

# Carbon Neutrality: The HSBC Story

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**FT Sustainable Bank of the Year 2006**

**HSBC** 

# What is HSBC?

- **Headquartered in London**
- **We are one of the largest banking & financial services organisations in the world**
- **284,000 employees in 76 countries**
- **Over 10,000 buildings, 66m sq ft of space**
- **Over 125 million customers**
- **200,000 shareholders in 100 countries**

# Why does Climate Change concern HSBC?

## Climate Change Matters...

We believe that climate change represents the largest single environmental challenge this century and that financial institutions will play an important role in the shift to cleaner energy.

“HSBC is working to support the transition to a low-carbon economy. As a carbon neutral company, we are proud to be investing in renewable energy technology including wind and solar power and hope that our actions will inspire other financial institutions to do the same.”

(Stephen Green, Group Chairman, HSBC Holdings plc  
May 2006)



HSBC's house view:  
The science is overwhelmingly clear...



*Source: WWF*

## Climate Change: The Business Forecast...

- Greenhouse gas concentrations have been increased dramatically by human activity
- Climate change is happening and is urgent
- Our 125 million customers around the world will be affected by climate change (by heatwaves, droughts, storms etc.)
- Large cuts in emissions are required to stabilise climate, and the shift to low carbon will offer major financing opportunities
- There is a wide range of options for reducing emissions

Managing our direct impacts:

The world's first Carbon Neutral bank

## Why Carbon Neutral?

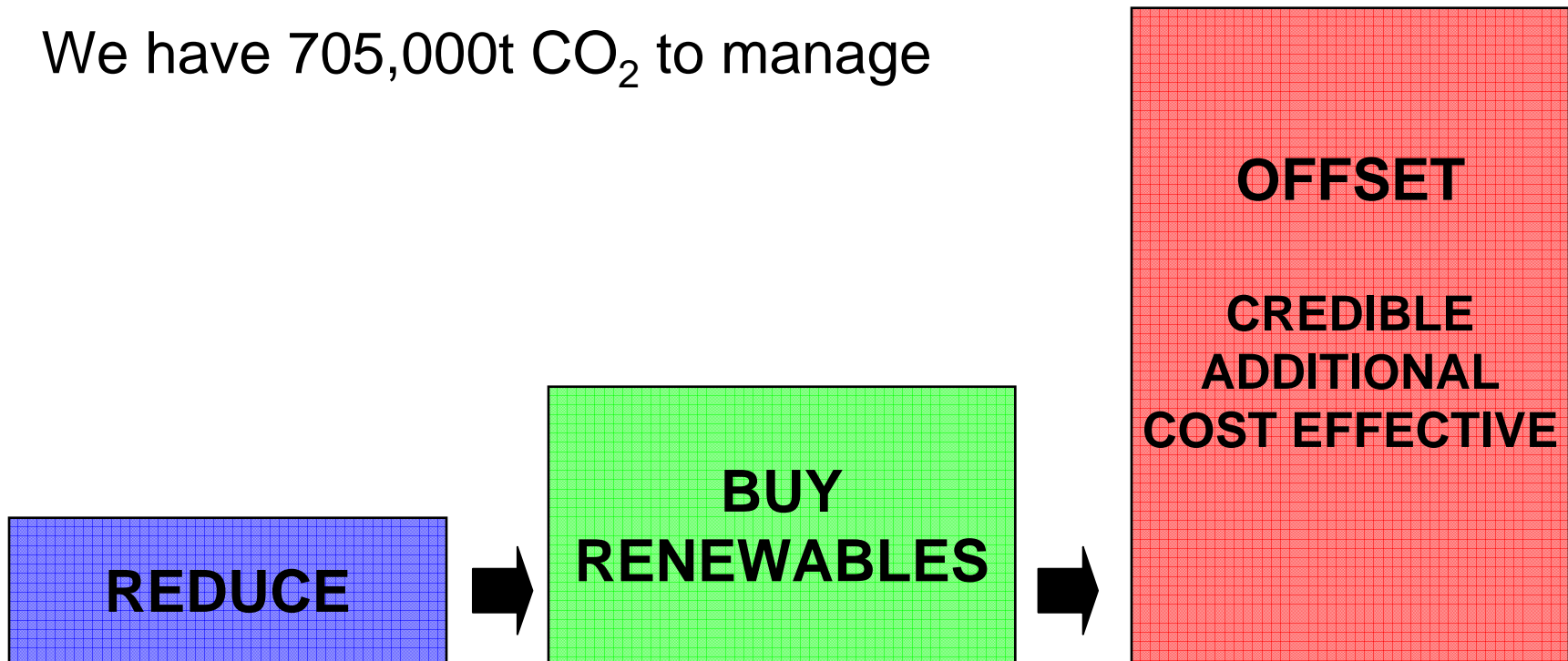
- A key driver behind our decision to go carbon neutral was our desire to understand better the implications and impacts that an increasingly carbon-constrained economy will have both for us and for our clients, as well as gaining a better understanding of the voluntary and mandatory carbon markets.



