

UK Gender Pay Gap 2017/2018





Elaine Arden
Group Head of Human Resources, HSBC

Our pay strategy

We believe that a sustainable and successful business relies on a diverse and inclusive workforce that reflects the customers it serves and the communities in which it operates. Gender balance is crucial to this.

Our pay strategy is designed to attract and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.

“We are confident in our approach to pay”

We review market pay benchmarks based on grade, job, business and geography – this helps us to understand pay differences, if any, for similar roles. Our analysis shows that, in the UK, men and women are paid broadly comparable rates to market.

We are confident in our approach to pay and if we identify any pay differences between men and women in similar roles, which cannot be explained by reasons such as performance/behaviour rating or experience, we make appropriate adjustments.

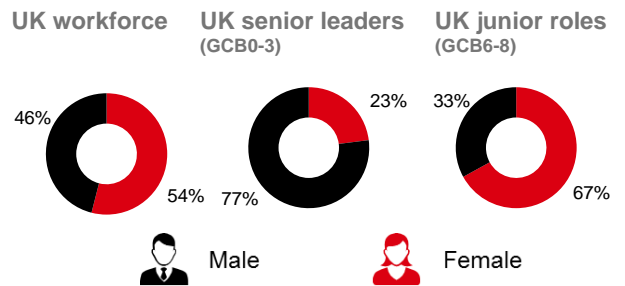
Distinct from the concept of equal pay, the required UK Gender Pay Gap reporting shows the difference between the average earnings of all the men and all the women in an organisation.

Gap at HSBC Bank Plc	2017		2018	
	Median	Mean	Median	Mean
Hourly gender pay gap	29%	59%	29%	60%
Gender bonus gap	61%	86%	57%	84%

For 2017, HSBC’s largest legal entity in the UK, HSBC Bank Plc, has a 29% median pay gap and a 59% mean pay gap. We have also decided to publish early for 2018 and as at 1 February the figures are 29% and 60% respectively.

Gender balance

Our reported pay gap is driven by a number of structural issues in our workforce.



GCB = Global Career Band

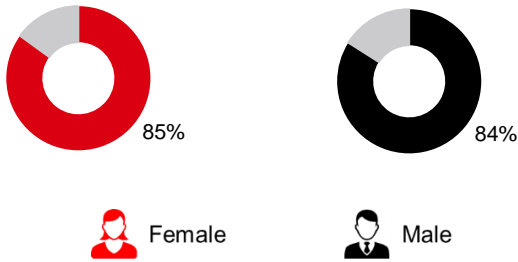
Structural issues:

- ◆ **Fewer women in senior leadership (GCB0-3) and the associated higher levels of pay:** Whilst female employees account for 54% of HSBC’s overall workforce in the UK, 23% of our senior leadership positions are currently held by women
- ◆ **Gender imbalance in junior (GCB6-8) roles:** Two-thirds of our UK employees in junior roles are female. The under-representation of male employees at this level is also where the market pay rates are relatively lower
- ◆ **Higher proportion of female employees on part-time hours:** Employees who work part-time receive their bonuses on a ‘pro rata’ basis, but the calculation for the gender bonus gap does not allow any adjustment to bring these bonuses back to their ‘full-time equivalent’ level. While we encourage both men and women to work flexibly, the majority of those currently doing so are women

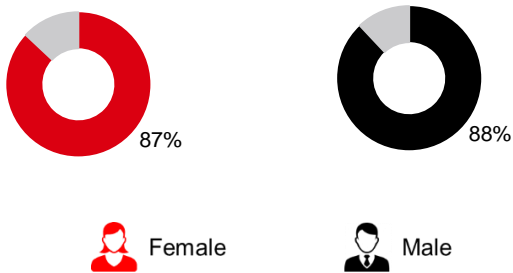
Whilst these issues are a challenge for our industry, there are additional factors which affect our calculation. Many of our senior global roles are based in the UK as this is the location for Group head office. Additionally, as a universal bank, some UK entities contain a wide range of businesses from investment banking to retail banking. Where a legal entity has similar roles within the business (e.g. Marks & Spencer Financial Services), our median pay gap is 2%.

Proportion of employees that received a bonus at HSBC Bank Plc

2017



2018



HSBC and gender diversity

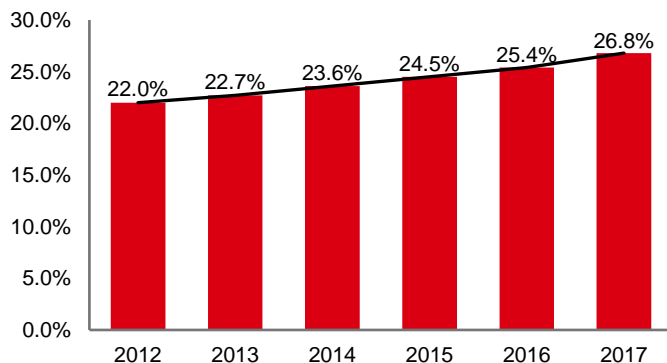
At the Group level, the share of women on HSBC's board is 29.4%.

