

HSBC and climate change

The first 'carbon neutral' bank

In 2005, HSBC was the world's first major bank to become carbon neutral. This means our worldwide operations contribute net zero carbon dioxide (CO₂) into the atmosphere.

Being carbon neutral reflects our desire to reduce our carbon footprint and to run a more sustainable business. We achieved this important milestone through the diligent application of conservation principles in our operations. Our carbon management plan comprises four parts:

- measuring our carbon footprint
- reducing our energy consumption and business travel
- buying 'green' electricity where available; and
- offsetting any remaining CO₂ emissions.

We buy CO₂ offsets from credible renewable energy projects which have been assessed and verified independently.

Global Environmental Efficiency Programme

In 2007, HSBC launched a US\$90 million, five-year programme to reduce the environmental and carbon footprint of its office buildings and business operations. Major actions include: introducing renewable energy technologies; developing flagship buildings to recognised environmental standards; changing employee behaviour through training, raising employee awareness and developing flexible work practices; and optimising efficiency of the bank's operations through environmental management systems.

Sustainability fundamental to HSBC's business

Climate change presents both risks and opportunities for HSBC. As an adviser, lender and investor, HSBC plays an important role in encouraging the companies and projects it finances to manage climate change-related risks and opportunities.

HSBC considers sustainability a core part of its business, incorporating environmental criteria into our lending policies to support our clients in building sustainable businesses.

Climate change as a strategic issue

Climate change is not just an environmental issue, but an economic and social one that has an impact on HSBC's business strategy.

To better understand the socio-economic implications of climate change, HSBC has appointed Lord Nicholas Stern – a world authority on the economics of climate change – as Special Adviser to the Group Chairman on Economic Development and Climate Change. We have also established the Climate Change Centre of Excellence in Bangalore, India to better assess business risks and opportunities arising from climate change for the benefits of the Group's business and clients.

Helping customers respond to green challenges

HSBC facilitates the transition towards a low-carbon economy via its banking products and services and various programmes.

In 2006, HSBC launched the Carbon Finance Strategy to support clients who are developing clean technologies and non-fossil fuel energy solutions that are both technically and commercially viable. We have also developed sustainability-focused business in areas of low-carbon energy, water infrastructure, sustainable forestry and related agricultural commodities, and have identified business development opportunities by geography, industry sector and customer group.

The HSBC Climate Confidence Index 2007 surveyed 9,000 people across nine major markets to explore consumer attitudes towards climate change. It also provided an indication of how governments, businesses and individuals are influencing and involving our customers around the world.

In 2004, HSBC introduced sector guidelines to cover lending and financial services with potentially high environmental or social impacts. These set out internationally accepted standards to be followed when HSBC lends to or invests in companies or projects in industry sectors such as forestry, freshwater infrastructure, chemicals, energy, metals and mining, and specifies areas where involvement is prohibited.

Investing in climate change

The HSBC Global Climate Change Benchmark Index, the first ever index created to track 300 companies worldwide, has enabled investors to incorporate climate change into their investment decisions.

The HSBC Global Investment Funds (GIF) – Climate Change, which is benchmarked to the index, offers investors greater choice to capture climate change opportunities.

The funds invest in companies that are considered best placed to benefit from developing solutions to the challenges of climate change.

Credit for the environment

HSBC is helping environmentally conscious customers put their good intentions into practice with Hong Kong's first Green Credit Card. Customers can use a card made from PET G, a chlorine-free material, and receive e-statements to help reduce paper use.

Customers can also contribute to the setting up of green roofs for some schools in Hong Kong and to reduce school building temperatures. HSBC will donate an equivalent sum of 0.1% of spending on the Green Credit Card to the HSBC Green Roof for Schools programme. Initiated by the Hongkong Bank Foundation in collaboration with The University of Hong Kong, the HK\$5 million programme will create green outdoor classrooms for teachers and students in selected schools in Hong Kong.

Insuring green travel

HSBC Insurance launched the Let's Travel Green programme this year in partnership with Hong Kong Polytechnic University to work with customers to reduce air pollution resulting from travel. Customers who buy or renew travel insurance policies will join HSBC in promoting 'green' travel, as one per cent of their insurance premiums will be donated to the Let's Travel Green programme. This programme supports the Eco-Blocks for Eco-Schools project to improve air quality and benefits at least 3,000 students and 200 teachers in Hong Kong.

Living Business

HSBC Living Business is an education and awards programme that aims to help small and medium-sized enterprises become more profitable and productive by implementing socially and environmentally responsible business practices.

Since its launch in Hong Kong in 2004, the programme has been expanded to Singapore, Korea, Sri Lanka, India and France.

HSBC Climate Partnership

Launched in 2007, the groundbreaking HSBC Climate Partnership brings together four leading environmental organisations: The Climate Group, Earthwatch, The Smithsonian Tropical Research Institute and WWF, fighting climate change impacts for people, forests, water and cities.

HSBC has committed funding of US\$100 million over five years, and will involve more than 100,000 employees worldwide in learning and volunteering programmes to promote action on climate change in 20 cities across the globe. Employees will work with our partners' scientists on a two-week project to gather climate change data from forests in four climate centres. On return, these employees will act as 'Climate Champions' within HSBC, sharing valuable knowledge and expertise with colleagues to develop a more sustainable business and workplace.

As part of the global HSBC Climate Partnership, Hong Kong launched the 'HSBC and Climate Partners' programme with the support of the HKSAR Government, including the Environment Bureau, the Environmental Protection Department, the Hong Kong Observatory and various community NGOs and environmental experts.

This climate change education programme encourages businesses and members of the public to take part in the Climate Partner Mission and live a more environmentally friendly lifestyle. Through an interactive web-based learning platform (www.hsbc.com.hk/climatepartners), the public can learn, share and act upon environmental issues. Internally, HSBC employees take part in eco-education and green volunteering activities, and learn to actively manage their own carbon footprint.

HSBC's Wetland Days Programme also provides the general public with an opportunity to get in touch with Hong Kong's wetland wildlife. HSBC employees are also trained as Wetland Park Volunteer Guides to serve the community at the Hong Kong Wetland Park.