

# HSBC Australia Holdings Pty Limited

Sustainability Report 31 December 2025



# Basis of preparation

## Overview and certain defined terms

HSBC Australia Holdings Pty Limited (the 'Company') is a company domiciled in Australia. The consolidated Sustainability Report for the year ended 31 December 2025 comprises the Company and its controlled entities (together referred to as the 'Consolidated entity').

The entities that form the Consolidated entity's reporting boundary have been aggregated based on operational control, which requires inclusion of emissions from operations where the Consolidated entity has operational control. These entities comprise:

- HSBC Bank Australia Limited (the 'Bank') – a locally incorporated and regulated authorised deposit-taking institution that is wholly owned by the Company and is the principal operating subsidiary.
- HSBC Custody Nominees (Australia) Limited – a locally incorporated nominee entity that is wholly owned by the Bank, which exists for the purpose of holding client assets on behalf, and at the direction, of the Bank. It is not a sustainability reporting entity within the meaning of the Corporations Act 2001 (Cth) for the 2025 financial year, but it is included in the operational control boundary of the Consolidated entity.
- Lion Series 2009-1 Trust, Lion Series 2020-1 Trust, Lion Series 2022-1 Trust, Lion Series 2023-1 Trust and Lion Series 2024-1 Trust (collectively the 'Lion Trusts') – the Lion Trusts are established to enable the securitisation of residential mortgages to external investors, with the exception of Lion Series 2009-1 Trust. The Lion Series 2009-1 Trust is an internal securitisation vehicle holding self-secured residential mortgage-backed securities ('iRMBS') which is a type of collateral for eligible transactions with the Reserve Bank Australia ('RBA'). As such, the Bank retains all notes issued. The RBA accepts iRMBS in rare circumstances as potential collateral for Exceptional Liquidity Assistance. The Lion Trusts are not reporting entities within the meaning of the Corporations Act 2001 (Cth) for the 2025 financial year but are included in the operational control boundary of the Consolidated entity.

The principal activities of the Consolidated entity during the financial year were the provision of financial services comprising lending, deposit taking, domestic and international trade finance, custodial securities services, global payment services, money market services, interest rate and foreign currency trading and services and capital market services.

References to 'HSBC' or 'Group' or 'the HSBC Group' within this document relate to the Company's ultimate parent entity HSBC Holdings Plc and its controlled entities. References to 'the HBAP group' within this document mean the Company's intermediate parent entity The Hongkong and Shanghai Banking Corporation Limited ('HBAP') together with its subsidiaries.

All amounts are rounded to millions ('\$m') of Australian Dollars and all references to '\$' is to Australian dollars unless otherwise stated, which aligns to the presentation currency used in the consolidated financial statements.

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## Approach to climate-related reporting

This Sustainability Report provides climate-related information and data relevant to the Consolidated entity for the year ended 31 December 2025 in accordance with Corporations Act 2001 (Cth) and the Australian Sustainability Reporting Standard ('AASB') S2 Climate-related Disclosures ('AASB S2'). As at 31 December 2025, there are no other mandatory AASB Sustainability Reporting Standards issued by the AASB. The Sustainability Report should be read in conjunction with the consolidated financial statements prepared in accordance with Australian Accounting Standards.

This is the first year of climate-related reporting in accordance with the mandatory climate-related reporting requirements of the Corporations Act 2001 (Cth) and AASB S2. The Company has elected to apply the transitional relief provisions applicable for the first annual reporting period as outlined in AASB S2 in relation to relief from reporting comparative information and Scope 3 greenhouse gas emissions. This report was authorised for issue on 30 March 2026 in accordance with a resolution of directors.

Due to the global model in which the Consolidated entity operates, these climate-related disclosures contain references to the HSBC Group which is reflective of the role of the ultimate parent in setting the climate-related targets and policies for the HSBC Group, which includes the Consolidated entity. This is supplemented with information and data relevant to the Consolidated entity's operations.

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## Understanding the Consolidated entity's climate-related reporting

### Internal and external data challenges

The effective measurement, governance and reporting is reliant on the availability of high-quality, accessible, comparable and reliable internal and external data. The Consolidated entity is also reliant on its own ability to collect and process such relevant data as required in a timely manner. This, coupled with diverse external data sources and complex structures, complicates data consolidation. Internal data on customer groups that were used to source financial exposure is based on credit and relationship management factors and are not always aligned with the need to analyse emissions across sector value chains. The Consolidated entity continues to strengthen its climate data and analytics capability, working with the HSBC Group. The methodologies, assumptions and limitations relevant to the preparation of this report are outlined on pages 13 to 14.

### Materiality

These disclosures set out the material information on the climate-related risks and opportunities that could reasonably be expected to affect the Consolidated entity's prospects in accordance with AASB S2. The Consolidated entity has also provided additional information where it has considered it relevant to the Consolidated entity's stakeholders.

### Time horizons

Climate-related risks and opportunities are assessed over the short-term, medium-term and long-term time horizons. The HSBC Group and the Consolidated entity define short-term as time periods up to 2 years, medium-term as time periods between 3-5 years, and long-term as time periods between 6-15 years. These time horizons align with those used in the assessment of material climate-related risks and opportunities as described on page 6 and in climate scenario analysis as outlined on page 9.

## Basis of preparation

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### Assurance performed

The Consolidated entity is responsible for preparation of the climate-related information and all supporting records, including selecting appropriate measurement and reporting criteria in this Sustainability Report.

Certain aspects of the Consolidated entity's climate-related disclosures are subject to enhanced internal verification and assurance procedures which assists with reducing the risk of misstatement, although it cannot be fully eliminated given the challenges in data, evolving methodologies and emerging standards.

For 2025, certain climate-related disclosures are subject to stand-alone independent limited third-party assurance in accordance with the Australian Standard on Sustainability Assurance 5000 General Requirements for Sustainability Assurance Engagements issued by the Australian Auditing and Assurance Standards Board. The work performed for independent limited assurance is substantially less than the work performed for a reasonable assurance opinion. The climate-related disclosures that have been subject to independent limited third party assurance are outlined in the independent auditor's report.

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### Events subsequent to reporting date

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this document have taken place that need to be disclosed in this Sustainability Report.

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### Cautionary statements

#### Forward-looking statements

This report contains certain forward-looking statements that reflect the Consolidated entity's expectations at the date of this report, including with respect to the financial condition; results of operations and business of the Consolidated entity, including the strategic priorities; and the Consolidated entity's ability to contribute to the Group's environmental, social and governance ('ESG') ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about the Group's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. These statements are based on management's current expectations and reflect judgments, assumptions, estimates and other information available as at the date of this document and/or the date of the Consolidated entity's planning processes. Except as required by applicable laws and regulations, the Consolidated entity makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. Actual results or performance may vary materially from those expressed in, or implied by, any forward-looking statements.

Forward-looking statements can be made in writing but may also be made verbally by directors, officers and employees of the Group including during management presentations in connection with this document.

