

HSBC and sustainable development

HSBC has a long-standing commitment to the environment. In 2006, we were proud to be named by the *Financial Times* as 'Sustainable bank of the year' in recognition of our leadership in merging social, environmental and business objectives.

This environmental commitment begins with putting our own house in order:

- Almost all of HSBC's 312,000 employees work in offices where the energy and water used, and the waste and carbon dioxide (CO₂) produced, are measured and reported publicly. HSBC has announced environmental targets to cut these environmental impacts year on year.
- HSBC purchases 'green' electricity – generated from wind, water and the sun – in eight countries, including the UK. By purchasing electricity from renewable sources, HSBC is helping to increase the global supply of, and investment in, renewable energy.
- HSBC invests in technology upgrades and workplace environmental awareness campaigns to increase our energy efficiency and reduce our overall energy use. In parts of the world, we are investing in large and small-scale renewable energy technology such as solar panels and wind turbines. Energy efficiency is a particular priority for new HSBC buildings. Recent initiatives include using more energy-efficient air-conditioning units, more teleconferencing instead of travelling to meetings, and setting computers to turn off automatically at night.

The first 'carbon neutral' bank

Scientists believe that increasing levels of CO₂ caused by human activity contribute to climate change. In 2005, HSBC was the world's first major bank to become carbon neutral. This means our worldwide operations contribute net zero CO₂ into the atmosphere.

Sharing our success

HSBC supports the communities in which we operate through voluntary work by our employees and through donations. Our policy is to focus on education – particularly for disadvantaged young people – and on the environment. Nearly 75 per cent of our donations are channelled into these two areas.

One of HSBC's largest environmental philanthropic projects has been 'Investing in Nature', a five-year, US\$50 million partnership with Botanical Gardens Conservation International, Earthwatch Institute and WWF. From 2002-06, Investing in Nature:

- helped to protect 12,000 plant species from extinction;
- breathed life into three of the world's great rivers, benefiting 50 million people; and
- trained 200 scientists and sent 2,000 HSBC employees to work on vital conservation research projects worldwide.

Focus on climate change

We continue to explore new ways of supporting the environmental cause. In May 2007, we announced the HSBC Climate Partnership, a ground-breaking, five-year global programme on climate change involving four environmental charities: The Climate Group, Earthwatch Institute, Smithsonian Tropical Research Institute and WWF. HSBC believes that climate change is the single largest environmental challenge this century and, to tackle this, we are investing US\$100 million to inspire action by individuals, businesses and governments to alleviate the consequences for people, forests, water and cities.

The HSBC Climate Partnership aims to:

- make some of the world's great cities – Hong Kong, London, Mumbai, New York and Shanghai – cleaner and greener, which we will promote as models for the world;
- create 'climate champions' worldwide who will undertake research and bring back valuable knowledge and experience to their communities;
- conduct the largest ever field experiment on the world's forests to measure carbon and the effects of climate change; and
- help to protect four of the world's major rivers – the Amazon, Ganges, Thames and Yangtze – from the impact of climate change, benefiting the 450 million people who rely on them.

HSBC's standards and reputation

HSBC recognises that, as a global financial institution, the largest impact we have is through our business operations. That is why we consider social and environmental impacts when assessing the risks of projects we finance. Some of HSBC's clients operate in environmentally sensitive sectors, so we have issued sector policies to provide relationship managers with guidance on environmental and social standards. These aim to ensure that HSBC does not finance, for example, the construction of a dam or mine that might damage the environment.

We believe that HSBC can make a bigger contribution to sustainable development by engaging with clients operating in high-risk industries and by supporting them as they work to improve the environmental and social impacts of their businesses.

Energising HSBC's future

We believe that financial institutions should, and will, play an important role in the shift to cleaner energy. HSBC's ability – through our global network – to work with organisations of all sizes, from small and medium-sized enterprises through to global multinationals, positions us well to finance the future low-carbon economy.

HSBC has launched a **carbon finance strategy** that supports clients who are developing low carbon, clean technology and non-fossil fuel energy solutions, such as renewable energy technologies.

Since 2004, HSBC has been piloting a number of microfinance projects around the world. By working with others, we aim to create self-sustaining, stable financial services to help people out of poverty.

We aim to expand our socially responsible investment funds, and are reviewing opportunities in energy-efficient loans, mortgages, credit cards and savings products.

Recognition

	2006
<i>Financial Times</i> 'Sustainable bank of the year'	winner
Carbon Disclosure Project: Climate Leaders' Index (financial sector)	1st
Dow Jones Sustainability Index (since 2001)	member
FTSE4Good (since 2001)	member
Accountability rating of the <i>Fortune</i> 'Global 50' (financial sector)	1st

We can all play our part

Caring for the environment requires collective action not just by governments and businesses, but also by individuals. To find out how HSBC is encouraging individuals to play their part, see: www.hsbc.com/committochange