and we take action when this is identified.

Financial Crime Risk Management

Our financial crime controls help us to identify and assess the risks posed by customers, employees and third parties, and determine whether we wish to establish a relationship with them. If we do establish a relationship, we continue to monitor risks by keeping track of the customer's relationships and activities, and by screening them against specified lists, indicators and known typologies. Where we believe we have identified signs of financial crime, including those linked to potential human rights abuses, we seek to investigate and take appropriate mitigating action, including reviewing the relationship and reporting to relevant government authorities.

Measuring Effectiveness

We recognise the need to monitor the development of our approach to tackling Modern Slavery, and other human rights issues. Some of the metrics we use are included in the table below, along with some context on the way we use the data to ensure continual improvement.

Key Performance Indicator	Data ²	Context
Number of bank accounts provided to Survivors of Modern Slavery (global total)	1,995	This is a cumulative metric, tracking the provision of financial services to survivors of Modern Slavery since our first account was opened in 2018.
Number of personal conduct concerns raised.	1,159	'Concerns' refers to the cases of bullying, harassment, discrimination or retaliation. This metric helps us to track the volume of disciplinary cases.
Percentage of upheld personal conduct cases related to bullying, discrimination or harassment.	47%	Changes in this metric help us to identify possible changes in the way we are dealing with these cases.
Number of issuers against whom a human rights related breach of UNGC has been recorded	24	This allows HSBC Asset Management to monitor its association with companies in breach of UNGC principles , including Principles 1-6 related to human rights.
Number of votes against management for reasons related to Modern Slavery	23	As described in Section 3 above, voting is one way for HSBC Asset Management to use its leverage to reduce adverse human rights impacts. The figure represents the number of resolutions at investee company shareholder meetings (including AGMs) where votes were cast against management for reasons related to Modern Slavery.
Percentage of contracted suppliers who have either confirmed adherence to the code of conduct or provided their own alternative that was accepted by our Global Procurement function	93%	As described in Sections 2 and 3 above, our Supplier Code of Conduct is a key element of our policy, risk management and due diligence processes in respect of suppliers. By tracking suppliers that do not sign our Supplier Code of Conduct, we can address obstacles and aim to increase supplier acceptance further in 2023.

² Data is for calendar year 2022, except where stated otherwise

Training

Enhancing Our Understanding of Modern Slavery

In 2022, we conducted an assessment of our potential human rights impacts. A key part of this process was the validation of our assessment through consultation with stakeholders, including NGOs, investors, customers, suppliers and public authorities. More detail of this process is available in the chapter on human rights in the [ESG Review](#) which forms part of our Annual Report and Accounts 2022.

We believe in continuous education and in ensuring that our front-line employees are equipped with the right tools and training to be effective in their roles. We produce briefings based on global news and trends, and encourage our employees to pursue certifications from relevant organisations. In the Asia-Pacific region, HSBC continues to assess developments in human trafficking risks across the region, often leveraging information toolkits and reports by non-profit organisation partners and from regulators via established public-private partnerships and industry working groups.

In 2022, we developed global guidance on human rights risk to provide colleagues with practical advice, including case studies, on how to identify, prevent, mitigate and account for how we address our impacts on people, including in the context of Modern Slavery. We provided a detailed course on Modern Slavery to new employees in the **Risk** team,

highlighting the importance of identification and reporting. We also delivered Modern Slavery training to 58 third party engagement managers based in Australia.

Our **Compliance** team delivers insights on human trafficking risks and their impact on the financial services sector through internal reports and training sessions. Between June and July 2022, HSBC's Compliance team worked with the [Mekong Club](#) to moderate and deliver thirteen "Lunch-and-Learn" sessions on human trafficking and ESG risks, bringing together over 880 colleagues - including a number of executives - across the Asia-Pacific region.

Our **Procurement** team has provided sustainability introduction training for 252 employees as part of a three-year sustainability training programme. This training provided a baseline understanding of key sustainability issues relevant to HSBC procurement including Modern Slavery.

Our **Asset Management** business has run 18 internal workshops on our approach to investment stewardship, with elements on human rights including Modern Slavery. Investment teams attend a fortnightly ESG Research and Engagement Forum, which has featured engagement on human rights and sessions with external speakers on supply chain labour practices.

CASE STUDY

Equipping low-income workers with financial literacy skills

Throughout 2021 and 2022, we partnered with Injaz Al-Arab – member of JA Worldwide - to deliver our Saving for Good programme which focuses on building the financial capability of economically vulnerable workers in Bahrain, Egypt, Kuwait, Qatar and the UAE. These individuals and their families are often highly vulnerable to social upheaval and economic shocks. The Covid-19 pandemic highlighted a need for support and education that will help strengthen their resilience to future shocks and stresses. We have now supported over 1700 individuals to grasp basic financial concepts such as budgeting, saving, and investing through a combination of customised training courses, and mentorship. Approximately 23% of these individuals have also gone on to open a savings account.