Forward-looking statements involve inherent risks and uncertainties. The Consolidated entity makes no representation, assurance or guarantee as to the accuracy, completeness, correctness, likelihood of achievement or reasonableness of any forward-looking statement contained in this report or any assumptions on which these statements are based. Readers are cautioned that a number of factors, including ESG-related factors, could cause actual results, performance or other future events to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. This may be due to a variety of risks, uncertainties and other factors including, without limitation, those which relate to general market or economic conditions, regulatory and government policy changes, continued volatility in trade and tariff policies, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war or the conflict in the Middle East, the US military operation in Venezuela and potential further US action in the Western Hemisphere and, elsewhere, or the efficacy of the Consolidated entity's and the Group's actions in managing and mitigating ESG-related risks, and in progressing towards the Group's ESG-related ambitions, targets and commitments.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

The information, statements and opinions set out in this report do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

#### Scenario analysis limitations

This report also discusses scenario analysis. There are inherent limitations with scenario analysis. Scenarios do not constitute definitive outcomes, and it is difficult to predict which, if any, of the scenarios discussed in this report might eventuate. Scenarios are based on assumptions, which may or not be, or prove to be, correct, and may or may not eventuate. Scenarios may be impacted by additional factors to the assumptions disclosed.

#### Information prepared by third parties

Certain information contained in this report is based on information prepared by third parties. The Consolidated entity does not make any representations or warranty that this third-party material is accurate, complete or up to date.

# Governance

## Defining the governance body

The Company is a non-operating holding company, whose Board currently consists only of selected members of executive management of the wholly-owned operating subsidiary, the Bank. On the basis the Bank is the principal operating entity within the Consolidated entity where the material climate-related risks and opportunities reside, the governance body is defined as the Bank's Board for the purposes of the Sustainability Report.

As both the Company and the Bank are reporting entities, their respective Boards have followed governance processes to endorse and approve the Sustainability Report. In practical terms, the Bank's Board met to endorse the Sustainability Report prior to the tabling of the Sustainability Report for approval by the Company's Board.

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## Board responsibilities for climate-related risks and opportunities

The Bank's Board Charter sets out the Board's responsibility for oversight of the Bank's strategic objectives and business plan, including implementing the climate strategy developed by the HSBC Group, and ensuring an effective system of risk management and internal control is established and maintained. The Bank's Board consists of six non-executive directors and one executive director.

The Bank's Board has delegated responsibilities for the oversight of risk related matters, including climate-related risk, to the Risk Committee and oversight of matters related to financial reporting, sustainability reporting and internal controls to the Audit Committee. The Risk Committee oversees climate risks, including the risk appetite and risk tolerance relating to climate-related metrics at each Risk Committee meeting. The Audit Committee oversees the annual process in connection with sustainability reporting which is approved by the Board. Both the Risk Committee and Audit Committee consist of non-executive directors who are members of the Board. Each is chaired by an independent non-executive director.

The Bank's Board takes into account climate-related risks as part of their responsibility and monitors Board Metrics relating to climate risks at each meeting. The Board takes into consideration climate-related opportunities when reviewing the business strategies and significant policies, and progress is monitored through business updates provided on a semi-annual basis.

Climate-related risks and opportunities are assessed on an annual basis. The climate-related risks and opportunities materiality assessment is overseen at the Risk Management Meeting ('RMM') and endorsed by the Bank's Board, through the Risk Committee. The assessment informs efforts to enhance existing climate risk management processes, as well as incorporate climate-related risks and opportunities into decision-making on major transactions or associated trade-offs as they arise.

The HSBC Group has established ambitions and standards that guide how the Consolidated entity does business, including how the Consolidated entity operates and serves its customers. These include metrics designed to help track HSBC Group's progress against HSBC Group's ESG-related ambitions, targets and commitments. The Consolidated entity has not set its own climate-related targets but regularly reports metrics and data to HSBC Group through business and functional lines of management. The Consolidated entity implements relevant policies and procedures, guided by the climate strategy set by HSBC Group.

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## Board skills and experience

The Bank's Board members' key skills and experience includes executive leadership, strategic and commercial acumen and experience in people, culture and conduct related matters. The Bank's Board, through the Risk Committee, is semi-annually provided with specific updates on climate-related matters, including progress on climate-related disclosures, progress implementing the Group climate strategy and climate-related risks and opportunities. Board members receive climate-related training from internal subject matter experts, as part of their induction and ongoing development. Furthermore, the Board skills matrix is reviewed annually and includes ESG-related risks as one of the key skills within this assessment. The skills assessment is conducted as a self-assessment by the individual directors and the results are detailed into a skills matrix which the Board has used to determine it has appropriate skills and competencies available to oversee the Bank's climate-related activities.

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## The role of management

The Bank's Board delegates responsibility for the day-to-day operation of the Bank to management. The diagram below identifies the forums and committees related to the oversight, management and monitoring of climate-related opportunities and risks, along with their responsibilities. Each forum can escalate any matters that may have a material impact to the relevant respective Board-level committee.

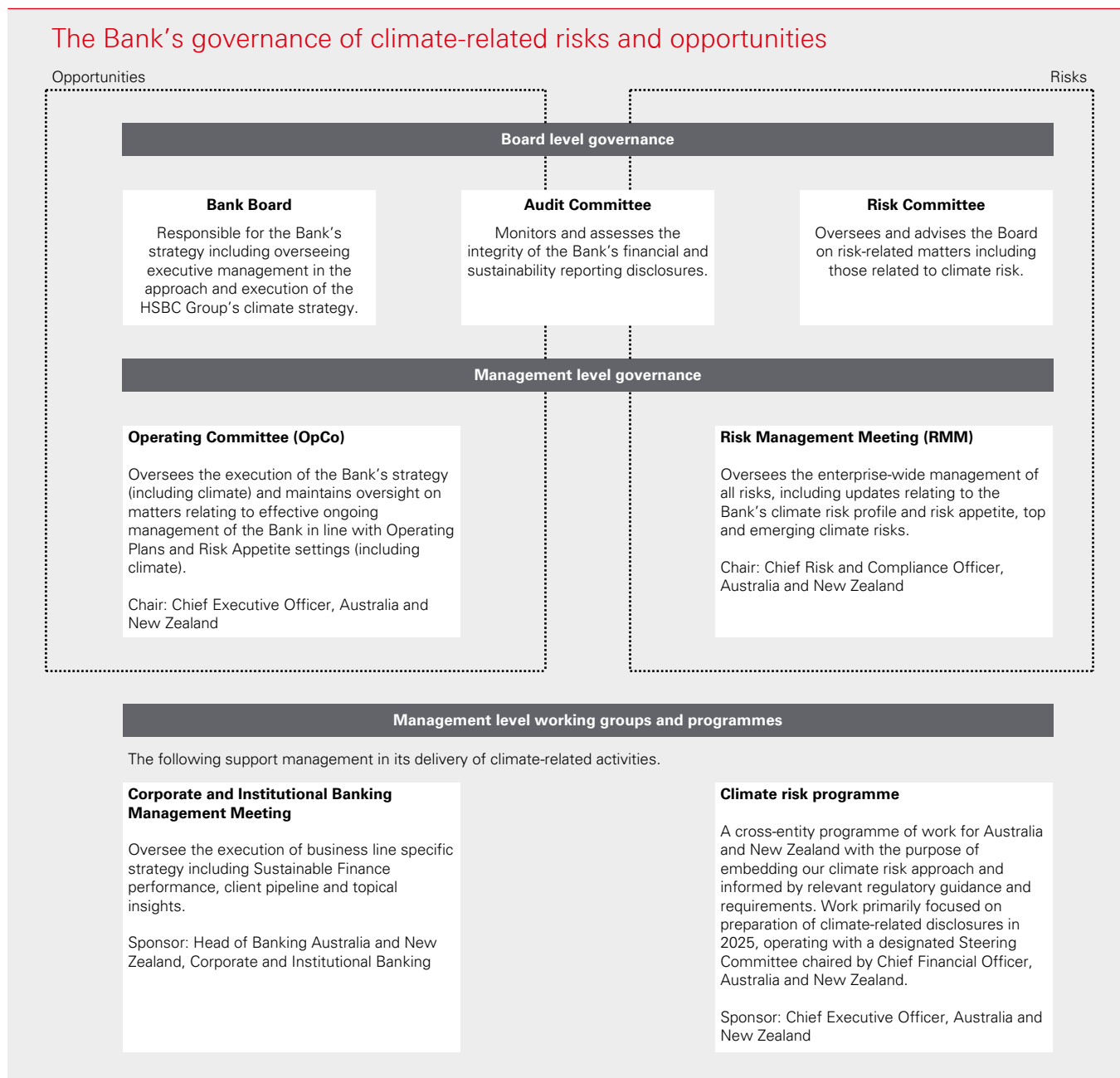
The management-level governance comprises the Operating Committee ('OpCo') and RMM. The RMM monitors climate-related risk metrics at each meeting and receive semi-annual updates on the climate risk profile including the progress of the climate risk programme. The annual climate-related risks and opportunities assessment is reviewed and endorsed by the RMM. Potential climate-related opportunities, including updates on labelled Sustainable Finance products, client pipeline and topical insights, are considered by the OpCo on a semi-annual basis.