# Managing our Footprint.....

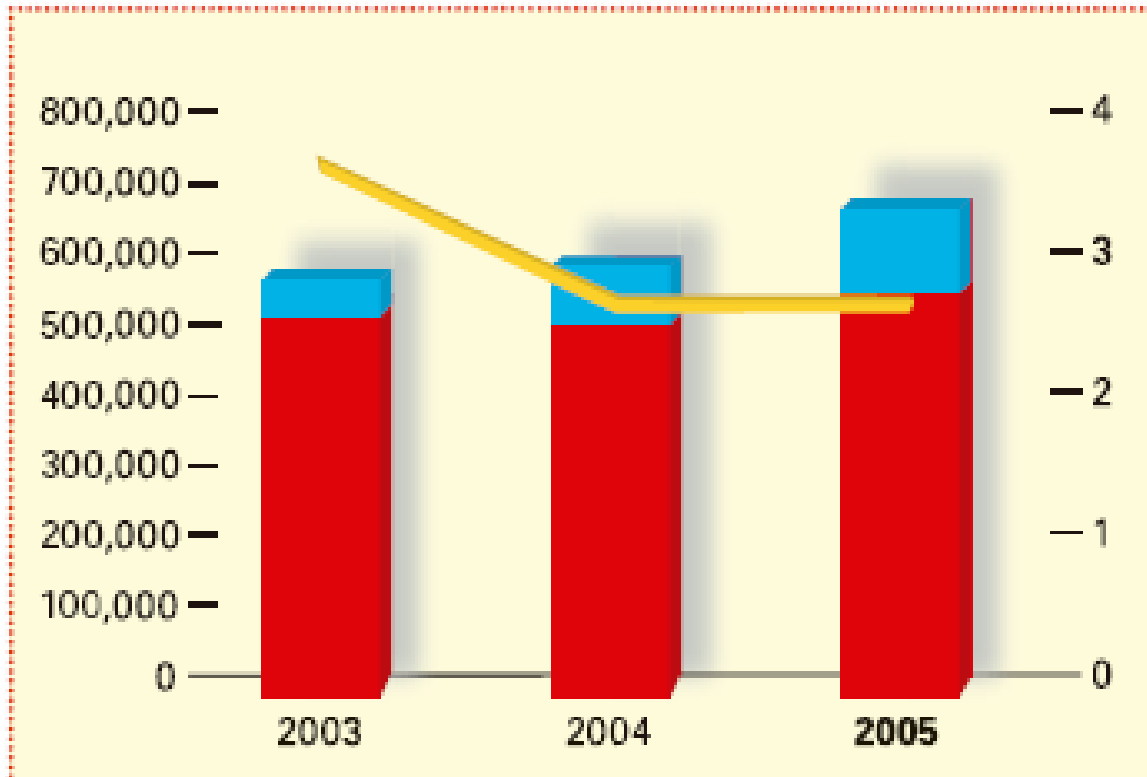
## HSBC is the world's first carbon neutral bank

We have 705,000t CO<sub>2</sub> to manage



Reducing emissions...

# Emissions Reduction



Target:

5% reduction  
over 3 years  
from 2004

- CO<sub>2</sub> emissions from energy (tonnes)
- CO<sub>2</sub> emissions from travel (tonnes)
- Total CO<sub>2</sub> emissions per person (tonnes/full-time equivalent)

