

## HSBC NORTH AMERICA

### CORPORATE GOVERNANCE STANDARDS

The following standards, together with the Bylaws of the Corporation and the charters of committees of the Board of Directors (the “Board”), provide the guidelines for the corporate governance of HSBC North America Holdings Inc. (“HNAH”) and its primary subsidiaries HSBC USA Inc. (“HUSI”) and HSBC Bank USA, N.A. (“HBUS”, and each of HNAH, HUSI and HBUS, the “Corporation”). **These standards will be reviewed by the Board periodically in order to ensure the Corporation maintains “best practices” in corporate governance.**

For purposes of these standards:

**“Independent (non-executive) Directors”** shall mean Directors who are not employees of any entity within the HSBC Group and have been determined by the Board to be independent in character and judgment, free of relationships or circumstances that could affect, or appear to affect their exercise of independent judgment. *See Appendix A Independent Director Standards.*

**“Non-executive Directors”** shall mean members of the Board who are not employees of any entity within the HSBC Group, but do not meet the Independent Director Standards.

**“Executive Directors”** shall mean members of the Board who are employees of any entity within the HSBC Group.

#### **Powers of the Board**

The Board is responsible for overseeing the business of the Corporation, and may exercise all the powers of the Corporation, subject to applicable laws and regulations and the Certificate of Incorporation or Articles of Association, as applicable.

#### **Role and Responsibilities of the Non-Executive Chair of the HNAH Board<sup>1</sup>**

The role of the Non-Executive Chair of the HNAH Board is to provide leadership for the Board of the company. In undertaking this role, the Chair is responsible for:

- Chairing and overseeing the performance of the Board;
- Leading the development of the company’s culture with the Board;
- Leading the Board in the overall stewardship of the business and reporting thereon to the shareholder and other key stakeholders;
- In conjunction with the Chief Executive Officer (“CEO”), maintaining top level relationships with regulators, governments, shareholder and other key stakeholders, as applicable;
- Overseeing and providing feedback on the performance management of the CEO;
- In conjunction with HSBC Group management and Human Resources, planning for the orderly and timely succession of the CEO, including having a detailed succession plan in

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<sup>1</sup> Derived from the Group Corporate Governance & Secretariat (“CG&S”) Functional Instruction Manual (“FIM”), Section C.4 Effective Board: Division of responsibilities between Role of the Chairman and the Chief Executive.

place in the event that the CEO becomes unavailable or fails to meet performance expectations;

- Providing feedback and guidance to ensure the Board has sufficient, accurate, timely and clear information to properly discharge its responsibility including for maintaining the company's corporate reputation and character at the highest level;
- In conjunction with the CEO and management team, building sustainability into the way the company conducts business, tracking progress against Board determined priorities and reporting thereon in a transparent way to stakeholders, including regulators;
- In consultation with an external expert, as necessary, and with the HNAH Nominating and Governance Committee, planning for a smooth succession of non-executive directors, identifying skills and attributes necessary to balance the Board and securing the nomination and interview of director candidates;
- Promoting conditions for overall Board and individual director effectiveness;
- In conjunction with the Corporate Secretary, leading director development, including a thorough induction program for new directors, on-going director education and regular reviews with all directors;
- In conjunction with the Corporate Secretary, facilitating periodic monitoring and evaluation of the Board's own performance and thereafter taking actions designed to deliver progressive improvement in Board performance;
- Leading and managing any board committees chaired at the Board's request, including, but not limited to, the HNAH Chairman's Committee;
- In conjunction with the CEO and Corporate Secretary, ensuring the effectiveness of Board meetings, including setting the Board agenda, ensuring the timely flow of high-quality supporting information to the Board, balancing the allocation of time between strategic discussions, performance, value creation and accountability, and risk review, regulatory and corporate governance matters;
- In conjunction with the HNAH Nominating and Governance Committee and respective Committee Chairs, ensuring the Board's committees are properly structured with appropriate charters;
- Maintaining a close working relationship with the CEO, keeping him routinely informed of stakeholder and regulatory interactions and developments, as applicable, and providing counselling support and guidance; and
- In conjunction with the CEO and Chief Risk Officer ("CRO"), ensuring that all material risks, including contingent risks and stress events are brought to the attention of the Board in a timely and coherent manner.