The Consolidated entity continues to integrate climate risk into policies, processes and controls, and will continue to update these as the climate risk management capabilities mature over time. For further information on Risk Management see Note 26 of the Consolidated entity's Annual Report and Accounts 2025, and Risk Management below on page 11.

# Governance

## Governance structure

The diagram below sets out the governance structure with respect to the oversight of climate-related risks and opportunities.



## Executive remuneration

The 2025 annual performance scorecards of selected executive members included climate-related considerations relevant to the delivery of the climate strategy. However, due to the design of HSBC's variable remuneration framework, there is no direct formulaic linkage between the achievement of climate-related considerations within performance scorecards and variable pay outcomes for executives.

# Strategy

## Purpose

Guided by its purpose of opening up a world of opportunity, HSBC Group's ambition is to become the world's most trusted bank globally, putting customers at the heart of everything we do. The business model of the Consolidated entity is aligned with this ambition and serves customers through the Bank through two global businesses focused on delivering growth in areas where we have distinctive capabilities through our global reach and expertise. The Consolidated entity's predominant activity is the provision of retail banking services for clients through its International Wealth and Premier Banking business ('IWPB'). It also provides wholesale banking services for clients through its Corporate and Institutional Banking business ('CIB').

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## Approach to transition

The HSBC Group's ambition is to become a net zero bank by 2050. While the Consolidated entity aims to implement the climate strategy developed by the HSBC Group, the Consolidated entity currently does not maintain standalone ambitions, targets, or commitments and does not maintain a standalone local transition plan.

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## Identification and assessment of material climate-related risks and opportunities

Through its products and services, the Consolidated entity has a broad value chain which consists of upstream suppliers, internal operations, and downstream customers and service recipients.

In 2025, the Consolidated entity carried out a review of its climate-related risks and opportunities across its value chain and applied a materiality assessment to determine which climate-related risks and opportunities could reasonably be expected to affect the Consolidated entity's cash flows, access to finance or cost of capital. The materiality assessment was conducted on an inherent basis, i.e. before controls and management mitigating actions. The results of this assessment form the basis of the information disclosed in the Sustainability Report, accompanied by information on management's response and approach to risk management.

The materiality assessment draws upon HSBC Group's Risk Management Framework, specialist advice from an external consultant, and input from internal stakeholders across multiple departments to identify, assess and prioritise climate-related risks and opportunities of the Consolidated entity. The materiality assessment considered the magnitude and likelihood of direct financial impact as well as the customer, regulatory and reputational impact over the short-term, medium-term and long-term, per the time horizons defined on page 2, of climate-related physical and transition impacts.

The materiality assessment considered two climate scenarios under the following Representative Concentration Pathways ('RCPs'); Net Zero climate scenario (RCP1.9) which is primarily focused on assessing transition risk and Downside Physical (RCP8.5) which is focused on assessing physical risks. For further details of assumptions used in these scenarios, see page 9.

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## Consideration of mitigation and adaptation efforts

The Consolidated entity aims to effectively manage the climate-related risks by applying the HSBC Group's Climate Risk Approach and Risk Management Framework as relevant to its risk profile and the nature of its business, see further details on Risk Management on page 11. The Consolidated entity has considered applicable direct and indirect mitigation and adaptation measures to effectively manage its climate-related risks and continues to work to enhance climate risk capabilities by prioritising sectors, portfolios and counterparties with the highest impact. The mitigation and adaptation measures identified are managed through the Consolidated entity's existing resources and no directly identifiable material financial impact is expected from these risk management activities. Refer also to capital deployment on page 12.

# Strategy

The identified material climate-related risks and applicable mitigation and adaptation efforts are described in the following table. No current effects of material climate-related risks on the business model and value chain were identified.