Our overall share of women in global senior leadership roles has increased year-on-year over the past five years and was 26.8% at the end of 2017.

In 2017, HSBC featured in The Times Top 50 Employers for Women list for the third year running in the UK.

While we are proud to receive this recognition, we recognise that there is more work to do to address our gender balance at senior levels. HSBC UK was one of the first signatories to the HM Treasury's Women in Finance Charter to demonstrate our ongoing commitment.

Female share of global senior leadership headcount at HSBC 2012-2017



Actions

There are a number of specific steps we are taking to improve our gender balance which we expect will positively impact our gender pay gap in the UK over time, including:

1. Driving better gender balance at all levels in the organisation

- ◆ Our Group Chief Executive John Flint has signed up to the 30% Club campaign with an aspirational target for 30% of senior leadership roles to be filled by women by 2020. Objectives aligned to this goal are included in senior leader performance scorecards
- ◆ An Inclusive Leadership objective is included in the performance scorecards of our HSBC UK people managers
- ◆ HSBC will request gender diverse shortlists for all external senior leadership hires
- ◆ A new inclusive Hiring Essentials course is being made available to hiring managers across HSBC in 2018 as part of our People Management Essentials programme in our recently launched HSBC University

2. Developing female talent to strengthen the leadership pipeline

- ◆ We continue to drive a gender-balanced intake of graduate talent in the UK
- ◆ We ensure balanced representation in HSBC's talent development programmes for high potential employees
- ◆ We are working in partnership with external organisations in the UK to support the progress of our talented women through a number of programmes
- ◆ We have expanded opportunities for talented women in Global Banking and Markets to access sponsorship and mentoring to support their career ambitions, including programmes aimed at Director level

3. Supporting families, flexibility and retaining female talent

- ◆ Parental leave coaching is available for new parents and their managers in the UK
- ◆ We promote shared parental leave and sabbatical policies to help employees manage their lives outside of work
- ◆ Many of our employees are already working flexibly in some way. A new Flex employee network has recently launched in the UK, and we are working together to identify opportunities to enhance our flexible working proposition

Additional activity in support of our gender diversity goals is also taking place in individual business areas and through our UK employee networks, including our award-winning Balance network. We are also focused on improving pay transparency and consistency for our junior employees and have already made changes for 2018.

In conclusion

Improving the gender balance across businesses and levels of seniority is a priority and something to which the Group Management Board is committed. We are making progress. Improving our gender balance will take time and require sustained focus over the long-term.

Appendix: UK gender pay gap metrics – 2017 and 2018¹

HSBC has seven employing entities in the UK with more than 250 employees. These entities have a mix of businesses and functions. Under the gender pay reporting regulations we are required to provide information for all these entities which is set out below.

UK Entities (with more than 250 employees)	Headcount (as at 1 Feb 2018)	Brief description
HSBC Bank Plc	23,507	Our largest employing entity in the UK, including Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets and firstdirect
HSBC Group Management Services Ltd	4,438	Global Service Company including global HSBC Operations, Services and Technology, Global Functions and shared service roles
HSBC Global Services (UK) Ltd	11,201	UK Service Company including UK HSBC Operations, Services and Technology, Global Functions and shared service roles
HSBC Global Asset Management (UK) Ltd	364	Asset management entity based in the UK
HSBC Private Bank (UK) Ltd	292	Private Banking entity based in the UK
Marks & Spencer Financial Services	1,568	Retail financial products and services - M&S Bank
HSBC Asia Holdings BV	299	Entity employing our International Managers/International Contract Executives, who work across different business/functions in more than 20 countries

1. Hourly gender pay gaps (males vs females)

The gender pay gap is the difference (mean and median) between the hourly rate of pay of male relevant employees and that of female relevant employees. This is expressed as a percentage of the hourly rate of pay paid to male relevant employees.

