Report of the Remuneration Committee

The principal purpose of HSBC's remuneration strategy is to support and drive sustainable performance over the long-term. Remuneration should reward success towards this end, but it must also not reward failure and it must be properly aligned with risk which remains on the balance sheet.

HSBC strives to achieve this through a variety of ways which are detailed under 'Overall principles' on page 222. These include taking a rounded view of financial and non-financial performance in determining reward levels, considering affordability (including cost and quantity of capital and liquidity considerations), market competitiveness, delivering awards with high levels of deferral and making all such deferred awards subject to clawback. Such clawback is applied at the sole discretion of the Remuneration Committee ('the Committee').

In our view these elements help to reinforce and reward the delivery of sustainable performance.

2010 performance

Key achievements

The annual financial objectives that we set for ourselves for 2010 were achieved, although in some areas they were lower than the established long-term targets. In the Group's 2010 performance, particular note was made of the following:

- good growth in profit before tax on both an underlying and a reported basis compared with 2009 and ahead of expectations at the start of 2010. This was primarily driven by lower loan impairment charges and other credit risk provisions with all regions and customer groups contributing;
- strong growth was achieved in emerging markets with loans and advances to customers and revenue increasing in key markets;
- our capital ratios were above the target range, in part from the contribution of profit to capital but also from our ability to raise capital, as shown in the successful hybrid capital securities issue in the first half of the year;
- we maintained a highly liquid balance sheet, with a ratio of customer advances to customer accounts of 78.1%;
- we increased dividends for our shareholders, reflecting the profit-generating capability of the Group;
- return on average shareholders' equity of 9.5% was below our target range; and
- revenue declined and costs grew, resulting in an increase in the cost efficiency ratio from 52.0% to 55.2%. The Group is working on bringing the ratio back to target levels while meeting the need to invest for future growth.

Key non-financial achievements of the Group in 2010, which reflect the objectives set for senior management, are summarised below:

- process objectives focused on efficiency and qualitative measures which affect financial performance and mitigate risk. The target we set for operational losses as a percentage of revenue was met;
- progress in meeting customer recommendation and brand recognition targets was made in a challenging environment for retail and commercial banking. Brand health targets for PFS and Business Banking were met. Customer recommendation targets were met for the latter but not for PFS; and
- regarding the Group's employees, our 2010 employee engagement score was below target and was less than our 2009 score. However, the 2010 score exceeded the global average and the global financial sector norm for employee engagement in the year. The target for the ratio of revenue to staff costs was also met.

In determining remuneration levels for 2010, the Committee, applying HSBC's remuneration strategy and policy, remained mindful of the interests of the many stakeholders and the broader external context. This included taking into account the pay and employment conditions of our employees compared to our Directors and senior executives.

Management of risk

The integration of risk management with reward commenced in 2008 when our Group Risk function became involved in the approval of relevant incentive plans. Subsequently, the concept of imputing the cost of capital in the determination of bonus funding was expanded across HSBC, starting with GB&M, and it now applies throughout the Group.

Since 2009, the Group Chief Risk Officer has provided advice to the Committee on the implications of the remuneration policy on risk and risk management. As outlined in 'Overall principles' on page 222, risk mitigation objectives are included in objectives.

From 2010, we have used a risk appetite framework which describes the quantum and types of risk that we are prepared to take in executing our strategy. It shapes our integrated approach to business, risk and capital management and supports us in achieving our return on equity objectives. The risk appetite framework is agreed by the HSBC Holdings Board and cascaded across businesses and geographies. It provides an important input into the Committee's deliberations with regard to remuneration. In addition, individual performance is also reviewed against key risk appetite targets for credit, market, operational and information and security risks to ensure that proposed individual remuneration is appropriate against these aspects.

In February 2010, the Group Risk Committee was established, which advises the Board on risk appetite and also on aligning reward structures with risk appetite. The Group Risk Committee receives information on risk related aspects of reward structures to be proposed by the Committee. The Group Chief Risk Officer regularly reports to, and attends meetings of, the Group Risk Committee.

Further information relating to our approach to risk management in general is set out on page 198.

Regulation

2010 has seen further significant change to the regulatory environment. Regrettably there is still a wide divergence in how regulations operate globally and this presents significant challenges to HSBC, which operates in 87 countries and territories worldwide. In order to deliver long-term sustainable performance, it is imperative we have market-competitive remuneration in order to attract, motivate and retain talented and committed employees.

We work to ensure our remuneration policies are aligned with both new regulatory practices and the interests of shareholders and confirm that HSBC is fully compliant with the Financial Stability Board and the Financial Services Authority ('FSA') guidance and rules on remuneration.

Senior management changes

In September 2010, we announced that our Group Chairman, Lord Green, would retire from the Group on 3 December 2010 and that the Group Chief Executive and Chairman of The Hongkong and Shanghai Banking Corporation, M F Geoghegan, would step down as Group Chief Executive with effect from 31 December 2010 and provide advisory support to the Group until his retirement on 31 March 2011. M F Geoghegan will then act as an external consultant up to 30 June 2011. Succession to these positions affecting the executive Directors is set out below.

D J Flint was appointed Group Chairman with effect from 3 December 2010 and continues to be based in London.

S T Gulliver was appointed Group Chief Executive and Chairman of The Hongkong and Shanghai Banking Corporation with effect from 1 January 2011. In keeping with the policy established in September 2009, his principal office is located in Hong Kong.

A A Flockhart was appointed Chairman, Europe, Middle East, Africa, Latin America, Commercial Banking and Chairman of HSBC Bank plc with effect from 1 January 2011. He has relocated from Hong Kong to London to take up this remit.

I J Mackay was appointed an executive Director and the Group Finance Director with effect from 3 December 2010. He has relocated from Hong Kong to London to take up this remit.

2011 remuneration activities

As announced in 2010, the Committee is considering how HSBC can continue to improve the alignment between shareholders and senior management with regard to incentivising long-term sustainable performance. The Committee is currently in the process of consulting with major shareholders on this subject. Any material changes to our approach which result from this consultation will be explained to shareholders in the Chairman's letter accompanying the Notice of the Company's 2011 Annual General Meeting.