## Material climate-related risks, impacts and mitigants

Climate-related risks	Impact on business model and value chain	Key mitigation and adaptation efforts
<b>Retail Credit Risk</b> Category: Physical Time Horizons: Medium-term and Long-term Value Chain: Downstream	Customers with mortgaged properties in the retail portfolio located in areas with heightened exposure to physical risks may face potential negative financial impacts, including reductions in value, increased insurance costs, and limited insurance availability. Such factors could increase credit default risk in the Consolidated entity's mortgage portfolio, particularly under a Downside Physical Risk scenario, presenting a risk to its financial prospects if not appropriately managed.	<ul style="list-style-type: none"> <li>Property-level risk analysis is conducted at point-of-origination.</li> <li>Physical inspections are undertaken by qualified valuers for higher risk properties at origination.</li> <li>Risk appetite metrics are used to monitor overall portfolio exposure to higher risk areas against appetite.</li> <li>Monitoring of Loan-to-Value ratios and geographic concentration.</li> <li>Hardship options are currently available for customers impacted by extreme weather events.</li> </ul>
<b>Wholesale Credit Risk</b> Category: Transition Time Horizons: Long-term Value Chain: Downstream	The wholesale corporate lending portfolio is exposed to clients in high transition risk sectors such as automotive, chemicals, construction, contracting & building materials, metals and mining, oil and gas, and power and utilities. Clients in these sectors face higher transition risk which may affect creditworthiness, particularly under a Net Zero scenario, increasing credit default risk and presenting a risk to the Consolidated entity's financial prospects if not appropriately managed.	<ul style="list-style-type: none"> <li>Internal credit assessments include comment on the potential impact of climate risk on clients' credit worthiness.</li> <li>Relationship Managers engage with material clients in high transition risk sectors through a transition engagement questionnaire ('TEQ') to assess alignment to a net zero transition and exposure to transition risks. The percentage of the Consolidated entity's exposure to high transition risk sectors is monitored through an internal risk metric to ensure it remains within tolerance.</li> <li>Current exposure is skewed to larger international borrowers with strong climate governance and investment grade credit ratings, and is diversified across geographies and asset type.</li> </ul>
<b>Reputational Risk</b> Category: Transition Time Horizons: Short-term, Medium-term and Long-term Value Chain: Upstream, Own Operations and Downstream	Key stakeholders, such as investors, customers, regulators, and society at large, are placing growing importance on alignment with climate objectives and expect the Consolidated entity to effectively manage climate-related risks. Misrepresentation or failure to meet these expectations could expose the Consolidated entity to reputational damage, accusations of greenwashing risk and litigation. Additionally, failure by the HSBC Group to achieve publicly set targets and commitments could indirectly impact the Consolidated entity's reputation, presenting a risk to its financial prospects through loss of business if not appropriately managed.	<ul style="list-style-type: none"> <li>Climate-related reputation risks are managed through the HSBC Group's Reputational Risk Management Framework which is applied to the Consolidated entity.</li> <li>The HSBC Group's Net Zero Transition Plan articulates the overall strategic response to climate change which also guides the Consolidated entity's approach.</li> <li>Reputational and sustainability risk managers provide local policy guidance to frontline teams with respect to clients, transactions and products which may impact the Consolidated entity's reputation.</li> </ul>
<b>Resilience Risk</b> Category: Physical and Transition Time Horizons: Short-term, Medium-term and Long-term Value Chain: Upstream	The Consolidated entity relies on third parties for key operational functions, including IT infrastructure and energy supply. Local requirements in Australia mandate that data centres achieve high energy efficiency (NABERS 5-star) and implement resilience measures to manage electricity grid risks. Extreme weather events such as flooding or heatwaves may also cause disruption. A failure by the Consolidated entity's suppliers to meet these standards or adapt to climate-related disruptions could impact operations, service quality, and regulatory compliance, potentially leading to reputational damage and loss of business. This could present a risk to the Consolidated entity's financial prospects through loss of revenue and increased costs if not appropriately managed.	<ul style="list-style-type: none"> <li>The Consolidated entity manages resilience risk through dedicated policies such as the Third Party Risk Policy and Business Incident &amp; Impact Response Policy, in line with the Group Risk Management Framework and APRA's Prudential Standard CPS230 Operational Risk Management.</li> <li>To support these policies, the Consolidated entity diversify data centres and cloud providers, reducing reliance on any single facility. The Consolidated entity also maintains robust back-up and recovery provisions to ensure continuity of critical operations in the event of disruption.</li> </ul>

## Financial Effects

The Consolidated entity has considered the current and anticipated financial effects resulting from the identified material climate-related risks in relevant areas of the Consolidated entity's financial statements, including in its expected credit losses, measurement of financial instruments, goodwill and other intangible assets; and in making the long-term viability and going concern assessment.

In assessing the financial impact of climate-related risks, the Consolidated entity took into consideration its wholesale lending exposure to sectors with high transition risk as well as retail loan portfolios vulnerable to physical climate risks (see page 12).

## Current financial effects

The Consolidated entity assessed the current financial effects of the identified material climate-related risks on its financial position, performance and cash flows and have concluded that no material adjustments were needed to capture climate impacts in the financial statements for the year ended 31 December 2025. Furthermore, the Consolidated entity has not identified any significant risk of material adjustment to the carrying amounts of assets and liabilities reported in the financial statements in the next annual reporting period.

## Anticipated financial effects

As part of assessing the anticipated financial effects of climate change on the Consolidated entity's financial statements, the Consolidated entity conducted climate scenario analysis to understand the potential impact of climate risk on its business. The Consolidated entity's initial focus has been on assessing possible future financial effects arising from physical risk in retail mortgage lending and transition risk in wholesale lending through the lens of change in Expected Credit Losses ('ECL'), as outlined on page 10. Through this analysis, no material anticipated financial effects were identified.

The Consolidated entity has not identified, or quantified (without undue cost and effort and considering the level of measurement uncertainty), any material anticipated financial effects arising from the identified material climate-related risks having taken into consideration its investment and disposal plans and whether additional sources of funding are required to implement its strategy. Further details on the linkage of the material climate-related risks to the possible anticipated effects are described below. This assessment also considered the risk management and controls that the Consolidated entity has in place.

The Consolidated entity recognises that approaches to managing climate-related risks are evolving. The Consolidated entity remains vigilant in monitoring emerging climate-related factors that may influence the Consolidated entity's business in the future and will update its disclosures as material impacts are identified.

Climate-related risks	Anticipated financial effects over short, medium and/or long-term
<b>Retail Credit Risk</b> Category: Physical Time Horizons: Medium-term and Long-term	Physical risks impacting mortgaged properties in the retail portfolio could result in lower collateral values and negative financial impacts for customers. This may increase credit default risk, leading to higher provisions and charges for ECLs, impacting profitability and volatility in cashflows.  Potential anticipated climate-related financial effects from physical climate risk in the retail mortgage portfolio are expected to be immaterial in the short to medium term but may increase in the longer term as borrower hardship and delinquency rates emerge in response to intensifying physical climate risks. These impacts could not be quantified due to the high level of measurement uncertainty from data and model limitations. For further information see Scenario analysis (page 10).
<b>Wholesale Credit Risk</b> Category: Transition Time Horizons: Long-term	Transition risks impacting clients in the corporate lending portfolio could result in higher costs and negative financial impact to clients. This may increase credit default risk, leading to higher provisions and charges for ECLs, impacting profitability and volatility in cashflows.  Potential anticipated climate-related financial effects from transition risk in the wholesale portfolio are expected to be immaterial in the short to medium term but may increase in the long-term depending on policy settings and other transition factors impacting customers. For further information see Scenario analysis (page 10).
<b>Reputational Risk</b> Category: Transition Time Horizons: Short-term, Medium-term and Long-term	Reputational impacts arising from misstatements or misalignment with ESG-related ambitions, targets and commitments could result in increased provisions for litigation and decreased profitability through loss of business and increased operating costs from fines, penalties and carbon taxation with corresponding volatility in cashflows.  No material climate-related financial effects are currently anticipated for the Consolidated entity.
<b>Resilience Risk</b> Category: Physical and Transition Time Horizons: Short-term, Medium-term and Long-term	Risk of operational disruption due to supplier climate vulnerability has the potential to impact service availability and quality, leading to disruption in servicing the Consolidated entity's customers and resulting in reputational and regulatory action. This could result in decreased profitability through loss of business and increased operating costs from business continuity and incident response costs and potential fines and penalties, with corresponding volatility in cashflows.  While transition and physical risks are expected to increase for suppliers including data centres particularly over the long term, no material climate-related financial effects are currently anticipated for the Consolidated entity.

## Assessing the Consolidated entity's resilience to climate risk

The Consolidated entity does not anticipate any material impacts arising from climate change that would materially impact the resilience of its strategy and business model over the short- and medium-term. This is supported by the findings from the Consolidated entity's initial scenario analysis which tested the retail and wholesale portfolios for physical and transition risks, respectively. Furthermore, the Consolidated entity believes the capital position is sufficiently robust to absorb climate-related stresses over this period.