"I never even thought about saving money and I used to spend every single penny I earned. After being enrolled in this journey, I start the month by creating a sheet with specific amounts for my monthly expenses. I even manage to put some savings aside and donate a tiny amount to those in need. I used to believe that I was struggling because of my low wage, but now I understand that it's bad management skills that caused me to spend all my earnings."

Beneficiary from Egypt.





Working in Partnership

HSBC is a strong proponent of public-private partnerships and information sharing initiatives. We play an active or founding member role in public-private partnerships in numerous jurisdictions around the world, and, where the law allows, work cooperatively with other participants in the global financial system to share both strategic and tactical-level information to help combat financial crime, including that related to Modern Slavery. We work with a range of markets and standard-setting bodies, including the Financial Action Task Force (FATF), to share our initiatives and findings.

In the UK, for example, HSBC continues to be a leading member of the [Joint Money Laundering Intelligence Taskforce](#) (JMLIT). One of JMLIT's key operational priorities is "understanding and disrupting the funding flows linked to organised immigration crime and human trafficking".

HSBC is a founding member of the UK Home Office's Business Against Slavery Forum, which brings together senior business leaders in the UK, committed to pioneering industry action to eradicate Modern Slavery from supply chains.

We also work collaboratively with non-governmental organisations (NGOs), think-tanks and research institutes and, in Europe, focus on Pan-European committees concerned with identifying and policing Modern Slavery risks. Throughout 2022, HSBC has participated in joint law enforcement and civil society conferences, including the UN Global Compact's UK Modern Slavery Working Group. We meet or exchange correspondence with NGOs and civil society groups when they raise concerns related to HSBC customers. HSBC is a member of the Thun Group of banks, the main purpose of which is to deepen understanding of the UNGPs within the context of banks, and to consider how those principles may be applied across the range of different banking activities. Alliances such as the Mekong Club's financial services working group are collaborative efforts that focus on criminal typologies specific to each geographical region, including the unique risks related to the trafficking and exploitation of men, women and children.

We work with NGOs that aim to rehabilitate survivors of Modern Slavery, or to educate the world on its risks and relevance to all our lives. These strategic partnerships also help to develop the awareness and skills of our analysts, enhancing our own risk management capability.

Governance

This Statement covers the period from 1 January to 31 December 2022.

In 2021, we enhanced our governance on human rights by appointing key members of our Group Executive Committee to our Human Rights Steering Committee, with our Group Chief Risk and Compliance Officer as Chair. In 2022, this Committee met on 6 occasions. The Human Rights Steering Committee is overseen by the Group Executive Committee and, by virtue of the status of the Steering Committee Chair and the leading role of the Risk Function in enhancing the Group approach to human rights, by the Group Risk Committee of the HSBC Holdings plc Board.

Responsibility for the development and review of the policies listed in Section 2 is listed in the table below

Policy	Department	Function
Sector risk policies for business customers	Sustainability Risk	Group Risk and Compliance
Financial Crime policies	Financial Crime	Group Risk and Compliance
Employee policies	Talent Management, Performance Reward and Employee Relations	Group Human Resources

HSBC's approach to reporting under the UK Modern Slavery Act was developed by a Group-wide Human Rights Disclosures Network coordinated by Group Public Affairs, drawing on resources from all relevant functions, businesses and geographies. The Statement was considered and approved by:

HSBC Holdings plc ESG Committee
HSBC Holdings plc Disclosure Committee
Boards of other HSBC Group entities required to report under the Act, listed below
HSBC Holdings plc Board

The Statement is signed by the Group Chairman on behalf of the Board of Directors of HSBC Holdings plc and of the entities listed opposite. The Boards of Directors of the entities listed opposite approved the Statement on the dates shown, and delegated authority to the Group Chairman to sign on their behalf.

Mark Tucker
Group Chairman
16 February 2023

The HSBC Group entities required to report under the Act are:

Entity	Date of Approval
HSBC Holdings plc	16 February 2023
HSBC Alternative Investments Limited	12 February 2023
HSBC Asia Pacific Holdings (UK) Limited	14 February 2023
HSBC Bank plc	9 February 2023
HSBC Equipment Finance (UK) Limited	15 February 2023
HSBC Finance (Netherlands)	12 February 2023
HSBC Global Asset Management (UK) Limited	10 February 2023
HSBC Global Asset Management Limited	10 February 2023
HSBC Global Services (UK) Limited	10 February 2023
HSBC Global Services Limited	16 February 2023
HSBC Group Management Services Limited	10 February 2023
HSBC Holdings BV	14 February 2023
HSBC Investment Bank Holdings Limited	30 January 2023
HSBC Invoice Finance (UK) Limited	13 February 2023
HSBC Latin America Holdings (UK) Limited	14 February 2023
HSBC Life (UK) Limited	14 February 2023
HSBC Overseas Holdings UK Limited	12 February 2023
HSBC UK Holdings Limited	14 February 2023
HSBC UK Bank plc	14 February 2023
Marks and Spencer Financial Services plc	10 February 2023