### **Role of the Board and Management<sup>2</sup>**

The Board may delegate any of its powers and authorities to any Directors holding executive office or to any committee consisting of one or more Directors. The Board delegates responsibility for management and day-to-day operation of the business to the HNAH Executive

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<sup>2</sup> Portions derived from the Group CG&S FIM, Section B.3.4 Delegations by the Board: Matters Reserved for Board Approval.

Committee (“EXCO”), and the EXCO delegates oversight and decision-making and management authority with respect to each Business and Function to the respective Head of each such Business and Function in accordance with responsibilities assigned by the Corporation’s CEO.

The conduct of the Corporation’s business under the direction of the CEO and the EXCO is subject to the oversight of the Board, all with the purpose of enhancing long-term value of the Corporation to HSBC Holdings plc (“HSBC”). The Board shall provide leadership to the Corporation within a framework of appropriate controls that are designed to assess and manage risk.

The Board has responsibility for governing the affairs of the Corporation, including to:

- contribute to and endorse a business strategy formulated by management and HSBC;
- provide input on and approve the annual operating and capital plans, strategic plan<sup>3</sup>, risk appetite and performance targets, as applicable, proposed by management;
- monitor the implementation of strategy by management and the Corporation’s performance relative to approved operating and capital plans, risk appetite and performance targets;
- lead the implementation of HSBC’s values and business principles and compliance with HSBC principles, policies, and procedures throughout the Corporation;
- review and provide input with respect to proposed variable compensation award funding and specific award proposals for senior executives of the Corporation;
- with HSBC’s endorsement, appoint the CEO;
- review at least annually, succession planning for the CEO, CRO, Head of Internal Audit and their direct reports, and other potential successors, and receive updates on leadership talent and development;
- review and provide input to HSBC concerning evaluation of the CEO’s performance, at least annually;
- review and approve annually the Corporate Governance Standards and monitor compliance with the Corporate Governance Standards;
- review and approve annually the Risk Management Framework, as applicable, and monitor compliance with the Risk Management Framework;<sup>4</sup>
- assess and monitor the major risks facing the Corporation consistent with the Board’s responsibilities to the Corporation’s ultimate parent, HSBC; and
- review the effectiveness of the risk management and internal controls structures designed by management to ensure compliance with applicable law and regulation, HSBC policies, ethical standards and business strategies.

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<sup>3</sup> Pursuant to the Office of the Comptroller of the Currency’s Guidelines Establishing Heightened Standards for Certain Large Insured National Banks (“Heightened Standards”), the strategic plan should cover, at a minimum, a three-year period.

<sup>4</sup> Required pursuant to Heightened Standards.

In all actions taken by the Board, the Directors will exercise their business judgment in what they reasonably believe to be in the best interests of the Corporation. In discharging that obligation, Directors may rely on the honesty and integrity of the Corporation's management, its outside advisors and independent auditors. Management is expected to be loyal to the Corporation, implement the approved business strategy, appropriately resolve day-to-day operations issues, keep the Board informed, and maintain and promote high ethical standards while seeking to maximize returns to the Corporation within the risk tolerance as agreed with HSBC. Directors must consider:

- (1) the likely consequences of any decision in the long term;
- (2) the interests of the Corporation's employees;
- (3) the need to foster the Corporation's business relationships with suppliers, customers and others;
- (4) the impact on the Corporation's operations on the community and the environment; and
- (5) the desirability of the Corporation maintaining a reputation for high standards of business conduct.