It is recognised that climate-related risks are likely to increase beyond this timeframe. Precise estimates of long-term risks beyond this horizon are inherently challenging and will depend on several factors including the nature of the Consolidated entity's business, climate policy settings, the ability of the Consolidated entity's customers to adapt their business models, and evolving methods in the practice of modelling climate-related risks and opportunities.

The Consolidated entity continues to monitor these risks through its annual materiality assessment to assess the need for changes to its approach. The Consolidated entity's strategy and risk management approaches are reviewed regularly. Material changes to the Consolidated entity's strategy and business model, whether over the short-, medium- or long-term, would be considered in the context of the risk or opportunity identified, the Consolidated entity's connection to the HSBC Group's strategy and Risk Management Framework and additional local measures as appropriate; and undertaken through the governance process outlined above.

## Climate scenario analysis

In preparing this disclosure, the Consolidated entity leveraged the HSBC Group's internal climate scenario analysis exercise. From the suite of HSBC Group's climate scenarios, the Consolidated entity has adopted three long-term scenarios to align with the requirements of AASB S2 and the Corporations Act 2001 (Cth) to explore the potential impacts of climate risk on its wholesale lending and retail mortgage activities. Details of the climate scenarios adopted by the Consolidated entity are outlined below.

Through the use of scenario analysis we seek to improve the Consolidated entity's understanding of the various transition and global warming pathways that may unfold, to inform how the Consolidated entity manages the potential financial implications of climate change for its business. Specifically, and with reference to the material climate-related risks identified on page 7, scenario analysis was conducted to test wholesale credit transition risk and retail credit physical risk. For the purposes of understanding transition impacts, lower warming scenarios (Net Zero and the Current Commitments, see below for details) are used to assess transition risks given the impact of transition actions required to achieve lower emissions. Similarly, the Consolidated entity's modelling of physical risks focuses on a much higher warming scenario (Downside Physical Risk, see page below for details), with physical risks for lower warming scenarios being less significant. The remaining climate-related risks identified during the Consolidated entity's materiality assessment and listed on page 7 may be considered for scenario analysis in future exercises.

Scenario analysis has been conducted with the time horizons as outlined on page 2. The short-term and medium-term horizons align with the Consolidated entity's internal strategic planning cycle, while the long-term highlights risks beyond that horizon.

Climate scenario analysis is an evolving discipline. While the Consolidated entity aims to use the latest developments and best-available data, it remains the case that there are significant limitations and assumptions. As capabilities improve, climate scenario analysis outcomes may change. For further details on methodology, assumptions and limitations relevant to the Consolidated entity's climate scenario analysis modelling see page 13.

## Climate scenarios

The 2025 climate scenarios are informed by well-established industry bodies, such as the Network for Greening the Financial System ('NGFS') Phase V, the Intergovernmental Panel on Climate Change ('IPCC') and International Energy Agency ('IEA'), which are further enriched for additional granularity, to reflect the latest climate policy and economic outlook and portfolio vulnerabilities. The Net Zero scenario is a Paris Agreement-aligned scenario. The Current Commitments scenario is the baseline scenario used at the HSBC Group level to support financial planning, as this is deemed to be the most likely scenario to occur over the five-year planning horizon. The Downside Physical Risk scenario is a less probable scenario with higher global warming and more significant physical risk impacts.

To support how the Consolidated entity assess the climate-related impacts observed within the climate scenarios, the Consolidated entity has also constructed a counterfactual scenario (or a climate agnostic scenario). This entailed taking the Current Commitments scenario and removing climate-related deviations in gross domestic product ('GDP') as a proxy for a counterfactual scenario.

The scenarios developed are shown in 'Characteristics of the scenarios' below.

### Characteristics of the scenarios

		+Physical Risk		Transition Risk+				
		Scenarios						
		Downside Physical Risk		Current Commitments		Net Zero		
Scenario outcomes	Scenario Narrative	Climate action is limited to currently implemented governmental policies, new decarbonisation policies fail to get introduced leading to significant global warming and physical risk events.		Climate action is limited to current governmental committed and already implemented policies. This leads to a slower-than-required transition to a net-zero economy reflective of the current pace of transition.		A Paris Agreement-aligned scenario which assumes an orderly transition through stringent climate policies and innovation. Net zero is achieved around 2050.		
	Rise in global temperatures by 2100 (vs pre-industrial levels)	4°C+		2.6°C		1.4°C		
Underlying assumptions based on global averages	How scenario aligns to RCP <sup>1</sup>	RCP 8.5		RCP 4.5		RCP 1.9		
	Global climate actions	Implemented policies only		All currently pledged policies		Stringent climate policies		
	Assumed pace of technology change and adoption	Slow change		Limited progress		Fast change		
Underlying assumptions based on Australian / CAZ (Canada, Australia and New Zealand Region) averages	Assumed socioeconomic impact	High		Moderate		High		
	Assumed Australian carbon price (\$/tCO <sub>2</sub> ) <sup>2</sup>	2030	2040	2030	2040	2030	2040	
	Assumed % increase in Australian GDP since 2020	43	43	63	105	284	545	
	Assumed % increase in CAZ energy consumption since 2020	24%	42%	28%	60%	27%	63%	
	% renewable energy mix in CAZ	8%	(5)%	(7)%	(23)%	(16)%	(30)%	
Scenario risk characteristics	Climate risk	Physical		Higher		Moderate		Lower
		Transition		Lower		Moderate		Higher

1 RCPs are a set of greenhouse gas concentration trajectories developed for climate modelling and research. They were formally adopted by the IPCC and are used to assess the potential impacts of climate change based on different levels of greenhouse gas emissions.

2 Carbon price represents the cost effects of climate-related policies that aim to discourage carbon-emitting activities and encourage low-carbon solutions. The expected result of higher carbon prices is a reduction in emissions as high emissions become uneconomical. Per the NGFS scenario inputs, the Consolidated entity modelled a higher overall carbon price for Australia, relative to the global average when applying the Net Zero and Current Commitments scenarios.

## How climate change may impact the retail mortgage portfolio

As part of the HSBC Group's 2023 internal climate scenario analysis, a physical climate risk assessment was performed on the retail mortgage portfolio in Australia. The assessment focused on the impact of flooding (pluvial, fluvial and coastal) and wildfire.

The results showed that under a Downside Physical Risk scenario, despite increases in the severity of climate-related physical risks, credit losses and provisions were not material in the short-term and medium-term, due to the properties relatively low loan-to-value profile, the predominantly urban locations and the current availability of property insurance for customers. Over the long-term, impacts were found to increase, with assumptions around the availability and price of insurance being a key variable. Although the scenario analysis was conducted in 2023, there have been no material changes to the profile of the retail mortgage portfolio since that period that would influence these results.

Due to data and modelling limitations arising from the peril and vulnerability data, the Consolidated entity is not able to provide quantitative information on the anticipated effects of climate risks on the financial performance and cash flows of its retail mortgage portfolio. These limitations give rise to a high level of measurement uncertainty.

The Consolidated entity aims to enhance its data sources and models such that it can provide more accurate and meaningful disclosures in the future. In the interim, results are directional and will evolve over time as the Consolidated entity's approach continues to mature, including consideration of additional physical risk perils and the impact of transition risks.