Entity	2017		2018	
	Median	Mean	Median	Mean
HSBC Bank Plc	29%	59%	29%	60%
HSBC Group Management Services Ltd	24%	42%	24%	41%
HSBC Global Services (UK) Ltd	33%	31%	31%	31%
HSBC Global Asset Management (UK) Ltd	39%	40%	36%	45%
HSBC Private Bank (UK) Ltd	35%	34%	40%	37%
Marks & Spencer Financial Services	2%	10%	3%	11%
HSBC Asia Holdings BV	31%	56%	42%	49%

1. The provisional figures for 2018 have now been refreshed to reflect the headcount as at 05 April 2018 (in line with the UK Regulations) and uploaded on the UK Government website. During this time, our employee population across the relevant HSBC entities has changed and the metrics reflect these population changes.

2. Gender bonus gap (males vs females)

The gender bonus gap is the difference (mean and median) between the bonus paid to male relevant employees and that paid to female relevant employees over the 'relevant bonus period'. This is expressed as a percentage of the bonus paid to male relevant employees. The 'relevant bonus period' is the period of 12 months ending with 05 April 2017 (for 2017) and 01 February 2018 (for 2018).

Employees who work part-time receive their bonuses on a 'pro rata' basis, but the calculation for the gender bonus gap does not allow any adjustment to bring these bonuses back to their 'full time equivalent' level.

Entity	2017		2018	
	Median	Mean	Median	Mean
HSBC Bank Plc	61%	86%	57%	84%
HSBC Group Management Services Ltd	41%	66%	40%	63%
HSBC Global Services (UK) Ltd	43%	52%	43%	49%
HSBC Global Asset Management (UK) Ltd	61%	62%	57%	64%
HSBC Private Bank (UK) Ltd	45%	49%	50%	51%
Marks & Spencer Financial Services	20%	30%	26%	30%
HSBC Asia Holdings BV	63%	74%	52%	63%

3. The proportion of employees that received a bonus

The proportion of relevant employees (male and female) who received a bonus payment is expressed as a percentage of all relevant employees (male and female) in HSBC during the period of 12 months ending with 05 April 2017 (for 2017) and 01 February 2018 (for 2018).

Entity	2017		2018	
	male	female	male	female
HSBC Bank Plc	84%	85%	88%	87%
HSBC Group Management Services Ltd	91%	91%	95%	93%
HSBC Global Services (UK) Ltd	87%	87%	92%	93%
HSBC Global Asset Management (UK) Ltd	95%	95%	96%	97%
HSBC Private Bank (UK) Ltd	90%	87%	92%	92%
Marks & Spencer Financial Services	75%	80%	87%	90%
HSBC Asia Holdings BV	99%	100%	99%	100%

4. The percentage of males and females in each quartile of the pay distribution

This information reflects the proportion of male and female relevant employees in four quartile pay bands i.e. lower (Q1), lower middle (Q2), upper middle (Q3) and upper quartile (Q4). The quartile bands are established by ranking all relevant employees (male and female) from the lowest hourly rate of pay to the highest hourly pay rate of pay and dividing the entire workforce into four equal parts. Once the quartiles have been defined, the proportion of male and female employees in each quartile band is calculated as a percentage of the relevant employees in that pay band.

2017								
Entity	Q1		Q2		Q3		Q4	
	male	female	male	female	male	female	male	female
HSBC Bank Plc	29%	71%	27%	73%	36%	64%	66%	34%
HSBC Group Management Services Ltd	36%	64%	49%	51%	60%	40%	71%	29%
HSBC Global Services (UK) Ltd	39%	61%	51%	49%	65%	35%	72%	28%
HSBC Global Asset Management (UK) Ltd	49%	51%	57%	43%	73%	27%	83%	17%
HSBC Private Bank (UK) Ltd	43%	57%	52%	48%	72%	28%	72%	28%
Marks & Spencer Financial Services	32%	68%	25%	75%	28%	72%	34%	66%
HSBC Asia Holdings BV	60%	40%	73%	27%	86%	14%	88%	12%

2018								
Entity	Q1		Q2		Q3		Q4	
	male	female	male	female	male	female	male	female
HSBC Bank Plc	29%	71%	27%	73%	37%	63%	66%	34%
HSBC Group Management Services Ltd	37%	63%	48%	52%	59%	41%	70%	30%
HSBC Global Services (UK) Ltd	40%	60%	52%	48%	65%	35%	73%	27%
HSBC Global Asset Management (UK) Ltd	44%	56%	64%	36%	73%	27%	84%	16%
HSBC Private Bank (UK) Ltd	31%	69%	56%	44%	67%	33%	73%	27%
Marks & Spencer Financial Services	33%	67%	22%	78%	29%	71%	36%	64%
HSBC Asia Holdings BV	61%	39%	69%	31%	85%	15%	91%	9%

I confirm that the figures in our disclosure are accurate and have been calculated in accordance with gender pay gap reporting requirements as outlined in the legislation and accompanying guidance.

Elaine Arden

Elaine Arden
Group Head of HR