Remuneration Committee – members and advisers

The Committee meets regularly to consider human resource issues relating to terms and conditions of employment, remuneration and retirement benefits. Within the authority delegated by the Board, the Committee is responsible for approving remuneration policy and in doing so takes into account the pay and conditions across our Group. This includes the terms of bonus plans, share plans, other long-term incentive plans and the individual remuneration packages of executive Directors and other senior Group employees, including all in positions of significant influence and those having an impact on our risk profile. No Directors are involved in deciding their own remuneration.

The members of the Committee during 2010 were J D Coombe, W S H Laidlaw, G Morgan and J L Thornton. Sir Mark Moody-Stuart retired as a Director of HSBC Holdings and ceased to be a member and chairman of the Committee on 28 May 2010. J L Thornton was appointed chairman on 28 May 2010.

There were nine meetings of the Committee during 2010. The table on page 190 gives details of Directors' attendance at these meetings. Following each meeting the Committee reports to the Board on its activities. The terms of reference of the Committee are available at www.hsbc.com/boardcommittees.

The Committee received independent advice on executive remuneration issues from Deloitte LLP and remuneration data from Towers Watson. Each of these firms also provided other consulting services to various parts of the Group. Other consultants are used from time to time to advise on specific issues. Going forward, the Committee has agreed to use advisers only as and when required and that these would be separate from the Company's advisers. During the year, the Group Chief Executive provided regular briefings to the Committee and the Committee received advice from the Group Managing Director, Human Resources, A Almeida, the Head of Group Performance and Reward, T Roberts and B Robertson, then the Group Chief Risk Officer.

Overall principles

Our global reward strategy provides a framework for the Committee to carry out its responsibilities during the year.

HSBC reward strategy	How achieved
A rounded approach to measuring performance	• We assess performance with reference to clear and relevant objectives set within a holistic balanced scorecard framework. Under this framework, objectives are set under four categories – financial, process (including risk mitigation), customer and people. Significant importance is given to the achievement of efficiency and risk objectives as well as financial objectives. Objectives relating to customer development and the productivity of our human capital are key to sustained financial performance and the development of the Group over the short and medium term.
A focus on total remuneration with variable pay differentiated by performance	• Reward is delivered through a combination of fixed and variable pay (salary, bonus, other long-term incentives). The variable pay element is differentiated by performance over both the short and long-term. The performance-related elements of pay comprise a material proportion of the total remuneration package for executive Directors, whilst maintaining an appropriate balance between fixed and variable elements. Remuneration is structured to provide an opportunity for market top quartile total remuneration for higher levels of market referenced performance.
Aligning individual rewards with Group performance and shareholders	• A significant proportion of variable pay is deferred into, predominantly, awards of HSBC Holdings Restricted Shares to align recipients to the future performance of the Group and to retain key talent. For Code Staff (as defined under FSA rules) 50% of deferred variable pay is delivered in the form of deferred cash. • Executive Directors and other senior executives are subject to share ownership guidelines.
Competitive and cost effective packages to attract and retain staff	• A total remuneration package (salary, bonus, long-term incentives and other benefits) which is competitive in relation to comparable organisations in each of the markets in which we operate.
Effective management of risk	• Discretion is used in order to assess the extent to which performance has been achieved, rather than applying a formulaic approach which, by its nature, may encourage inappropriate risk taking. • Performance is assessed taking risk into account using a combination of quantitative and qualitative measures as informed by the risk appetite framework. • Affordability is assessed (including the cost and quantity of capital and liquidity considerations). • All Restricted Share awards made from 2010 onwards are, prior to vesting, subject to clawback as are deferred cash awards made from 2011 onwards.
Stakeholder interest	• Consideration of shareholder interests together with consideration of the wider environment and societal aspects. • Consideration of the pay and employment conditions of the Group's employees compared to its Directors and senior executives.

Executive Directors' remuneration

The table below sets out our policy relating to and the purpose of each element of the remuneration package for executive Directors.

Element	Delivery	Policy	Purpose	Timing
Fixed				
Base salary	• Cash • Monthly • Pensionable	• Reviewed annually	• Reflects the market competitive rate for the role and relative responsibility	• Paid during the year
Variable				
Annual Bonus	• Comprises a non-deferred and a deferred element. See below	• Total annual bonus award (including cash and deferred elements) of up to four times salary • Fully discretionary	• Reflects the extent to which the individual and the Group's annual objectives have been met under the balanced scorecard approach, risk appetite framework, our absolute and relative performance to our peers and competitive market practice	• Awarded in the following financial year
Annual bonus (non-deferred)	• Either cash or awards of Restricted Shares under the HSBC Share Plan • Non pensionable	• At least 50% of non-deferred variable remuneration is awarded in Restricted Shares in line with FSA regulations • Such share-based variable remuneration is subject to a 6-month retention period		• Awarded in the following financial year
Annual bonus (deferred)	• Either deferred cash or awards of Restricted Shares under the HSBC Share Plan • Non pensionable	• 40% - 60% of variable remuneration is deferred over a period of 3 years, in line with FSA regulations • At least 50% of deferred variable remuneration is awarded in Restricted Shares in line with FSA regulations • Such share-based variable remuneration is subject to a 6-month retention period • 33% vest on each of the first and second anniversaries of an award, the balance (34%) vesting on third anniversary[1]	• See above • Also contributes to retention and encourages alignment with shareholders	• Awarded in the following financial year
Performance Shares	• Performance Shares awarded under the HSBC Share Plan • Non pensionable	• Face value at grant of up to a maximum of seven times salary • Vesting of awards based on three independent performance measures (relative total shareholder return ('TSR') 40%, economic profit 40% and growth in earnings per share ('EPS') 20%) and an over-riding 'sustained improvement' judgement by the Committee • Performance conditions are measured over a three year period • Performance targets are reviewed annually to ensure that they remain appropriate and challenging, and to consider whether they should be recalibrated for future awards	• To reflect our relative and absolute performance over the long-term. This takes account of an external measure of value creation, a measure of the extent to which the return on capital invested in HSBC is in excess of a benchmark return and a direct measure of the profits generated for shareholders • Rewards the creation of sustained growth in shareholder value and encourages alignment with shareholders	• Normally awarded in the following financial year
Benefits				
Pension	• Deferred cash or cash allowance	• Employer contributions based on percentage of salary	• Provides market competitive post-retirement benefits	• Paid or accrued during the year
Other benefits	• Benefits in kind or cash allowance • Non pensionable	• Benefits include provision of medical and other insurance, accountancy advice and travel assistance	• Provides market competitive benefits	• Received during the year

1 *By exception, V H C Cheng's 2010 award has a vesting date three years from the date of award.*

Directors' Remuneration Report (continued)

In order to ensure that executive Directors' remuneration packages are competitive, having regard to the market in which we compete for executive talent, the Committee considers market data from a defined remuneration comparator group. This group comprises of nine global financial services companies, namely Banco Santander, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, JPMorgan Chase & Co, Standard Chartered and UBS. These companies were selected on the basis of their broadly similar business coverage, size and international scope, and are subject to annual review for continuing relevance.