## How climate change may impact the wholesale lending portfolio

The primary channel of climate risk exposure within the Consolidated entity's wholesale portfolio is through lending activities in the Bank. Given the results of the materiality assessment, the Consolidated entity focused on transition risk, identifying six key sectors with elevated transition risk as detailed on page 12. These sectors, along with an additional five sectors that are potentially exposed to transition risk were evaluated as part of the Consolidated entity's climate scenario analysis.

The potential impact on the Consolidated entity's wholesale portfolio is demonstrated by the table below, which shows the size of exposures by sector at the time at which the assessment was performed in 2025 and the average change in climate transition-related ECLs across the short-term, medium-term and long-term horizons.

The ECLs are presented as a multiple relative to a counterfactual scenario that incorporates no climate change effects. The size of the Consolidated entity's exposure to each sector is represented in relative terms using exposure at default ('EAD'). Overall, 27% of the Consolidated entity's wholesale portfolio is exposed to high transition risk sectors.

The Consolidated entity results suggest that in the short-term and medium-term, we expect climate-related financial impacts to remain muted, however they begin to increase in the long-term, particularly under the Net Zero scenario, where transition risks increase at a faster rate. A key risk driver of these longer-term risks comes from an assumed continued increase in carbon prices and the phase-out of climate transition-related government subsidies post-2030.

The scenario analysis incorporated customer specific transition plans where available. The successful execution of these plans was a key assumption within the exercise along with continued state support for higher emitting sectors. Without these assumptions the Consolidated entity may see more severe impacts on ECLs.

### Impact on wholesale lending portfolio

Wholesale sectors	Exposure at default (EAD) 2024 <sup>4</sup>	ECL Increase <sup>1, 2, 3</sup>					
		Climate Scenarios			Climate Scenarios		
		Current Commitments			Net Zero		
		ST	MT	LT	ST	MT	LT
<b>Wholesale Lending Portfolio – Overall<sup>5</sup></b>	<b>100%</b>						
Other wholesale sectors (low/medium risk) <sup>6</sup>	73%						
Conglomerates & Industrials	●						
Metals & Mining	●						
Construction & Building Materials	●						
Agriculture & Soft Commodities	●						
Oil & Gas	●						
Land Transport & Logistics	●						
Power & Utilities	●						
Chemicals	●						
Automotive	●						
Marine	.						
Aviation	.						

1 Increase in ECL compared with counterfactual over short-term, medium-term and long-term time horizons, expressed as a multiple. It represents the average increase across the stated time horizon.

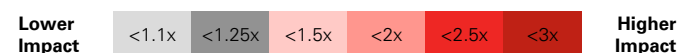
2 Values in the key represent the fold-increase in ECL, i.e. <1.1 equates to less than 10% increase over the counterfactual baseline.

3 ST, MT and LT stand for short-term, medium-term and long-term time horizons respectively. These are aligned with the definitions of time horizons on page 2.

4 The size of the bubbles is a visual representation of the portfolios, in terms of EAD, relative to one another.

5 'Wholesale lending portfolio – Overall' refers to the entire portfolio including the Commercial Real Estate ('CRE') sector.

6 'Other wholesale sectors' include the remaining sectors not listed in the table.



# Risk Management

This section should be read in conjunction with Risk Management – Note 26 of the Consolidated entity's Annual Report and Accounts 2025.

The HSBC Group's climate risk approach, which the Consolidated entity seeks to apply as relevant to its business, aims to effectively manage the material risks that could impact the Consolidated entity's operations, financial performance and stability, and reputation.

It is informed by the evolving expectations of regulators and is aligned to the HSBC Group-wide Risk Management Framework and risk taxonomy, which set out how to identify, assess, prioritise and manage risks across the three lines of defence.

Key elements of the Consolidated entity's approach to climate risk management include:

- Identification: horizon scanning, negative news screening and other tools.
- Assessing risks through our Risk Management Framework and risk taxonomy.
- Prioritising risks using a likelihood and impact assessment framework over short, medium and long-term time horizons.
- Monitoring climate exposures in key portfolios through defined risk appetite metrics.

This approach is supported by:

- An annual climate-related materiality assessment – see pages 6 to 7.
- Climate scenario analysis – see pages 9 to 10.
- Customer engagement to understand and assess their climate-related risks and opportunities.
- HSBC Group's policies to guide the management of sustainability risks which the Consolidated entity seeks to apply as relevant to its business. See further details under Sustainability risk policies below.

The HSBC Group, including the Consolidated entity, continues to integrate climate risk into policies, processes and controls across many areas of the organisation. For further information on the Consolidated Entity's material climate-related risks and mitigants refer to the assessment of material climate-related risks and opportunities on page 7.

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## Sustainability risk policies

The HSBC Group's sustainability risk policies, which apply to the Consolidated entity, form part of its broader Risk Management Framework and focus on mitigating reputational, credit, legal and other risks related to customers' environmental and social impacts.

These policies cover the energy sector, thermal coal, agricultural commodities, forestry, and mining and metals which are applied at a country level. The Consolidated entity also implements a cross-sector policy for project-related financing, informed by international standards, developed by HSBC Group.

# Metrics and Targets

The table below summarises how the Consolidated entity has addressed the cross-industry metrics required by AASB S2.

Cross-industry metric	Disclosures/Values
Greenhouse Gas Emissions (Scope 1 and 2)	Refer to Greenhouse Gas Emissions below.
Climate-related physical risks	Refer to climate-related physical risk metric below.
Climate-related transition risks	Refer to climate-related transition risk metric below.
Climate-related opportunities	The HSBC Group's climate ambition is to provide and facilitate US\$750bn to US\$1trn of sustainable finance and investment by 2030. There are currently no standalone targets set for the Consolidated entity. The Consolidated entity supports wholesale customers through the provision and facilitation of sustainable finance and investment. While this contributes towards the HSBC Group's climate ambition, it is not reasonably expected to affect the Consolidated entity's prospects. As a result, there are no material climate opportunities identified for the Consolidated entity as at 31 December 2025.
Capital deployment	Capital deployment includes the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. Climate risk considerations are incorporated within a wide range of activities within the Consolidated entity but there is currently no separately identifiable capital deployment towards the identified climate risks on page 7.
Internal carbon prices	The Consolidated entity does not currently use an internal carbon price. For details on the external carbon prices used in climate scenario analysis, please refer to page 9.
Remuneration	Refer to executive remuneration on page 5.

## Greenhouse Gas Emissions

As a financial services organisation, the Consolidated entity's greenhouse gas emissions profile is driven primarily by electricity consumption in our tenancies. Emissions data is reported for primary fuel sources (Scope 1) and purchased energy (Scope 2). Carbon dioxide is the main type of greenhouse gas applicable to our operations; immaterial amounts of methane and nitrous oxide are included for completeness.

### Emissions performance

The Consolidated entity's total greenhouse gas emissions in tonnes CO<sub>2</sub>e<sup>1,2</sup>

	At 31 Dec 2025
Scope 1 – direct	21
Scope 2 – indirect (location based)	1,382
Total	1,403

1 The data is reported based on operational control.

2 CO<sub>2</sub>e refers to carbon dioxide equivalent.

The methodology, assumptions and limitations relevant to the reporting of greenhouse gas emissions are outlined on page 13 to 14.

The Consolidated entity aims to reduce emissions by optimising occupancy in its offices and branches and implementing energy-saving initiatives in these tenancies. As the Bank operates solely as a tenant, it does not have direct control over base building energy initiatives.

