

HSBC Corporate Social Responsibility 2004: A Summary



HSBC 

The world's local bank

Where does our paper come from?

The cover photograph shows forest workers inspecting a map of the forest plantations managed by Forestal Oriental S.A. at their Fray Bentos operations in Uruguay. *Eucalyptus grandis* trees are grown to a height of 35 metres and then harvested to produce logs, which are transported to Morocco. Pulp produced from these logs is shipped to Aconda Paper S.A.'s mill in north-east Spain where recycled fibres are added to make Revive Special Silk, a paper used for the first time this year to print our *CSR Report*, this summary of the *CSR Report*, our *Annual Review* and *Annual Report and Accounts*.

Revive Special Silk gives good print results and is certified by the Forest Stewardship Council (FSC), an independent organisation that sets standards for the certification of forests around the world to ensure that they are well managed using social, economic and environmental criteria.

Photography: Packman Films/Francisco Casal and Bruno Algaza

Introduction

Ever since HSBC was founded in 1865, corporate social responsibility, or CSR, has been an integral part of the Group's corporate character.

As a company whose entire business is built on trust and reputation, we have always aspired to the highest standards of behaviour. But, as a socially and environmentally responsible organisation, we also believe in contributing to the communities we serve in many different ways and in making a positive impact on the lives of all our stakeholders – our customers, our shareholders and our employees – and to society as a whole. To be truly effective in our endeavours, our first responsibility is to be a successful business.

HSBC is already one of the world's largest banking and financial services organisations. We have more than 110 million customers, some 200,000 shareholders and a quarter of a million employees worldwide. But the bigger we have grown, the more society expects of us.

This leaflet outlines our response to these expectations as a provider of products and services to our customers, as an employer, as a corporate donor within the communities in which we operate, and as an environmentally conscious business. For more detailed information, see our *Corporate Social Responsibility Report 2004*, available on our web site at www.hsbc.com/csr.

Our approach

HSBC's approach to CSR starts with strict compliance with the letter and spirit of laws and industry regulations, the voluntary codes that we have adopted, and our own business principles and values which are published on our web site and as a booklet.

A special committee of the Board, comprising four non-executive Directors of HSBC Holdings plc and three co-opted, external specialists drawn from the fields of science and education, oversees our CSR activities, which are also influenced by our membership of the UN Global Compact. This international network of companies and other agencies seeks solutions to some of the world's major challenges and sets core values for its members in the areas of human rights, labour standards, the environment and anti-corruption measures. HSBC has also expressed its support for the UN Universal Declaration of Human Rights.

Our customers

It is a fundamental principle of HSBC to treat all customers with the highest standards of integrity and to offer products and services that are appropriate to them and at a fair and transparent price. For example, we take steps to ensure that mortgages are provided only when there is a true financial benefit to customers; that customers understand all key loan terms; that billing statements provide clear and complete information; and that customers benefit from improving credit scores.

In the UK, we provide debt counselling for personal customers in financial difficulties while,

in North America, our financial education grant programme has helped 15,000 people with credit and home-ownership counselling, down-payment assistance and asset-building.

Our corporate lending policies are designed to ensure that the economic benefits of finance are not outweighed by adverse environmental or social risks. We avoid financing some types of business altogether, such as the manufacturing and sale of weapons, and transactions that could be used to evade tax or to launder the proceeds of crime. Finance for major infrastructure projects with potential for environmental and social disruption as well as economic benefits – such as power plants and dams – is provided only in exceptional circumstances and after detailed assessments of the risks involved.

A set of guidelines for banks, known as the Equator Principles, helps us to address the environmental and social issues that arise from the financing of large projects and our own Environmental Risk Standard embraces all lending with environmental implications. We have also established detailed guidelines for conducting business with environmentally sensitive industry sectors, such as forestry and freshwater infrastructure.

Customer security is of paramount importance. Increases in internet security threats, such as ‘phishing’ attacks and ATM ‘skimming’, expose customers to a potentially higher risk of identity theft. HSBC provides a high level of online security, uses the latest fraud detection and authentication technology, and continually explores new ways to combat the fraudster. The latest innovation, known as ‘two-factor authentication’, was launched in Hong Kong recently.

To raise the quality of our service to customers even further, we are improving branch access for the disabled, making our online services more user-friendly and designing financial services that meet the needs of specific groups. We are also exploring whether ‘microfinance’ – basic financial services and small loans – is a viable way for HSBC to help some of the world’s most impoverished communities.