The positioning of total remuneration (salary, bonus and the expected value of long-term incentives) for the executive Directors depends on the performance of the Group and individual performance assessed against a combination of financial and non-financial objectives within an annual balanced scorecard. The annual objectives in themselves are derived from medium term strategic plans.

The above approach applies to all executive Directors with the exception of the Group Chairman, D J Flint who from 2011 will no longer receive annual bonus payments and is not expected to be granted awards of Performance Shares, and S T Gulliver, whose variable compensation arrangements for 2010 take into account wholesale banking market practice. With effect from 2011, S T Gulliver will be subject to the same arrangements as other executive Directors.

Executive Directors' 2010 emoluments and remuneration

The emoluments of the Group Chairman and executive Directors of HSBC Holdings for 2010, disclosed pursuant to section 421 of the UK Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, were as follows:

	V H C Cheng		D J Flint		A A Flockhart		M F Geoghegan[1]		Lord Green[2]		S T Gulliver		I J Mackay[3]	
(Audited)	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
£000														
Salary	**775**	769	**845**	700	**820**	662	**1,164**	1,070	**1,160**	1,250	**800**	800	**57**	–
Allowances[4]	**193**	191	**434**	394	**–**	–	**421**	548	**31**	8	**154**	8	**36**	–
Benefits in kind[5]	**311**	663	**8**	8	**629**	437	**430**	57	**3**	4	**17**	18	**27**	–
Bonus[6]	**284**	–	**1,805**	–	**1,385**	–	**2,824**	–	**–**	–	**2,934**	–	**24**	–
Total emoluments	**1,563**	1,623	**3,092**	1,102	**2,834**	1,099	**4,839**	1,675	**1,194**	1,262	**3,905**	826	**144**	–
US$000														
Total emoluments	**2,414**	2,532	**4,775**	1,719	**4,377**	1,714	**7,473**	2,613	**1,844**	1,969	**6,031**	1,288	**222**	–

The total remuneration of the Group Chairman and executive Directors of HSBC Holdings for 2010, disclosed pursuant to the UK Listing Rules, was as follows:

	V H C Cheng		D J Flint		A A Flockhart		M F Geoghegan[1]		Lord Green[2]		S T Gulliver		I J Mackay[3]	
(Unaudited)	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
£000														
Salary, allowances and benefits in kind	**1,279**	1,623	**1,287**	1,102	**1,449**	1,099	**2,015**	1,675	**1,194**	1,262	**971**	826	**120**	–
Bonus[7]	**711**	1,240	**2,800**	2,100	**1,808**	1,908	**3,800**	4,000	**–**	–	**5,200**	9,000	**61**	–
Total remuneration	**1,990**	2,863	**4,087**	3,202	**3,257**	3,007	**5,815**	5,675	**1,194**	1,262	**6,171**	9,826	**181**	–
US$000														
Total remuneration	**3,073**	4,466	**6,312**	4,995	**5,030**	4,691	**8,980**	8,852	**1,844**	1,969	**9,530**	15,327	**280**	–

The variance in the above tables is caused by the different definitions of bonus under the UK Companies Act 2006 and the UK Listing Rules. Explanations of the constituent parts of the bonus calculated pursuant to the UK Companies Act 2006 and the UK Listing Rules are given in footnotes 6 and 7 respectively.

1 *Stepped down as Group Chief Executive and a Director of HSBC Holdings on 31 December 2010. Retires from the Group on 31 March 2011.*
2 *Retired as Group Chairman and a Director of HSBC Holdings on 3 December 2010.*
3 *Appointed a Director of HSBC Holdings on 3 December 2010.*

4 *Allowances include an executive allowance paid to fund personal pension arrangements and a company car allowance.*
5 *Benefits in kind include provision of medical insurance, other insurance cover, accountancy advice and travel assistance. V H C Cheng, A A Flockhart and M F Geoghegan received housing and other benefits in kind that are normal within the location in which they are employed. I J Mackay relocated to London and he received temporary accommodation for him and his family together with other normal relocation benefits.*
6 *Where applicable, bonus comprises: (i) the estimated monetary value of 33% of the award of HSBC Holdings Restricted Shares that will vest on 1 March 2011 arising from the 2009 bonus awarded in March 2010 that was fully deferred into awards of HSBC Holdings Restricted Shares, as follows: D J Flint, £685,000, A A Flockhart, £662,000, M F Geoghegan £1,304,000 and S T Gulliver, £2,934,000; and (ii) 40% of the annual bonus in respect of the 2010 performance year that is non-deferred. The non-deferred bonus is payable half in cash and half in HSBC Holdings Restricted Shares which are subject to a six month retention period. Full details are set out below and on page 223.*
7 *The Bonus for 2010 comprises the deferred and non-deferred bonus, details of which are set out below and on page 223.*

Retirement of M F Geoghegan in 2011

M F Geoghegan will continue to work under his existing compensation arrangements until his retirement on 31 March 2011; however he will not be eligible to receive any bonus in respect of 2011. M F Geoghegan will receive the sum of £1,027,500, and the Group will also make a pension contribution on his behalf equal to £401,250, in lieu of the remaining nine months notice period required to terminate the Service Agreement. Following his retirement, M F Geoghegan will provide consultancy to HSBC for a period of three months from 1 April 2011, at a consultancy fee of £200,000, which he intends to donate to charity. In accordance with our disclosure practices these sums will also be fully disclosed in the 2011 Directors' Remuneration Report.

Salary

To reflect the significantly increased responsibilities and maintain and reinforce a collegiate executive team, the salaries for two executive Directors were adjusted from 1 February 2010, equalising the salaries of D J Flint, S T Gulliver and A A Flockhart. In addition, with effect from 2010 the employer pension contribution or executive allowance, in lieu of pension, for D J Flint, A A Flockhart and S T Gulliver were equalised at 50% of basic salary.