### **Matters Reserved to the Board**

The Board reserves for itself the responsibilities set forth below, subject to any resolutions of the Board, or reservation to the Board by applicable law or regulation or the Corporation's Certificate of Incorporation or Articles of Association, as applicable. Only the Board may make Senior Executive Appointments, take Routine Annual Actions, resolve Policy Issues or approve Significant Transactions as defined below:

- "*Senior Executive Appointments*" include (i) appointments to the positions of Chair (if an executive), the Policy Making Officers of the Corporation which include the President, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Operating Officer, Head of Human Resources, Head of Internal Audit, General Counsel, Corporate Secretary, the heads of the principal business lines and principal business functions, and heads of certain other control functions as may be determined by the Board; (ii) direct reports of Policy Making Officers with an internal HSBC Global Career Band of 2 or above; and (iii) other appointments as required by law or regulation.
- "*Routine Annual Actions*" include review and approval of an Annual Operating Plan, Capital Plan, Strategic Plan and Risk Appetite Statement, as applicable. In addition, the Board will review and approve the Comprehensive Capital Analysis and Review ("CCAR") and Dodd Frank Act Stress Testing ("DFAST") submissions to regulatory authorities, as applicable.
- "*Policy Issues*" are activities, transactions, events and functions that:
  - (i) may adversely affect the Corporation's and/or its subsidiaries' and affiliates' reputation, standing or rating with investors, regulators, rating agencies, the public or other relevant constituencies;

- (ii) involve or impact approved operating plans, strategic focus or objectives that have been communicated to the Board, such as the establishment of new significant business ventures outside the scope of the Corporation's current business operations;
  - (iii) may result in significant publicity;
  - (iv) will have or has potential to have a direct and material impact on the Corporation's existing or targeted capital structure or operating results;
  - (v) involve the acquisition of stock or substantially all of the assets of a business that is publicly traded in any jurisdiction;
  - (vi) would result in any settlement of any legal or regulatory action that names the Corporation or any of its subsidiaries and by which the Corporation or such subsidiary will admit to the violation of any material law or regulation;
  - (vii) relate to any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, requiring approval pursuant to HNAH's Policy for the Review, Approval or Ratification of Transactions with Related Persons; or
  - (viii) involve or impact Risk Appetite Limits approved by the Board, as applicable, or that would revise the approved Risk Appetite.
- "*Significant Transactions*" include matters that may be in the "ordinary and necessary course of business" but are significant to the Corporation due to the size of the transaction, expenditure, or risk exposure to a counterparty, in a geographic region or to a new line of business or product. Such matters include, but are not limited to:
- any equity investment in any one enterprise or capital contribution to any one subsidiary in any twelve-month period that would exceed \$50 million, unless it is: contemplated by the Corporation's then current investment policy, an investment resulting from the workout of any loan or investment made by the Corporation or its subsidiaries, an investment held by one of HNAH's subsidiaries, or the equity investment is comparable to project finance debt risk rather than true equity risk and is subject to the new product due diligence process including Wholesale Market Risk approval;
  - any acquisition of assets consisting solely of receivables or other assets of a type currently owned by the Corporation in one transaction or a series of related transactions in any twelve-month period if the book value of such assets or the amount paid for such assets exceeds ten percent of the total assets of the Corporation on a consolidated basis as of the end of the most recent fiscal quarter for which the Corporation's financial statements are available;
  - any acquisition of assets of a type not contemplated by the previous paragraph in one transaction or a series of related transactions in any twelve-month period if the book value of such assets or the amount paid for such assets exceeds five percent of the total assets of the Corporation on a consolidated basis as of the end of the most recent fiscal quarter for which the Corporation's financial statements are available;