## Climate-related physical risk metric

For the retail mortgage portfolio, property level peril and vulnerability data for flood and wildfire is sourced via an external vendor. As at 30 June 2025 it was estimated that approximately 1.4% (or \$529m in loan assets) may be at risk of exposure to flood risk under a 1-in-100 year event. Similarly, approximately 2.5% or \$939m may be exposed under a 1-in-100 year bushfire event. These measures capture exposure only and do not account for insurance cover and other loss mitigants. Due to the reliance on the external vendor, data as at 31 December 2025 is not currently available. The methodology, assumptions and limitations relevant to this metric are outlined on page 14.

## Climate-related transition risk metric

The wholesale loan exposure to high transition risk sector metric monitors the exposure of the Consolidated entity's wholesale corporate lending portfolio to six high transition risk sectors: automotive, chemicals, construction, contracting and building materials, metals and mining, oil and gas, and power and utilities. As at 31 December 2025, the overall exposure to the six high transition risk sectors was \$674m or 22.6% of the total gross carrying amount of wholesale loans and advances. These exposures have been measured using sectoral risk classifications and cover the whole of the value chain of the sector. The methodology, assumptions and limitations relevant to this metric are outlined on page 14.

# Methodology, assumptions and limitations

## Climate scenario analysis modelling

The Consolidated entity uses HSBC Group models and infrastructure for climate scenario analysis exercises which are underpinned by a significant set of assumptions and limitations. These factors may influence the overall reliability and robustness of the resulting outputs. Outcomes may change in the future, potentially materially, as capabilities improve.

The information provided within this section is supplemented by the cautionary statement on forward-looking statements on page 3.

A key assumption in the Consolidated entity's retail modelling approach is:

- How the availability and affordability of property insurance might evolve. The Bank assesses whether properties within its portfolio could have issues relating to the insurance coverage of climate-related damage, which remains a key mitigator of losses in our analysis.

Assumptions that the Consolidated entity use within its wholesale lending modelling approach include the following:

- Scenario analysis is conducted on counterparties with sufficient data and extrapolated to the remaining portfolio. It assumes that there is a broadly consistent climate risk profile across each portfolio.
- Transition risk impacts are assumed to be limited for sectors that the Consolidated entity have assessed as having a low transition risk exposure.
- Our customers will successfully execute their transition plans, where those plans are assessed as credible.
- Customers in certain wholesale sectors are assumed to pass on costs relating to higher carbon prices to their own customers. These pass-through rates are based on externally calibrated rates and reviewed by internal sector experts.
- State support will continue for government-owned or government-backed counterparties, and for customers providing essential goods and services critical to societal functioning.
- Second order supply chain impacts, the volatility of commodity prices, and how climate risks are correlated between sectors are not considered.

Wholesale non-real estate portfolios did not consider the potential impacts from climate-related physical risk.

The Consolidated entity's models are designed to produce outputs that can support our assessment of the level of our climate resilience. However, there are a number of industry-wide limitations, including:

- Data availability – Climate scenario analysis is a data intensive exercise and may be impacted by the availability and quality of data, particularly as it relates to climate projections and customer data.
- Scenario limitations – There are inherent uncertainties in the ways scenarios are designed which are largely attributed to the limited history of the interactions between climate risks and the economy. The Consolidated entity's climate scenarios consider a range of possible future outcomes however, quantifying the full effects of all climate-related outcomes remains challenging.
- Modelling uncertainties – There are inherent limitations within climate models due to the challenges of modelling how climate-related interactions (both physical and transition risks) will manifest. These include estimating how policy changes, carbon pricing or new technologies will impact specific customers and how these customers will adapt, and uncertainty in estimating physical risk losses as historical data may not be representative under evolving climate patterns. These limitations are further compounded as the modelled time horizon lengthens and the uncertainties behind higher-order impacts increase. However internal judgements are used to mitigate some of these effects.

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## Greenhouse Gas Emissions

To measure and manage our greenhouse gas emissions, the HSBC Group, including the Consolidated entity, follows the Greenhouse Gas Protocol; A Corporate Accounting and Reporting Standard (revised edition) (the 'Greenhouse Gas Protocol') to measure its Scope 1 and 2 emissions.

The Consolidated entity adopts a measurement approach that aligns with both prevailing market and industry practices and the HSBC Group's established methodology, ensuring that reporting remains comparable within the broader industry context.

## Reporting Scope and Boundaries

**Reporting period:** 1 January to 31 December 2025, consistent with the Consolidated entity's financial year.

**Data estimation:** Due to a three-month time lag in data availability, the emissions for Q4 2025 were estimated using 2024 data from the same period. There were no significant events during Q4 2025 that would materially impact this estimation.

**Organisational boundary:** Defined by 'operational control', encompassing all operations where the Consolidated entity has authority to introduce and implement its operating policies to support efficiency and reduction measures. In applying the operational control boundary, the Consolidated entity classified emissions from premises where heating, ventilation and cooling are provided by the landlord and the Consolidated entity has no control of, as Scope 3 emissions. In 2026, HSBC Group aims to continue reviewing its portfolio to enhance the reporting process in line with prevailing industry practice and to support consistent and comparable disclosure of its emissions data.

**Emission categories:** The Consolidated entity reports GHG emissions across Scope 1 and Scope 2. CO<sub>2</sub>e factors are used when available, to estimate and monitor the impact of other gases that are excluded (e.g. methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>)). Refrigerant gases used for cooling in HVAC and refrigeration systems (e.g. CFCs, HCFCs, HFCs, HFOs) are accounted for using an estimation methodology described below. CO<sub>2</sub>e is reported in metric tonnes.

### Data Preparation and Collection

#### Scope 1: Direct Emissions

**Sources:** Primary fuels (gas, diesel) used in commercial buildings and fugitive emissions.

**Data collection:** Energy consumption is primarily obtained from service provider invoices. Where data is incomplete, estimates are made using comparable properties, cost per unit, or industry baselines.

**Conversion factors:** Emissions are calculated using the latest factors provided by the UK Government's Department for Environment, Food and Rural Affairs ('DEFRA') and other sources (e.g. IEA), applied to each fuel type.

**Fugitive emissions:** HSBC Group has developed a methodology using data from its global asset register to estimate refrigerant gas emissions. This method was used by the Consolidated entity to estimate its Scope 1 fugitive emissions for 2025.

This approach combines two industry-standard methods:

- tracking refrigerant 'top ups' during maintenance or,
- applying estimated loss rates for different equipment types.

Data in this report covers standard air conditioning and refrigeration systems and some specialised equipment like fire suppression systems. It excludes septic tanks and electrical switchgear, which require additional analysis.

#### Scope 2: Indirect Emissions from Purchased Energy

**Sources:** Electricity, steam, and cooling consumed in commercial buildings.

**Reporting methodology:** The Consolidated entity reports Scope 2 emissions using a location-basis as set out by the most recent Greenhouse Gas Protocol Scope 2 Guidance, Country-specific emissions factors from the IEA are used.

**Data collection:** Energy consumption data is obtained via meters and collated from the service provider invoices where available. Where metered data is only partially available or not available, energy consumption may be estimated on the basis of a comparable property, extrapolation of cost per unit or estimates using floor area or other published industry baselines.