On appointment as Group Chairman, the salary for D J Flint was increased to £1,500,000 with effect from 3 December 2010.

On appointment as Group Chief Executive, the salary for S T Gulliver was increased to £1,250,000, with effect from 1 January 2011.

On appointment as Chairman, Europe, Middle East, Africa, Latin America, Commercial Banking and Chairman of HSBC Bank plc, the salary for A A Flockhart was increased to £975,000, with effect from 1 January 2011.

I J Mackay was appointed an executive Director on 3 December 2010 with a base salary of £700,000, and will receive an executive allowance of 50% in lieu of pension.

No other salary increases are proposed for executive Directors.

Annual bonus

The awards made to executive Directors in respect of 2010 performance will be 60% deferred and 40% non-deferred (with the exception of S T Gulliver, whose arrangements are noted below). 50% of both the deferred and non-deferred components will be in the form of Restricted Shares issued under the HSBC Share Plan. The remaining 50% will be delivered as cash. The vesting policy as noted on page 223 under 'Executive Directors remuneration' will apply to the deferred awards.

S T Gulliver, at his request, will receive his 2010 annual bonus 100% fully deferred in the form of Restricted Shares. This award will be subject to the same vesting policy for other executive Directors' deferred awards.

The award made to the former Group Chief Executive, M F Geoghegan, and the Group Chairman, D J Flint, in respect of his previous role as Chief Financial Officer, Executive Director, Risk and Regulation, reflects the overall achievements of the Group under the balanced scorecard and risk appetite framework. The 2010 results show an improved profit after tax and return on equity, although below our target range, and a strong core tier 1 capital position. Loan impairment charges as a percentage of total operating income reduced and the firm's economic profit position improved, although it remained in an overall negative position. Operational losses for the Group were reduced from last year and notwithstanding the Group's employee engagement score reduced year on year, it still maintained its position ahead of the industry norm. From 2011 and onwards D J Flint will no longer receive an annual bonus payment.

The award made to the Group Chief Executive, S T Gulliver, reflects his overall strong achievements in his previous role as Chairman, Europe, Middle East and Global Businesses. Profit before tax for the businesses within his remit decreased slightly, however this was against challenging market

Directors' Remuneration Report (continued)

conditions. Operational losses for the year, however, also reduced substantially as well as there being a substantial decrease in loan impairment charges as a percentage of total operating income.

The award made to V H C Cheng, Chairman of HSBC Bank (China) Company Limited, reflects his performance in ensuring the continued strategic development in mainland China.

The award made to A A Flockhart reflects his overall achievements in his previous role as Chairman, Personal and Commercial Banking and Insurance. Profit before tax increased and the return on equity increased in all areas from last year. Operational losses increased from last year, however, resulting in the cost efficiency across his remit to decrease.

The award for I J Mackay, reflects his overall achievements in his previous role as Chief Financial Officer, Asia-Pacific.

Bonus awards

	2010 performance[1]				2009 performance		2008 performance	
	Non-deferred		**Deferred**					
	Cash £000	**Restricted Shares £000**	**Cash £000**	**Restricted Shares £000**	Cash £000	Restricted Shares £000	Cash £000	Restricted Shares £000
V H C Cheng	**142**	**142**	**213**	**213**	–	1,240	–	1,639
D J Flint[2]	**560**	**560**	**840**	**840**	–	2,100	–	–
A A Flockhart	**362**	**362**	**542**	**542**	–	1,908	–	1,655
M F Geoghegan[2,3]	**760**	**760**	**1,140**	**1,140**	–	4,000	–	–
Lord Green[4]	**–**	**–**	**–**	**–**	–	–	–	–
S T Gulliver[2,5]	**–**	**–**	**–**	**5,200**	–	9,000	–	–
I J Mackay[6]	**12**	**12**	**18**	**18**	–	–	–	–

1 *The awards made in respect of 2010 performance will be delivered as described on page 223.*
2 *D J Flint, M F Geoghegan and S T Gulliver requested that they not be considered for a bonus in respect of 2008.*
3 *M F Geoghegan has stated that subject to the shares being released, he will make total donations up to the size of his bonus awarded for 2009 performance to charities by 2013.*
4 *At the former Group Chairman's request, he was not considered for an annual bonus award in 2010, 2009 and 2008.*
5 *S T Gulliver has requested that 100% of the award made to him in respect of 2010 performance be fully deferred in Restricted Shares subject to the standard vesting and retention period.*
6 *Appointed a Director of HSBC Holdings on 3 December 2010.*

Performance Shares

No awards of Performance Shares have been made since 2008. No awards are proposed to date. Awards may be considered later in 2011, subject to the conclusion of the current consultation with shareholders concerning a revised approach as referenced on page 221.

The average actual vesting of Performance Share awards made in 2004, 2005, 2006 and 2007 (which were tested in 2007, 2008, 2009 and 2010) has been 26.88% of their face value. The awards granted in 2007 did not satisfy the EPS condition but did satisfy the TSR condition and accordingly, 75.6% of the TSR element of the award (37.8% of the overall award) vested. The awards made in 2008 have not satisfied the EPS or economic profit measures. The extent to which the TSR part of the award will vest will be determined following the completion of the three year period on 25 March 2011.

Description of performance conditions

The performance measures for the long-term incentive awards of Performance Shares under the HSBC Share Plan remain as follows.

The vesting of awards is based on three independent performance measures and an overriding 'sustained improvement' judgement by the Committee. The three Group measures are relative TSR (40% of the award); economic profit (40%); and growth in EPS (20%).

These measures provide a basis on which to measure our relative and absolute performance over the long-term taking into account an external measure of value creation, a measure of the extent to which the return on capital invested in HSBC is in excess of a benchmark return and a direct measure of the profits generated for shareholders.

Awards will not vest unless the Committee is satisfied that our financial performance has shown a sustained improvement in the period since the award date. In determining whether we have achieved such sustained improvement the Committee will take account of all relevant factors, in particular, comparisons against the TSR comparator group in areas such as revenue growth and mix, cost efficiency, credit performance, cash return on cash invested, dividends and TSR.

The performance conditions are measured over a three year performance period and awards forfeited to the extent that they have not been met. The performance measures and the targets described below apply to the last awards made in 2008.