- any disposition of a product line, line of business or subsidiary in one transaction or a series of related transactions in any twelve-month period if the disposition pertains to assets with an aggregate book value that exceeds five percent of the total assets of the Corporation on a consolidated basis as of the end of the most recent fiscal quarter for which the Corporation’s financial statements are available;
- any disposition of assets not contemplated by the previous paragraph in one transaction or a series of related transactions in any twelve-month period if the book value of such assets or the amount paid for such assets exceeds ten percent of the total assets of the Corporation on a consolidated basis as of the end of the most recent fiscal quarter for which the Corporation’s financial statements are available;
- the creation or acquisition of any entity or new business or the entry into any new geographic area, which has, or is projected to have: (i) if the creation or acquisition relates to a lending business, managed receivables with an aggregate book value in excess of five percent of the total assets of the Corporation on a consolidated basis as of the end of the most recent fiscal quarter for which the Corporation’s financial statements are available or, (ii) if the creation or acquisition does not relate to a lending business, tangible assets in excess of \$50 million, in either case on the closing date of the transaction or the date of implementation or within one year thereafter;
- any acquisition of a business or part of a business that requires the Corporation to assume unfunded employee benefit obligations in excess of \$50 million; and
- the execution of any contract relating to critical services or activities that poses significant residual risk to the Corporation or its subsidiaries as rated by Third Party Risk Management as an “A” or “B” risk and for which the projected cumulative annual cost is in excess of \$50 million.

### **Composition, Qualification and Term**

The Board should have the appropriate balance of skills, experience, independence and knowledge of the Corporation to enable it to discharge its duties and responsibilities effectively. Consistent with the HSBC Board Diversity and Inclusion Policy<sup>5</sup> and the HSBC Subsidiary Accountability Framework (“SAF”), when appointing candidates to the Board, consideration should be given to a wide range of backgrounds including the gender, race, ethnicity, age, geographical provenance and educational and professional backgrounds of the candidates. In accordance with the Bylaws of the Corporation, the size of the Board shall consist of the number of Directors established by the Board from time to time. In the case of HSBC USA Inc. and HSBC Bank USA, N.A. the number of Directors shall not be less than five nor more than twenty-five. A majority of the Board, and in the case of HSBC Bank USA, N.A., a minimum of two Directors, shall be independent non-executive Directors.

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<sup>5</sup> Derived from Group CG&S FIM, Section C.6 HSBC Holdings plc Board Diversity and Inclusion Policy.

Each non-executive Director will be appointed for an initial three-year term. Pursuant to the terms of the SAF, the initial term of appointment will commence from either (i) the date the non-executive Director's appointment takes effect or (ii) the date that shareholder approval was obtained. Upon completion of the initial three-year term, non-executive Directors may serve one additional three-year term subject to (i) election by the shareholder, (ii) rigorous review by the Board of whether there are relationships or circumstances that may affect, or could appear to affect, the Director's exercise of independent judgment, and (iii) the Board taking into account the need for progressive refreshing of the Board. Any extension of a non-executive Director's tenure beyond two three-year terms will require prior endorsement by HSBC, to be obtained via the Group Company Secretary & Chief Governance Officer and supported by a clear rationale.

Notwithstanding the foregoing, non-executive Directors should not serve on the Board beyond nine years from the date of their first appointment to any HSBC company. Any exception should be for a time-limited basis only and is subject to the prior endorsement of HSBC, to be obtained via the Group Company Secretary & Chief Governance Officer.<sup>6</sup> Executive Directors will serve one-year terms.

Executive Directors will resign from the Board when their employment with HSBC and its subsidiaries ends.

A non-executive Director is expected to offer to resign from the Board whenever there is (i) a major change in his or her career position or status (unless such change in position or status results from normal retirement), (ii) a change in his or her status as an "Independent Director" or (iii) a conflict of interest arises that could reasonably be expected to lead to reputational risk for the Corporation and/or HSBC as a whole. The Chair, in consultation with the Corporation's CEO and HSBC senior executive management, shall determine whether to present the offer of resignation to the Board for action. If presented, the Board has discretion, after consultation with HSBC management, to either accept or reject such resignation.

