

Managing our Business Responsibly

Sustainability

HIGHLIGHTS OF 2009

- **Global People Survey results showed 81% of employees are satisfied with the actions HSBC is taking to embed sustainability into the business.**
- **Carbon Disclosure Project: number 1 financial institution for climate strategy and carbon data disclosure.**
- **Climate business sector worth more than US\$500 billion (source: HSBC Climate Change Centre of Excellence).**
- **Eco-Schools Climate Initiative launched, with the aim to reach 1.2 million students.**
- **Business air travel by employees dropped by 26% in 2009.**
- **HSBC Climate Change Centre of Excellence published 30 leading research papers.**



Visit the Sustainability section of our web site: www.hsbc.com/sustainability



See 'Corporate sustainability' in our Annual Report and Accounts 2009, pages 326-328.

At HSBC, delivering long-term sustainable value for our 220,000 shareholders, 100 million customers, 300,000 employees and the communities in which we operate has always been our priority.

Our communities

HSBC broadly dedicates half of its philanthropic donations to educational causes, a quarter to the environment, and the remainder to local causes. We focus on education and the environment because we believe these are fundamental to building and developing communities.

HSBC's flagship global education programme, Future First, is a five-year commitment to helping disadvantaged children around the world. We work in partnership with the charity SOS Children's Villages, providing access to education and life skills training to equip them for the future. Since the programme's launch in 2006, HSBC has helped to support over 200 projects across 45 countries, benefiting more than 200,000 children.

We support financial education and business literacy through JA More Than Money™. In the last academic year, 1,500 HSBC employee volunteers taught financial skills to over 46,000 children across 14 countries. JA (Junior Achievement) is one of the world's largest organisations dedicated to educating students about workforce readiness, entrepreneurship and financial literacy.

In 2009, we launched the HSBC Eco-Schools Climate Initiative in partnership with the Foundation for Environmental Education. This three-year project aims to inform and inspire 1.2 million young people aged five

to 18 to take action on climate change, by improving their schools' environmental efficiency. HSBC employees in 10 countries worldwide will take part.

Through the HSBC Climate Partnership, HSBC's flagship environmental programme, we have committed to working with four leading global charities over five years on researching and tackling climate change. Nearly 1,000 colleagues have now conducted field research, helping to contribute to the body of scientific knowledge about climate change. In 2009, as part of this project, two new climate centres were opened in India and China, and the Carbon Reduction Campaign was launched in the Hong Kong SAR, which promotes a low-carbon lifestyle to employees. Clean-up work continued on the Yangtze River in China to create a network of protected areas to provide resilience to the impacts of climate change.

Our business

We start from the principle that we must address environmental and social sustainability in our own business before we can understand the impact these issues can have on our customers.

In our 2009 global employee survey, overall engagement scores increased. In particular, 81 per cent of employees said they are satisfied with the actions HSBC is taking to embed environmental and social issues into the way we run our business, which we are doing in a number of ways.

Five years ago, we were the first major bank to become carbon neutral. In 2009, we were rated number one in the financial sector –

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and third overall – by the Carbon Disclosure Project, which encourages the world's leading companies to disclose information about their greenhouse gas emissions. High scores are awarded to companies which demonstrate good carbon data management and understanding of climate change-related issues.

Building on this position, in 2009 we also announced an ambitious target to reduce carbon dioxide from business air travel by 20 per cent by 2012. During the year, we cut Group business air travel by 26 per cent, saving approximately 25,400 tonnes of carbon dioxide emissions. In just one year, HSBC has seen a nine-fold increase in the use of our video-conferencing equipment, from a total of 42,000 hours in 2008 to 418,000 hours in 2009. We have also introduced a new paper sourcing policy, which means we will only buy paper which has come from environmentally responsible sources.

In 2009, we revised the Supplier Code of Conduct to ensure that HSBC's expectations on the rights of workers and environmental standards are clear.

HSBC has relationships with companies operating in most business sectors. The indirect impact that the bank has through its lending and investment activity is regarded by some stakeholders as one of the main ways HSBC can contribute to sustainability. The Group takes this responsibility seriously and has put in place a clear governance structure and risk management process to help manage the potential social and environmental impacts of our lending activity. HSBC's policies provide guidance on issues such as deforestation, human rights, labour standards and carbon emissions.

Our customers and the low-carbon economy

HSBC believes that the world is now set on an irreversible path to a low-carbon economy. This shift will change the way we think about business, the way we do business, and the expectations consumers and shareholders have of business. In response, we are helping clients to manage this fundamental change.

In 2009, the HSBC Climate Change Centre of Excellence published 30 leading research papers, providing detailed analysis for clients on climate policy, low-carbon sectors and emerging economies. This research revealed that the 'climate business' sector is worth US\$500 billion, a sum bigger than the global aerospace and defence industries put together. By 2020, the climate business sector is expected to be worth US\$2 trillion.

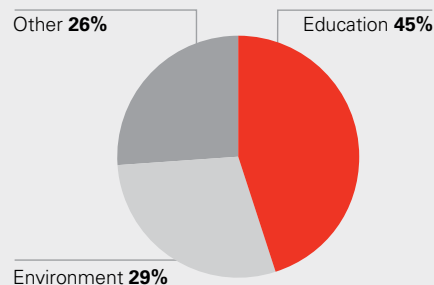
HSBC has continued to develop products and services to help customers make the most of these opportunities. Our quarterly Climate Change Benchmark Index helps institutional investors identify those businesses at the forefront of the climate business sector. In 2009, HSBC continued to work with customers to develop renewable energy and low-carbon products and services, such as solar and geo-thermal power, across Asia-Pacific, Europe and Australasia.

In May 2010, HSBC will publish its *Sustainability Report 2009*, which will provide more detail on HSBC's approach to sustainability.

TOTAL COMMUNITY INVESTMENT DONATIONS 2009

US\$100m

Breakdown of donations 2009



GLOBAL EMPLOYEE SURVEY ON CORPORATE SUSTAINABILITY