Total shareholder return award

TSR is measured against a comparator group comprising the largest global banks in the world as well as other banks against which we compete for business at a regional and/or local level. These companies are:

TSR comparator group	
AGEAS	ICBC
Banco Bradesco	Itau Unibanco
Banco Santander	JPMorgan Chase
Bank of America	Lloyds Banking Group
Bank of China	National Australia Bank
Barclays	Royal Bank of Canada
BBVA	Royal Bank of Scotland
BNP Paribas	Société Générale
Citigroup	Standard Chartered
Credit Suisse Group	UBS
DBS Group	UniCredito Italiano
Deutsche Bank	Wells Fargo

During 2008, HBOS and Wachovia merged with other banks in the comparator group and in 2009 the remainder of the banking activities of Fortis were acquired by BNP Paribas, an existing member of the comparator group. For awards made in 2008, performance from the point of acquisition will track that of the acquirer. This approach retains the free float market capitalisation ('FFMC') weighting of the combined entities. The Committee determined that the comparator group remains large enough to be statistically valid and as such it was not necessary to introduce any replacement banks.

To reflect the fact that the range of market capitalisations within the comparator group is very wide, a FFMC weighted method is used to calculate TSR performance. Under this approach, our out-performance of the comparator group will be calculated by dividing the total FFMC of all of the companies that we have outperformed in terms of TSR by the total FFMC of all of the companies in the comparator group. The extent to which the TSR award vests is determined as follows:

If HSBC's TSR outperforms companies comprising	Proportion of TSR award vesting[1]
75% of the total FFMC	100%
50% of the total FFMC	20%
< 50% of the total FFMC	nil

1 *Vesting will occur in a straight line between 20% and 100% where our performance falls between these incremental steps.*

Economic profit award

Economic profit ('EP') is calculated as the average annual difference between return on invested capital and our benchmark cost of capital and is expressed as a percentage. EP is a key measure of shareholder value creation as it rewards management progressively to the extent that the return on the capital invested in HSBC by its shareholders is in excess of a threshold return, which itself exceeds our benchmark cost of capital.

For the awards made in 2008 the benchmark cost of capital was 10%. Return on invested capital is based on the profit attributable to shareholders. The extent to which the EP award vests is determined as follows:

Average annual EP over three years	Proportion of EP award vesting[1]
8% or above	100%
< 3%	nil

1 *Vesting will occur in a straight line between 0% and 100% where our performance falls between these incremental steps.*

Earnings per share award

Growth in EPS is measured on a point to point basis, by comparing EPS in the third financial year of the performance period with EPS in the financial year preceding that in which the award is made.

EPS growth in Year 3 over the base EPS	Proportion of EPS award vesting[1]
28% or above	100%
16%	20%
< 16%	nil

1 *Vesting will occur in a straight line between 20% and 100% where our performance falls between these incremental steps.*

If events occur which cause the Committee to consider that a performance condition has become unfair or impractical in either direction, the right is reserved to the Committee, if it considers it appropriate, to amend, relax or waive the condition.

Awards will vest in full and immediately in cases of death. In the event of redundancy, retirement on grounds of injury or ill health and where a participant ceases to be employed by HSBC due to a company ceasing to be part of HSBC, awards will normally vest at the end of the vesting period on a time-apportioned basis to the extent that the performance conditions have been satisfied. In the event of a change of control, awards will normally vest immediately and on a time-apportioned basis to the extent that the performance conditions have been satisfied. Awards will normally be forfeited if the participant is dismissed for cause or resigns from HSBC. In all circumstances the Committee retains discretion to ensure fair and reasonable treatment.

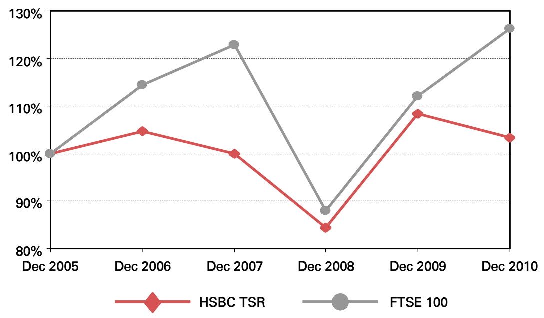
Funding

The dilution limits set out in the HSBC share plans comply with the Association of British Insurers' guidelines. To date, all vesting awards of Performance Shares and Restricted Shares under the HSBC Share Plan have been satisfied by the transfer of existing shares. To create additional core tier 1 capital and retain funds within HSBC, the Board has agreed that new shares may be issued to satisfy the vesting of awards of Restricted and Performance Shares that cannot be satisfied from shares already held by employee benefit trusts commencing in 2011.

Total shareholder return

Pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the graph below shows the TSR performance against the FTSE 100 Index for the five-year period ended 31 December 2010. The FTSE 100 Index has been chosen as this is a recognised broad equity market index of which HSBC Holdings is a member.

HSBC TSR and FTSE 100 Index



Source: International Data Corporation

Pensions

The normal retirement age for executive Directors is 65, with the exception of V H C Cheng, for whom no retirement age is specified in keeping with local legislation. The pension entitlements of the executive Directors for 2010 are set out on page 231.

Share ownership guidelines

To ensure appropriate alignment with our shareholders, we operate a formal share ownership policy, expressed as a number of shares, for executive Directors and the Group Managing Directors. The Committee considers that material share ownership by executives creates a community of interest between senior management and shareholders.

Under the existing guidelines, the shareholding is expected to be achieved within five years of the executive's appointment or three years from the date of approval of amendments to the HSBC Share Plan on 30 May 2008, whichever is the later. The executive Directors and Group Managing Directors are required to build and retain the following shareholdings:

	Number of shares[1]	
	to be held	**held at 31 December 2010**
V H C Cheng	200,000	**1,383,564**
D J Flint[2]	400,000	**494,933**
A A Flockhart	200,000	**1,066,450**
S T Gulliver[3]	600,000	**4,279,244**
I J Mackay[4]	200,000	**287,719**
Group Managing Directors	125,000	–[5]

1 *For the purposes of the guidelines, unvested awards of Restricted Shares are included. Unvested Performance Share awards are excluded.*
2 *Appointed Group Chairman on 3 December 2010.*
3 *Appointed Group Chief Executive on 1 January 2011.*
4 *Appointed Group Finance Director on 3 December 2010.*
5 *All of the Group Managing Directors exceed the expected holdings.*

The Committee monitors compliance with the share ownership guidelines annually. The Committee will have full discretion in determining any penalties in cases of non-compliance, which could include a reduction of future awards of long-term incentives and/or an increase in the proportion of the annual bonus that is deferred into shares.