### **Director Independence and Conflicts of Interest**

Directors shall not be a director, consultant to or employee of any direct competitor of the Corporation (i.e., a company that has a business segment offering products or seeking customers served by any business segment of the Corporation). To avoid potential conflicts of interest, senior executive officers of the Corporation (i.e., the Chair, CEO, or any direct report to the CEO) may not serve on the board or as a trustee of a company or institution that employs any non-executive Director of HSBC or the Corporation (i.e., reciprocal directorship).

In the event a non-executive Director becomes aware of any potential or actual conflict of interest or circumstances that could lead to reputational risk for the Corporation and/or the HSBC Group, he/she should disclose these to the Chair and the Corporate Secretary as soon as apparent and, if necessary, the matter will be referred to the Board to determine if a conflict or reputational risk requires resignation or any other action. If the potential or actual conflict of interest may arise from a new appointment or a change in an existing appointment, the Director shall not accept the new or changed appointment without the prior agreement of the Chair or, if applicable, the Board.

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<sup>6</sup> Derived from Section 4.1.9 Tenure of the HSBC Subsidiary Accountability Framework (2021).

## **Time Commitment<sup>7</sup>**

Non-executive Directors are expected to be able to devote such time as is necessary to ensure the proper performance of their duties to the Board, with capacity to deal with additional demands during times of stress or heightened activity. Prior to appointment and before taking on any additional commitments that will have a significant impact on the time commitments of the non-executive Director, the non-executive Director shall advise the Corporate Secretary, who will consult with the Chair. . Before accepting an external appointment, the non-executive Director should seek approval from the Board as to potential conflict and any adverse impact on their time commitments. In addition, the Nominating and Governance Committee shall consider that information in recommending the slate of directors for election at the next shareholders meeting.

## **Director Standards**

Each Director, while representing the best interests of HSBC and the Corporation, shall:

- promote HSBC's values and business principles and compliance with HSBC standards and policies throughout the Corporation in performing their responsibilities;
- have the ability to spend the necessary time required to function effectively and satisfy the appropriate duty of care as a Director;
- develop and maintain a sound understanding of the strategies, businesses and risks related to the Corporation;
- diligently review all Board materials and provide active, objective and constructive participation with appropriate credible challenge at meetings of the Board and its committees;
- assist in positively and affirmatively representing HSBC to the world;
- be available to advise and consult on key organizational changes and to counsel on corporate issues;
- develop and maintain a solid understanding of global economic issues and trends that are pertinent to the operations of the Corporation; and
- seek clarification from experts retained by the Corporation (including employees of the Corporation) to better understand legal, compliance, risk, financial and business issues affecting the Corporation.

## **Meetings**

Annually, all Directors shall be provided with a schedule identifying all regularly scheduled Board and Committee meetings for the next succeeding year and as soon as practicable, for the second succeeding year. There will generally be four regularly scheduled meetings of the Board each year. At least once per year, the Independent Directors shall meet in executive session.

Personal attendance of the Directors at Board and Committee meetings is expected. The use of current technology to facilitate attendance should be requested by Directors only in extraordinary situations that prevent a Director from attending a meeting in person.

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<sup>7</sup> Derived from the HSBC Subsidiary Accountability Framework (2021).



While meetings are in session, Directors should not access electronic devices concerning matters that are not under discussion at the meeting.

The Corporate Secretary and the Chair, in consultation with the CEO will establish the agenda for each Board meeting. The Chair of a Committee in consultation with the Corporate Secretary and senior management will develop the agenda for each Committee meeting. Directors are encouraged to suggest to the Chair topics for inclusion on future agendas.

If the total number of Directors on the Board is odd, a quorum to transact business at the meeting will be a majority of the Directors. If the total number of Directors is even, a quorum will exist if one-half of the Directors are present. If at any meeting of the Board there is less than a quorum, the majority of those present may adjourn the meeting until a quorum is present. A quorum must be present for any vote taken to be effective. In the event a Director has a conflict of interest, that Director must recuse him or herself from discussing or voting on any matter related to such conflict.