Our employees

HSBC attracts customers from all sections of society and we want our worldwide workforce to reflect this rich diversity in race, religion, culture and gender. As well as being the right thing to do, we believe it makes for a more effective business, better able to respond to the needs of all our customers. Advances we have made in the last two years include increasing the ratio of women in executive grades from 37 per cent to 41 per cent, although the ratio at more senior levels needs further improvement.

We also aim to make HSBC a safer place to work. Our efforts have seen time lost from accidents and sickness declining and we are working to continue the trend.

Our ability to attract, develop and motivate high quality people is crucial and we invest heavily in equipping them with the skills necessary for success. We use a variety of training mechanisms, including e-learning, and employ more than 1,100 training staff across the world.

The environment

HSBC responds to the environmental challenge in several ways. These include improving our own energy efficiency, recycling our paper and reducing our emissions of greenhouse gases. We report on how much water our offices consume, how much waste we recycle, and how much energy we use for business travel and to run our buildings. We also record how much carbon dioxide is emitted into the atmosphere as a result of our energy use.

Not only are we planning to reduce these impacts over the years ahead, we have become the world's first major bank to commit to becoming carbon neutral. This will involve buying electricity from renewable sources, such as wind and hydro, and investing in projects that reduce global warming.

We also help our customers raise their own environmental standards, particularly through our forestry and freshwater infrastructure sector guidelines mentioned earlier, and we are developing innovative partnerships with leading environmental and academic institutions. In addition to our 'Investing in Nature' programme (see page 6), we have launched the HSBC Partnership in Environmental Innovation with the UK's Newcastle University and University of East Anglia. This scheme is designed to research environmental problems and find solutions.

HSBC in the community

In 2004, we invested more than US\$69 million in charitable programmes and our employees spent more than 230,000 working hours voluntarily helping the communities in which we operate. We pledged US\$1 million for disaster relief in the wake of the Asian tsunami that struck in December 2004, and we matched the generosity of our own employees with a further US\$1 million for long-term rebuilding. We also helped our customers by setting up special channels for them to contribute.

More than 5,000 young people are supported by scholarships each year through our educational initiatives. As part of our 2004 programme, students from 14 countries attended UK universities, unemployed Chinese workers were retrained, and 47 UK teachers taught in African schools. In addition, HSBC made it possible for women to attend the historically African-American Bennett College in the US, for students outside mainstream education to study at the University of Maryland, and for outstanding scholars from disadvantaged backgrounds to attend top UK independent schools.

Through our US\$50 million, five-year environmental partnership, 'Investing in Nature', HSBC supports work being undertaken by Botanic Gardens Conservation International, WWF and Earthwatch. Projects include planning to conserve 20,000 plant species currently endangered; developing more sustainable river management methods on the Yangtze, Amazon and Rio Grande; and sending 2,000 of our employees from 45 countries to help scientists research some of the world's most vital ecosystems.

Tracking our progress

We measure our CSR performance by surveying our stakeholders and participating in independent benchmarking surveys and assessments conducted by ethical investment companies. HSBC's CSR Committee monitors our progress in three key benchmarking indices – the Dow Jones Sustainability Index (DJSI), FTSE4Good and the Business in the Community Environment Index. The DJSI World Index placed us among the world's top five per cent of banks for sustainability in 2004.

Our *CSR Report* is independently verified by external specialists and their recommendations are published in full on our web site.

We will continue to listen to suggestions from customers, shareholders and others on how we can improve further. You can e-mail us at communityaffairs@hsbc.com.

Key HSBC data

	2004	2003
General and economic		
Number of countries and territories with HSBC offices	77	79
Number of customers*	110 million	110 million
Taxes to governments	US\$5.5b	US\$3.9b
Social		
Employees (including part-time)*	253,000	232,000
Corporate charitable donations	US\$69m	US\$47m
Working hours spent by employees in the community	237,000	n/a
Environmental		
Proportion of our global operations for which we measure our environmental emissions and consumption	91%	68%
CO ₂ emissions from energy consumption and business travel (per employee)	2.7 tonnes	3.7 tonnes
Overall sustainability		
Dow Jones Sustainability Index: world ranking in banking sector	4th	14th

* at 31 December

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Issued by HSBC Holdings plc
Group Corporate Affairs
8 Canada Square
London E14 5HQ
United Kingdom
Telephone: 44 020 7991 8888
Facsimile: 44 020 7992 4880
Web: www.hsbc.com

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