

The following is the text of an announcement released to the Stock Exchange of Hong Kong Limited on 23 August 2023 pursuant to rules 17.06A, 17.06B and 17.06C of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

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23 August 2023

(Hong Kong Stock Code: 5)

## HSBC HOLDINGS PLC

### GRANT OF CONDITIONAL AWARDS

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HK Listing Rules**”).

On 21 August 2023, HSBC Holdings plc (the “**Company**”) granted conditional awards (“**Awards**”) to directors, employees and former employees to subscribe for a total of 856,213 ordinary shares of US\$0.50 each of the Company (“**Shares**”) under the HSBC Share Plan 2011 (the “**Plan**”).

The following are the details of the grants:

#### Grants to Directors:

Name of grantee	Noel Quinn
Relationship between the grantee and the Company	Director of the Company
Number of shares under Awards	51,435 Individual tax liabilities in respect of the vesting of the Awards were satisfied in cash. The number of Shares is therefore net of tax.
Closing market price of the ordinary shares on the London Stock Exchange on the date of grant	GBP 5.833
Purchase price of Awards granted	GBP 0
Vesting period of the Awards	Fixed Pay Allowance awards are delivered in immediately vested shares subject to a retention period and released on a pro-rata basis over 5 years, starting from March 2024.
Performance Targets and	The Fixed Pay Allowance awards are not subject to

Clawback	performance conditions as they form part of the director's Fixed Pay. The Fixed Pay Allowance awards are not subject to clawback as they form part of the director's Fixed Pay.
Arrangements for the Company or a subsidiary to provide financial assistance to the grantees	None

Name of grantee	Georges Elhedery
Relationship between the grantee and the Company	Director of the Company
Number of shares under Awards	32,827 Individual tax liabilities in respect of the vesting of the Awards were satisfied in cash. The number of Shares is therefore net of tax.
Closing market price of the ordinary shares on the London Stock Exchange on the date of grant	GBP 5.833
Purchase price of Awards granted	GBP 0
Vesting period of the Awards	Fixed Pay Allowance awards are delivered in immediately vested shares subject to a retention period and released on a pro-rata basis over 5 years, starting from March 2024.
Performance Targets and Clawback	The Fixed Pay Allowance awards are not subject to performance conditions as they form part of the director's Fixed Pay. The Fixed Pay Allowance awards are not subject to clawback as they form part of the director's Fixed Pay.
Arrangements for the Company or a subsidiary to provide financial assistance to the grantees	None

**Grants to other grantees:**

Category of grantee	Employees and former employees
Number of shares under Awards	771,951

Closing market price of the ordinary shares on the London Stock Exchange on the date of grant	GBP 5.833
Purchase price of Awards granted	GBP 0
Vesting period of the Awards	<p>Under the HSBC Group-wide deferral policy, vesting occurs over a three year period with 33% vesting on the first and second anniversaries of grant and 34% on the third anniversary.</p> <p>Group and local Material Risk Takers may be subject to longer vesting periods of up to seven years, as required under the relevant remuneration regulations. Awards may be subject to a six- or 12-month retention period following vesting.</p> <p>Immediately vested share awards may be subject to a six- or 12-month retention period following vesting.</p> <p>The vesting period for buy-out awards for new hires generally mirror those of the forfeited awards from the previous employer. Where the forfeited award was subject to a post vesting retention period, a retention period will be applied to the buy-out award.</p>
Performance Targets and Clawback	<p>No performance targets apply to any Plan Awards on the basis that the Awards are a form of deferred bonus to meet regulatory requirements in the UK. Performance targets instead attach to the initial award of the Variable Pay.</p> <p>Buy-out awards are subject to clawback where the forfeited award of the relevant employee's former employer was subject to clawback. Where the employee's forfeited award was not subject to clawback, no clawback terms are applied to the replacement HSBC award.</p> <p>Clawback applies to all other Plan Awards in line with the Company's regulatory obligations as set out in the Company's internal clawback policy.</p>
Arrangements for the Company or a subsidiary to provide financial assistance to the grantees	None
Number of shares available for future grant under the plan mandate	<p>The Plan is subject to two limits on the number of Shares committed to be issued under all Plan Awards:</p> <ol style="list-style-type: none"> <li>1. 10% of the ordinary share capital of the Company in issue immediately before that day, when added to the number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other employee share plan operated by the Company granted in the previous 10 years. The number of Shares available to issue under this limit is 1,005,738,305.</li> <li>2. 5% of the ordinary share capital of the Company in issue immediately before that day, when added to the</li> </ol>

	number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan. The number of Shares available to issue under this limit is 265,609,305.
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## Supplemental information

The Company wishes to provide supplemental information under Rule 17.06B(7) of the HK Listing Rules.

On 15 May 2023, the Company granted certain Awards to directors, employees and former employees under the HSBC Share Plan 2011 which included Fixed Pay Allowance awards (the "**FPA Awards**") as disclosed in an announcement dated 17 May 2023 (the "**Announcement**").

The Announcement noted that FPA Awards are delivered in immediately vested shares subject to a retention period and released on a pro-rata basis over 5 years, starting from March 2024.

The Company wishes to confirm its rationale for the FPA Awards share vesting immediately. The Company views it as appropriate for the FPA Awards to vest immediately and not to be subject to a vesting period for two reasons:

- (1) that FPA Awards form part of fixed pay rather than variable pay and vesting conditions would not normally apply to fixed pay; and
- (2) the FPA Awards are subject to a retention period, during which time the Directors and former employees cannot sell the shares, which has the same effect as a vesting period.

For and on behalf of  
**HSBC Holdings plc**

Aileen Taylor  
Group Company Secretary and Chief Governance Officer

The Board of Directors of HSBC Holdings plc as at the date of this announcement comprises: Mark Tucker\*, Noel Quinn, Geraldine Buckingham†, Rachel Duan†, Georges Elhedery, Carolyn Julie Fairbairn†, James Anthony Forese†, Steven Guggenheimer†, José Antonio Meade Kuribreña†, Kalpana Morparia†, Eileen K Murray† and David Nish†.

\* Non-executive Group Chairman

† Independent non-executive Director

### **HSBC Holdings plc**

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