At each Board and Committee meeting, the Directors will be provided the opportunity to question, respond to and advise management on all matters presented as well as other topics of relevance to the Corporation.

Information with respect to any Board or Committee meeting should be sent to Directors at least five days in advance of the meeting, if practicable. Materials relating to any matter in which a Director has a personal interest will be withheld from that Director. Financial statements included in this information should be condensed with commentary focused on important issues, trends or variances, noting the perceived reasons therefor and the opportunities or risks, if any, which may result.

Minutes of all Board and Committee meetings shall be sent to all Directors unless it is legally required that such minutes be kept confidential or such minutes relate to a matter in which a Director has a personal interest.

### **Committees**

The Committee structure of the Board shall be reviewed annually. It is anticipated that the Board will have Audit, Risk, and Chairman's Committees. Additionally, the HNAH Board will also have a Nominating and Governance Committee. The Board may also appoint other ad hoc Committees for limited purposes and duration as it deems appropriate. The Corporate Secretary and the Chair, in consultation with the CEO, shall make recommendations to the Board regarding membership on the Committees. The Board will appoint and remove all Committee members and the Chair of each Committee.

Each standing Committee of the Board shall adopt and approve a charter. Each such charter, and any amendments thereto, must be approved by the Board. At least annually, each Committee will review the appropriateness of its charter and evaluate and report on the satisfaction of its responsibilities to the Board.

The Chair of each Committee, in consultation with Committee members and senior management of the Corporation will determine the frequency and length of the meetings of the Committee.

Unless otherwise stated in a Committee charter, a quorum and the vote required at any Committee meeting shall be determined in the same manner as a quorum for a meeting of the Board as set forth above under the heading "Meetings."

## **Director Compensation**

Non-executive Director compensation will be in the form of cash compensation. The amount of compensation to be paid to Directors will be determined by the Board in consultation with HSBC senior executive management and shall be in accordance with the Subsidiary Non-executive Director Fee Framework approved by the Remuneration Committee of the Board of Directors of HSBC (“REMCO”), or as specifically approved by the REMCO.

## **Access to Senior Management and Independent Advisors**

Directors shall have free and full access to senior management and other employees of the Corporation. The CEO or Corporate Secretary may assist in arranging any contacts or meetings at a Director’s request.

The Board and its Committees shall have the right at any time to retain independent outside financial, legal or other advisors and any expenses related thereto will be the responsibility of the Corporation.

## **Director Orientation and Continuing Education**

All non-executive Directors are required to attend an orientation program. Director orientation shall include written materials and presentations by senior management on HSBC’s businesses and functions, strategic plans, significant financial, accounting and risk management issues, compliance programs, risk framework, management structure, executive officers and internal and independent auditors. Directors shall also be provided with written materials covering their responsibilities under UK and US law and the Corporation’s Corporate Governance Framework.

All executive and non-executive Directors shall be required to attend continuing education and training programs. Education and training programs shall be provided or arranged by the Corporation and shall include: (i) the Corporation’s products, services, lines of business and risks that have a significant impact on the Corporation; (ii) laws, regulations and supervisory requirements applicable to the Corporation; and (iii) other topics identified by the Board as pertinent to effective oversight.<sup>8</sup> Directors may request reimbursement of attendance fees and travel related expenses for attendance at training sessions provided by third parties.

Directors are expected to regularly review their professional and educational development needs and to continually update their skills and knowledge of the roles of Directors, the Corporation and its products and target markets.