# India's Coolest Building - Pune



**Energy saving features**

**Waste management features**

**Water management features**

## Bricket Wood - Wind and Solar Trial



Pilot project to investigate the benefit of micro-renewables

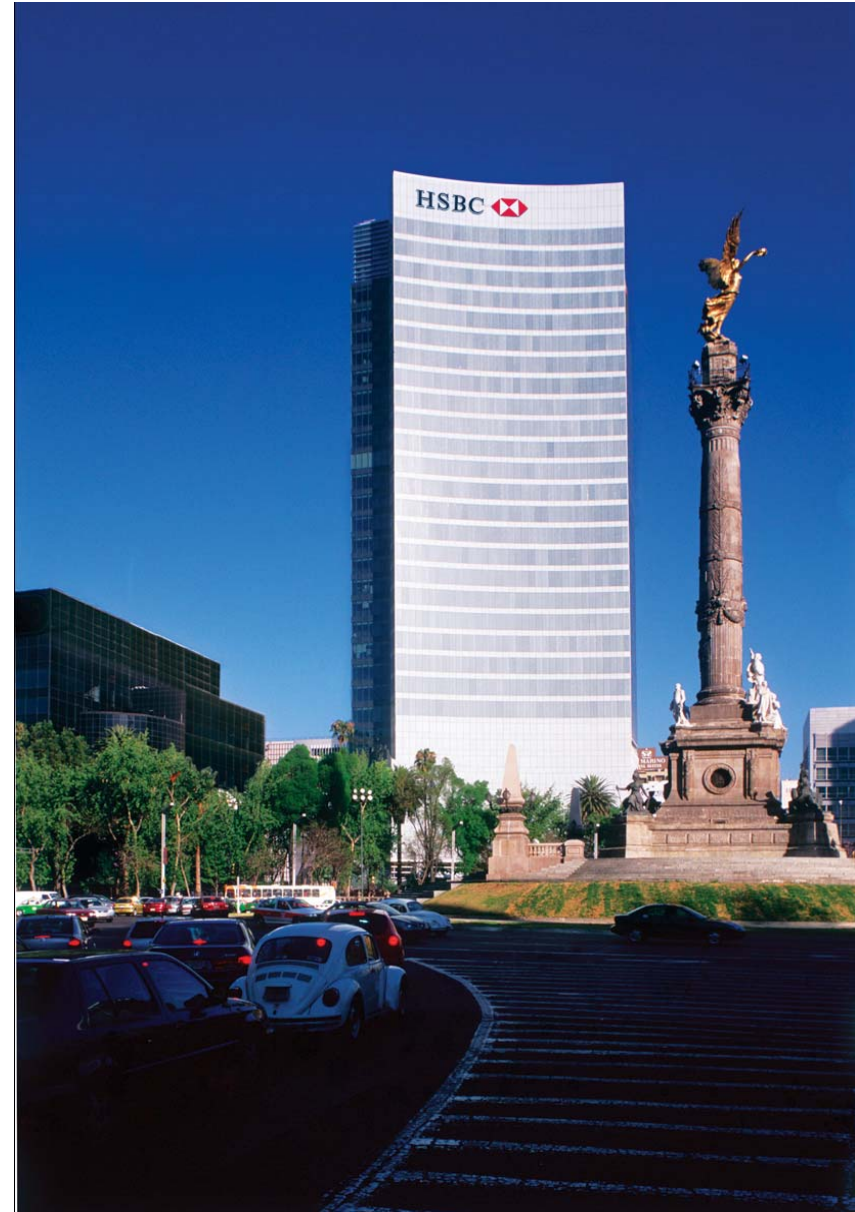
The project includes the installation of

- 3 micro wind turbines, **and**
- 155 photovoltaic panels **installed, covering an area of 200 m<sup>2</sup>, roof top, ground-mounted & glass atrium**

Total green electricity generated per year at Bricket Wood from these technologies is estimated to be **21,000 kWh** which is equivalent of **9t of CO<sub>2</sub> saved**, saving over **£1600**

## Mexico City

- Earlier this year HSBC opened the first LEED certified building in Latin America.
- New building cost in the region of £85 million.
- Incorporates energy, waste and water saving measures