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### Climate-related physical risk metric

Physical risk data at a property level is obtained from an external vendor and aligned with the Bank's retail mortgage portfolio to identify at-risk properties. This assessment uses the estimated impact resulting from projected climate events under the Current Commitments (RCP4.5) scenario, with a 1-in-100 year return period by 2050. The accuracy of these projections is subject to the model and data limitations described in the Climate scenario analysis modelling section on page 13.

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### Climate-related transition risk metric

The sector classifications used in the wholesale loan exposure to high transition risk sector metric are based on internal HSBC definitions and are applied on a group of counterparties, which can be judgmental in nature. The Consolidated entity uses publicly available data, as well as internal data and input from subject matter experts to determine the appropriate sector.

Counterparties are allocated to the high transition risk sectors via a two-step approach. Firstly, where the main business of a group of connected counterparties ('customer group') is in a high transition risk sector, all lending to the customer group is included in one high transition risk sector irrespective of the sector of each individual obligor within the group. Secondly, where the main business of a customer group is not in a high transition risk sector, only lending to individual obligors in the high transition risk sectors are included. The main business of a customer group is identified by the industry that generates the majority of revenue within a group. Customer revenue data utilised during this allocation process is the most recent and readily available and will not always align with the Consolidated entity's own reporting period.

Amounts also include green and other sustainable finance loans, which are validated as qualifying by our internal business governance process and support the transition to the net zero economy. The methodology for quantifying the Consolidated entity's exposure to high transition risk sectors and the transition risk metrics will evolve over time as more data becomes available and is incorporated into risk management systems and processes.

# Glossary of Terms

Term	Definition
1-in-100 year event	Is an extreme weather event (e.g. flood) for a defined location with a 1% chance of occurring every year.
AASB S2	Australian Accounting Standards Board Standard S2: Climate-related Disclosures. Sets out requirements for climate-related financial disclosures in Australia.
Audit Committee	A committee of the Board responsible for overseeing financial and sustainability reporting disclosures, internal controls, and assurance processes.
Board	The governing body responsible for strategic oversight, including climate strategy, risk management, and approval of disclosures.
Carbon Price	The cost applied to carbon emissions, typically as a result of regulatory policies, to incentivise reduction of greenhouse gas emissions.
Climate Scenario Analysis	A process of evaluating the potential impacts of different climate-related scenarios (e.g., Net Zero, Current Commitments, Downside Physical Risk) on the business, using defined assumptions and time horizons.
Consolidated entity	HSBC Australia Holdings Pty Limited and its controlled entities, including HSBC Bank Australia Limited, HSBC Custody Nominees (Australia) Limited, and the Lion Trusts.
Counterfactual Scenario	A scenario used for comparison that assumes no climate-related impacts, serving as a baseline for assessing the effects of climate change.
ECL (Expected Credit Losses)	The estimated loss from credit exposures, factoring in the probability of default and the impact of climate-related risks.
ESG	Environmental, Social, and Governance. Refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business.
GHG (Greenhouse Gas) Emissions	Emissions of gases that trap heat in the atmosphere, including carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), and nitrous oxide (N <sub>2</sub> O).
HSBC Group	HSBC Holdings Plc and its controlled entities, the ultimate parent group of HSBC Australia Holdings Pty Limited.
Net Zero	Achieving a balance between the greenhouse gases put into the atmosphere and those taken out.
OpCo (Operating Committee)	Management-level committee responsible for executing strategy, including climate-related matters, and overseeing ongoing management in line with risk appetite.
Physical Risk	Risks arising from the physical impacts of climate change, such as extreme weather events (e.g., floods, wildfires) affecting assets or operations.
RCP (Representative Concentration Pathway)	Greenhouse gas concentration trajectories used for climate modelling and research, adopted by the IPCC. Examples include RCP1.9 (Net Zero) and RCP8.5 (Downside Physical Risk).
Reputational Risk	The risk of loss resulting from damage to a firm's reputation, due to misalignment with climate objectives, greenwashing, or failure to meet stakeholder expectations.
Risk Committee	Board committee overseeing risk-related matters, including climate risk, risk appetite, and tolerance.
RMM (Risk Management Meeting)	Management-level committee responsible for overseeing the enterprise-wide management of all risks, including updates relating to the climate risk profile and risk appetite.
Scope 1 Emissions	Direct greenhouse gas emissions from owned or controlled sources (e.g., fuel combustion in buildings).
Scope 2 Emissions	Indirect greenhouse gas emissions from the generation of purchased electricity, steam, or cooling consumed by the company.
Transition Risk	Risks associated with the transition to a low-carbon economy, including regulatory changes, technological shifts, and market dynamics affecting high-emission sectors.

## Directors' declaration

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# Directors' declaration

The Directors of HSBC Australia Holdings Pty Limited declare that, in the Directors' opinion, the Consolidated entity has taken reasonable steps to ensure the substantive provisions of the Sustainability Report for the year ending 31 December 2025 are in accordance with the Corporations Act 2001 (Cth) ('Corporations Act') including:

- a) the disclosure of the matters included in section 296D of the Corporations Act; and
- b) compliance with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures.

This Sustainability Report has been signed in accordance with a resolution of the Directors of HSBC Australia Holdings Pty Limited.

Dated at Sydney this 30 March 2026.



**Steve Hughes**  
**Director**

HSBC Australia Holdings Pty Limited



# Independent Auditor’s Review Report on specified Sustainability Disclosures

To the Members of HSBC Australia Holdings Pty Limited

## Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of HSBC Australia Holdings Pty Limited (the Company) and its controlled entities (together, the Group) for the year ended 31 December 2025 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Specified Sustainability Disclosures	Reporting requirement of Australian Sustainability Reporting Standard AASB S2 <i>Climate-related Disclosures</i> (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Governance disclosures presented on pages 4 and 5.
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	The climate-related physical risks and climate-related transition risks presented under the ' <i>Climate-related risks</i> ' column on page 7 and the information presented under the heading ' <i>Identification and assessment of material climate-related risks and opportunities</i> ' on page 6.
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	The following emission disclosures presented on page 12: <ul style="list-style-type: none"> <li>• Scope 1 - direct emissions: 21 tonnes CO<sub>2</sub>e</li> <li>• Scope 2 - indirect (location based) emissions: 1,382 tonnes CO<sub>2</sub>e.</li> </ul> The additional information presented under the heading ' <i>Greenhouse Gas Emissions</i> ' on page 13 and 14.

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The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

## **Basis for Conclusion**

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate



a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Other Information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Sustainability Report for the year ended 31 December 2025, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities for the specified Sustainability Disclosures**

The directors of the Company are responsible for:

- the preparation of the specified Sustainability Disclosures in accordance with the Act; and
- designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

## **Inherent Limitations in preparing the specified Sustainability Disclosures**

Sustainability information may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating, and estimating such information. Different acceptable methods have varying precision and can affect the comparability of sustainability information across entities and over time.



In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

### **Auditor's Responsibilities**

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Summary of the Work Performed**

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;



- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;
- Performed enquiries of management regarding the approach taken by the Group to:
  - Identify climate-related risks and opportunities;
  - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures;
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;
- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data, and;
- Performed testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*A S Wood*

A S Wood  
Partner

Sydney  
30 March 2026

**HSBC Australia Holdings Pty Limited**

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