## **Annual Evaluation**

Annually, the Board shall undertake a formal and rigorous evaluation of its own performance and that of its Committees. The evaluation should consider how the Board works together as a unit and the balance of skills, diversity, experience, independence and knowledge of the Corporation and its businesses. The HSBC Bank USA, N.A. Board annual evaluation shall also include an evaluation of that Board's effectiveness in meeting the Office of the Comptroller of the Currency's Guidelines Establishing Heightened Standards for Certain Large Insured National Banks.<sup>9</sup> The Chair of the HNAH Nominating and Governance Committee and the Chair, in

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<sup>8</sup> Required pursuant to Heightened Standards.

<sup>9</sup> Required pursuant to Heightened Standards.

consultation with the Corporate Secretary and the CEO, shall determine the process to be followed in connection with the evaluation.

If appropriate, the Chair shall also review and provide feedback to each Director regarding his/her effectiveness on the Board. The Corporate Secretary will assist the Chair in discharging this responsibility, including through providing information on the Director's attendance at meetings and continuing education opportunities, and a third party may also be engaged to assist with the evaluation process. Each non-executive Director may also provide feedback to the Chair concerning his or her performance as a part of the annual evaluation process of the Board.

**[JULY 2021]**

**INDEPENDENT DIRECTOR STANDARDS<sup>10</sup>**

The Board shall consider all relevant facts and circumstances in assessing the independence of Directors. As a foundation for such determinations, the Board will consider:

- if the Director or any immediate family member has personal loans from the Corporation, other than mortgage loans, credit cards and charge cards made in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons;
- if the Director is, or has been, an employee of the Corporation or any of its affiliates, or any immediate family member is, or has been, an executive officer of the Corporation or any of its affiliates, in each case, within the last five years;
- if the Director, or any immediate family member, has received during any 12 month period within the last three years, more than \$120,000 in direct compensation from the Corporation or any of its affiliates or is a member of any performance related compensation plan, any HSBC pension plan or is otherwise financially dependent on any HSBC company (other than for service on the Board of Directors of one or more HSBC subsidiaries, deferred compensation for prior service or benefits under a tax-qualified retirement plan);
  - (i) if the Director, is a current partner or employee of a firm that is an internal or external auditor of the Corporation;
  - (ii) if the Director has an immediate family member who is a current partner of such a firm;
  - (iii) if the Director has an immediate family member who is a current employee of such a firm and personally works on the Corporation's audit; or
  - (iv) if the Director, or any immediate family member, was within the last three years, a partner or employee of such a firm and personally worked on the Corporation's audit during such time;
- if the Director, or any immediate family member, is an employee, partner, significant shareholder, director or executive officer of any significant vendor or customer of the Corporation or any of its affiliates, or a pension, profit sharing or employee benefit plan sponsored by the Corporation or any of its affiliates that makes payments to, or receives payments from the Corporation or any of its affiliates in an amount that in any of the last three fiscal years exceeded the greater of \$1 million, or 2% of such entity's consolidated gross revenues for the same fiscal year;
- if the Director, or any immediate family member, is an executive officer, director or trustee of a charitable organization to which the Corporation or any of its affiliates made contributions that, exceeded the greater of \$1 million, or 2% of the charitable organization's consolidated gross revenues in a single fiscal year within the past three years;

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<sup>10</sup> Based upon the independence standards set forth in Section 303A.02(b) of the New York Stock Exchange Listed Company Manual and the Group CG&S FIM, Section B.1.4 Effective Board: Determination of Non-Executive Director's Independence.

- if the Director, or any immediate family member, has an interest in any significant transactions or business relationships with the Corporation or its affiliates that are required to be disclosed by the rules and regulations of the Securities and Exchange Commission;
- if the Director, or any immediate family member, represents a significant external shareholder other than HSBC;
- if the Director holds cross-directorships or has significant links with other directors through involvement with other companies or entities;
- if the Director, or an immediate family member, is, or has been with the last three years, employed as an executive officer of another company where any of the Corporation's present executive officers at the same time serves or served on that company's compensation committee; and
- if the Director has close family ties with any advisers, directors or senior employees of the Corporation or any of its affiliates.

“Immediate family members” are the Director’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares the Director’s home.