Service contracts

Our policy is to employ executive Directors on one-year rolling contracts although longer initial terms may be approved by the Committee if considered appropriate. The Committee will, consistent with the best interests of the Group, seek to minimise termination payments.

Name	Contract date (rolling)	Notice period (Director & HSBC)	Compensation on termination by the company without notice or cause
V H C Cheng	15 March 2010	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits.
D J Flint	14 February 2011	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits.
A A Flockhart	14 February 2011	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits. Eligible to be considered for a bonus upon termination of employment other than where the Executive has resigned or the Company has terminated the Executive's employment with the contractual right to do so.
M F Geoghegan[1]	26 February 2010	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits. Eligible for a bonus calculated as not less than the average of the previous two years of bonus payments received, pro-rated for any part-year worked to termination.
Lord Green[2]	28 February 2008	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits. Eligible for a bonus calculated as not less than the average of the previous two years of bonus payments received, pro-rated for any part-year worked to termination.
S T Gulliver[3]	10 February 2011	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits. Eligible to be considered for a bonus upon termination of employment other than where the Executive has resigned or the Company has terminated the Executive's employment with the contractual right to do so.
I J Mackay[4]	4 February 2011	12 months	Payment in lieu of notice equal to base salary, pension entitlements and other benefits. Eligible to be considered for a bonus upon termination of employment other than where the Executive has resigned or the Company has terminated the Executive's employment with the contractual right to do so.

1 *Stepped down as Group Chief Executive and a Director of HSBC Holdings on 31 December 2010.*
2 *Retired as Group Chairman and a Director of HSBC Holdings on 3 December 2010.*
3 *The other benefits as part of the payment in lieu of notice do not include the accommodation and car provided in Hong Kong.*
4 *Appointed a Director of HSBC Holdings on 3 December 2010.*

Other directorships

Executive Directors, if so authorised by either the Nomination Committee or the Board, may accept appointments as non-executive Directors of suitable companies which are not part of HSBC. Approval will not be given for executive Directors to accept a non-executive directorship of more than one FTSE 100 company nor the chairmanship of such a company. When considering a non-executive appointment, the Nomination Committee or Board will take into account the expected time commitment of such appointment. The time commitment for executive Directors' external appointments will be reviewed as part of the annual Board review. Any remuneration receivable in respect of an external appointment is normally paid to HSBC, unless otherwise approved by the Committee. D J Flint has elected to donate his fees as a non-executive Director of BP p.l.c. to charity. Lord Green donated his fees from the Supervisory Board of BASF SE to charity.

Non-executive Directors

Non-executive Directors are appointed for fixed terms not exceeding three years, subject to their re-election by shareholders at Annual General Meetings. Non-executive directors have no service contract and are not eligible to participate in our share plans. Current non-executive Directors' terms of appointment will expire as follows:

- in 2011, S A Catz, J D Coombe, J W J Hughes-Hallett, W S H Laidlaw and N R N Murthy;
- in 2012, M K T Cheung, J R Lomax, Sir Simon Robertson, J L Thornton and Sir Brian Williamson; and
- in 2013, R A Fairhead and G Morgan.

L M L Cha was appointed a non-executive Director with effect from 1 March 2011. Subject to her re-election by shareholders at the Annual General Meeting in 2011, her term will expire in 2014.

Directors' Remuneration Report (continued)

Fees

Non-executive Directors' fees are regularly reviewed and compared with other large international companies of comparable complexity. The current fee, which was approved by shareholders in 2006, is £65,000 per annum. Having considered comprehensive data it is clear that the current non-executive Directors' fee is below the level paid in other major UK companies. The approval will therefore be sought at the Annual General Meeting in 2011 for the fee for non-executive Directors to be increased to £95,000 per annum with effect from 1 January 2011. A fee of £30,000 per annum is payable to the senior independent non-executive Director. In addition, non-executive Directors received the following fees for service on Board Committees:

Board Committee annual fees[1]

	Chairman £000	Member £000	Meetings held during 2010 (Number)
Group Audit Committee	**40**	**20**	**6**
Group Risk Committee	**40**	**20**	**4**
Remuneration Committee	**40**	**20**	**9**
Nomination Committee	**30**	**20**	**3**
Corporate Sustainability Committee	**30**	**20**	**5**

1 *The Board will consider increasing the fees for service on Board Committees during 2011.*

The total of fees paid to each of the non-executive Directors of HSBC Holdings for 2010, being emoluments for the purposes of the UK Companies Act 2006, is as follows:

Fees paid to non-executive Directors
(Audited)

	2010 £000	2009 £000
S A Catz	**65**	65
M K T Cheung[1]	**112**	89
J D Coombe	**130**	105
J L Durán[2]	**27**	65
R A Fairhead	**152**	135
W K L Fung[2, 3]	**54**	132
J W J Hughes-Hallett	**105**	105
W S H Laidlaw	**85**	85
J R Lomax	**102**	82
Sir Mark Moody-Stuart[2]	**51**	125
G Morgan	**85**	85
N R N Murthy	**91**	85
Sir Simon Robertson	**115**	115
J L Thornton[4]	**1,068**	1,040
Sir Brian Williamson	**87**	95
Total	**2,329**	2,408
Total (US$000)	**3,597**	3,756

1 *Includes fees as a non-executive Director and member of the Audit Committee of Hang Seng Bank Limited.*
2 *Retired as a Director on 28 May 2010.*
3 *Includes fees as non-executive Deputy Chairman of The Hongkong and Shanghai Banking Corporation Limited.*
4 *Includes fees as non-executive Chairman of HSBC North America Holdings Inc.*

Pensions

(Audited)

V H C Cheng is a member of the Hong Kong Special Administrative Region Mandatory Provident Fund ('MPF') and received an executive allowance of 25% of annual basic salary during 2010, less the mandatory contributions to the MPF by both the employer and employee, to fund personal pension arrangements (HK$2,313,000). During 2010, the mandatory employer contribution to the MPF in respect of Mr Cheng was HK$12,000.