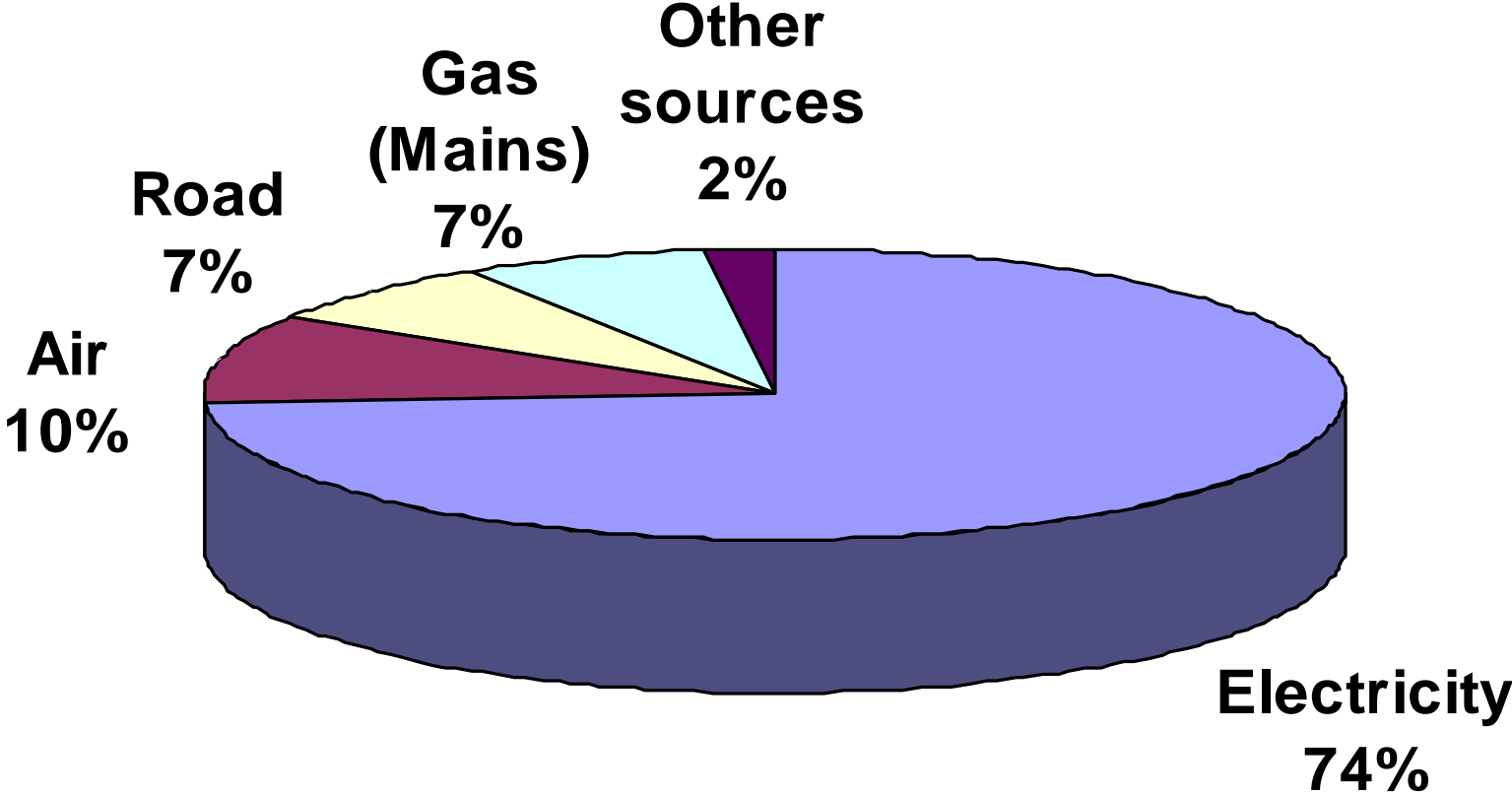


# Hong Kong

- Saving £70,000 per year in electricity costs
- Reducing carbon dioxide emissions by over 1,000t per year



# Group carbon dioxide emissions - 2005



Energy Savings = Cost Savings



...and offsetting what's left.

## What were the criteria for choosing offset projects?

- Additionality
- Credibility
- Cost Effectiveness

## Our 2005 Offset Portfolio

- HSBC purchased 170,000 carbon credits to offset Q4 emissions
- Four projects were chosen:
  - Te Apiti- a windfarm in New Zealand
  - Sanbeiendorf- a methane capture facility (energy from waste) in Germany
  - Collex- a composting facility in Australia
  - Vensa Biotek- a biomass cogeneration project in India




# The World's First Carbon Neutral Major Bank



HSBC carbon neutral  
pilot project

A photograph of a wind farm. Several white wind turbines are visible on a green, rolling hillside under a blue sky with some clouds. The turbines are positioned at various points across the landscape, with one in the foreground being particularly prominent.

HSBC   
The world's local bank

Any Questions?