D J Flint received an executive allowance of 55% of basic salary in lieu of personal pension arrangements in the month of January. From 1 February 2010, this allowance was reduced to 50% of basic salary. The executive allowance for the whole of 2010 amounted to £425,224.

A A Flockhart received employer contributions of 40% of basic salary into a personal pension plan in the month of January 2010. From 1 February 2010 Mr Flockhart received employer contributions of 50% of basic salary into a pension plan. The employer contributions for the whole of 2010 amounted to £404,319.

M F Geoghegan received an executive allowance of 50% of basic salary in lieu of pension between 1 January and 25 January 2010. From 26 January 2010, Mr Geoghegan received employer contributions of 50% of basic salary into a pension plan. The employer contributions for the whole of 2010 amounted to £560,486.

Lord Green ceased membership of the HSBC Bank (UK) Pension Scheme on 5 April 2006. Since 6 April 2006, Lord Green has been entitled to receive benefits from an Employer Funded Retirement Benefits Scheme which together with entitlements from the HSBC Bank (UK) Pension Scheme provided benefits to Lord Green that were broadly comparable to an accrual rate of one-thirtieth of pensionable salary for each year of pensionable service. Lord Green retired on 3 December 2010 and began receiving his pension from 4 December 2010.

S T Gulliver received employer contributions of 30% of basic salary into a personal pension plan in the month of January 2010. From 1 February 2010 Mr Gulliver's pension arrangements were increased to 50% of basic salary. This was delivered as employer contributions of 30% of basic salary into a personal pension plan and an executive allowance of 20% of basic salary. The employer contributions and the executive allowance for the whole of 2010 amounted to £386,667.

I J Mackay received an executive allowance of 50% of basic salary in lieu of pension with effect from his appointment as executive Director on 3 December 2010 (£28,269 for the period to 31 December 2010) to fund personal pension arrangements.

Defined Benefit Pension arrangements

	Accrued annual pension at 31 December 2010 £000	Increase in accrued pension during 2010 £000	Increase in accrued pension during 2010, excluding any increase for inflation £000	Transfer value of accrued pension at 31 December 2009[1] £000	Transfer value of accrued pension at 31 December 2010[1] £000	Increase of transfer value of accrued pension (less personal contributions) in 2010[1] £000	Transfer value (less personal contributions) at 31 December 2010 relating to increase in accrued pensions during 2010, excluding any increase for inflation[1] £000
A A Flockhart[2] ...	283	13	13	4,863	4,974	111	201
Lord Green[3]	–	38	5	19,119	–	381	–

1 *The transfer value represents a liability of HSBC's pension funds and not a sum paid or due to the individual; it cannot therefore meaningfully be added to annual remuneration.*
2 *A A Flockhart ceased accrual of pension in the International Staff Retirement Benefits Scheme ('ISRBS') on 30 November 2008 and he has deferred commencement of his pension. He received no increase for inflation to his accrued pension on 1 January 2010. The ISRBS retains a liability for a contingent spouse's pension of £129,900 per annum as at 31 December 2010.*
3 *Lord Green retired as a Director on 3 December 2010 and commenced receiving his pension from 4 December 2010.*

The table overleaf shows unfunded pension payments, in respect of which provision has been made, during 2010 to six former Directors of HSBC Holdings.

The payments in respect of R Delbridge and Sir Brian Pearse were made by HSBC Bank plc as former directors of that bank. The payment in respect of C F W de Croisset was made by HSBC France as a former director of that bank. There were no increases to sterling values of the pensions during 2010.

Directors' Remuneration Report (continued)

Share plans

Unfunded pension payments

	2010 £	2009 £
B H Asher	**101,858**	101,858
C F W de Croisset	**237,662**	247,115
R Delbridge	**146,507**	146,507
Lord Green	**2,992**	–
Sir Brian Pearse	**61,095**	61,095
Sir William Purves	**107,827**	107,827
	657,941	664,402

Share Plans

(Audited)

At 31 December 2010, the undernamed Directors held options and awards of Performance Shares and Restricted Shares to acquire the number of HSBC Holdings ordinary shares set against their respective names.

HSBC Holdings savings-related share option plans

(Audited)

HSBC Holdings ordinary shares of US$0.50

	Date of award	Exercise price (£)	Exercisable from[1]	Exercisable until	At 1 Jan 2010	At 31 Dec 2010
D J Flint	25 Apr 2007	6.1760	1 Aug 2012	31 Jan 2013	**2,650**	**2,650**
A A Flockhart	29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	**4,529**	**4,529**
		US$				
I J Mackay	30 Apr 2008	11.8824	1 Aug 2011	31 Jan 2012	**1,531**[2]	**1,531**

The HSBC Holdings savings-related share option plans are all-employee share plans under which eligible HSBC employees may be granted options to acquire HSBC Holdings ordinary shares. Employees may make contributions of up to £250 (or equivalent) each month over a period of one, three or five years which may be used on the first, third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. The plans help align the interests of employees with the creation of shareholder value and, as such, exercise of the options is not subject to any performance conditions. The options were awarded for nil consideration and are exercisable at a 20% discount to the average market value of the ordinary shares on the five business days immediately preceding the invitation date. No options lapsed during the year. There are no performance criteria conditional upon which the outstanding options are exercisable and there have been no variations to the terms and conditions since the awards were made. The market value per ordinary share at 31 December 2010 was £6.511. The highest and lowest market values per ordinary share during the year were £7.404 and £5.962. Market value is the mid-market price derived from the London Stock Exchange Daily Official List on the relevant date. Under the Securities and Futures Ordinance of Hong Kong, the options are categorised as unlisted physically settled equity derivatives.

1 *May be advanced to an earlier date in certain circumstances, e.g. retirement.*
2 *Interest at 3 December 2010 – date of appointment.*

Awards of Performance Shares

HSBC Share Plan

(Audited)

HSBC Holdings ordinary shares of US$0.50

	Date of award	Year in which awards may vest	Awards held at 1 Jan 2010	Awards vested during year[1,2] Number	Awards vested during year[1,2] Monetary value £000	Awards held at 31 Dec 2010[3]
V H C Cheng	5 Mar 2007	2010	**218,035**	**83,769**	**560**	**–**
	3 Jun 2008	2011	**157,852**	**–**	**–**	**163,188**
D J Flint	5 Mar 2007	2010	**326,626**	**125,489**	**838**	**–**
	3 Jun 2008	2011	**455,210**	**–**	**–**	**470,596**
A A Flockhart	5 Mar 2007	2010	**145,238**	**55,799**	**373**	**–**
	3 Jun 2008	2011	**155,227**	**–**	**–**	**160,474**
M F Geoghegan	5 Mar 2007	2010	**742,334**	**285,205**	**1,905**	**–**
	3 Jun 2008	2011	**1,069,746**	**–**	**–**	**1,105,902**
Lord Green	5 Mar 2007	2010	**556,750**	**213,903**	**1,429**	**–**
	3 Jun 2008	2011	**1,251,829**	**–**	**–**	**1,294,140**[4]
S T Gulliver	5 Mar 2007	2010	**161,319**	**61,979**	**414**	**–**
	3 Jun 2008	2011	**67,631**	**–**	**–**	**69,917**

Vesting of these awards of Performance Shares is subject to the achievement of the corporate performance conditions set out on pages 226 to 228. Interests in awards of Performance Shares are categorised under the Securities and Futures Ordinance of Hong Kong as the interests of a beneficiary of a trust.

1 *The performance conditions of the total shareholder return element of the award were partially met and the following part of the awards vested on 31 March 2010, when the market value per share was £6.68: V H C Cheng, 82,957 shares; D J Flint, 124,273 shares; A A Flockhart, 55,259 shares; M F Geoghegan, 282,440 shares; Lord Green, 211,830 shares; and S T Gulliver, 61,378 shares. The following awards representing the fourth interim dividend for 2009 vested on 5 May 2010, when the market value per share was £6.53: V H C Cheng, 812 shares; D J Flint, 1,216 shares; A A Flockhart, 540 shares; M F Geoghegan, 2,765 shares; Lord Green, 2,073 shares; and S T Gulliver, 601 shares. The market value per share on the date of the award, 5 March 2007, was £8.96.*
2 *The performance conditions for the earnings per share element and the remaining part of the total shareholder return element of the award were not met and, under the terms of the Plan, the following awards were forfeited on 31 March 2010: V H C Cheng, 136,506 shares; D J Flint, 204,493 shares; A A Flockhart, 90,931 shares; M F Geoghegan, 464,757 shares; Lord Green, 348,568 shares; and S T Gulliver, 100,998 shares. As a consequence, the fourth interim dividend for 2009 did not accrue on the forfeited shares.*
3 *Includes additional shares arising from scrip dividends.*
4 *Interest at 3 December 2010 – date of retirement.*

Awards of Restricted Shares

HSBC Share Plan

(Audited)

HSBC Holdings ordinary shares of US$0.50

	Date of award	Year in which awards may vest	**Awards held on 1 Jan 2010**	**Awards made during year[1]**		**Awards vested during year[2]**		**Awards held at 31 Dec 2010[3]**
				Number	**Monetary value £000**	**Number**	**Monetary value £000**	
V H C Cheng	3 Mar 2008	2010[4]	**103,936**	**–**	**–**	**104,616**	**713**	**–**
	2 Mar 2009	2012	**493,545**	**–**	**–**	**–**	**–**	**510,226**
	1 Mar 2010	2013	**–**	**193,534**	**1,320**	**–**	**–**	**198,773**
D J Flint	1 Mar 2010	2011-2013[5]	**–**	**307,917**	**2,100**	**–**	**–**	**316,252**
A A Flockhart	31 Oct 2007	2010	**64,621**	**–**	**–**	**66,806[6]**	**434**	**–**
	3 Mar 2008	2011	**15,064**	**–**	**–**	**–**	**–**	**15,572**
	2 Mar 2009	2012	**498,124**	**–**	**–**	**–**	**–**	**514,960**
	1 Mar 2010	2011-2013[5]	**–**	**297,746**	**2,031**	**–**	**–**	**305,806**
M F Geoghegan ..	1 Mar 2010	2011-2013[5]	**–**	**586,510**	**4,000**	**–**	**–**	**602,387**
S T Gulliver	5 Mar 2007	2008-2010[5]	**191,842**	**–**	**–**	**193,099**	**1,317**	**–**
	3 Mar 2008	2009-2011[5]	**388,157**	**–**	**–**	**202,986**	**1,384**	**192,796**
	1 Mar 2010	2011-2013[5]	**–**	**1,319,648**	**9,000**	**–**	**–**	**1,355,371**
I J Mackay	31 Jul 2007	2009-2011[7]	**47,679[8]**	**–**	**–**	**–**	**–**	**47,679**
	31 Mar 2008	2011	**46,252[8]**	**–**	**–**	**–**	**–**	**46,252**
	2 Mar 2009	2012	**100,309[8]**	**–**	**–**	**–**	**–**	**100,309**
	1 Mar 2010	2011-2013[5]	**59,262[8]**	**–**	**–**	**–**	**–**	**59,262**

Vesting of Restricted Share awards is normally subject to the Director remaining an employee on the vesting date. The vesting date may be advanced to an earlier date in certain circumstances, e.g. death or retirement. Under the Securities and Futures Ordinance of Hong Kong, interests in Restricted Share awards granted in 2007 and 2008 are categorised as the interests of a beneficiary of a trust and interests in Restricted Share awards granted in 2009 and 2010 are categorised as the interests of a beneficial owner.

1 *At the date of the award, 1 March 2010, the market value per share was £6.82.*
2 *At the date of vesting, 1 March 2010, the market value per share was £6.82. The market value per share on the dates of the awards, 5 March 2007 and 3 March 2008, was £8.96 and £7.90 respectively.*
3 *Includes additional shares arising from scrip dividends.*
4 *Vesting accelerated from 2011 to 2010.*
5 *33% of the award vests on each of the first and second anniversaries of the date of the award, with the balance vesting on the third anniversary of the date of the award.*
6 *At the date of vesting, 29 October 2010, the market value per share was £6.49. The market value per share on the date of the award, 31 October 2007 was £9.51.*
7 *33% of the award vests on each of the second and third anniversaries of the date of the award with the balance vesting on the fourth anniversary of the date of the award.*
8 *Interest at 3 December 2010 – date of appointment.*

On behalf of the Board
J L Thornton
Chairman of Remuneration Committee 28 February 2011