

# **DNV Assurance Statement Environmental Indicators HSBC 2005 CSR report**



## **Introduction**

HSBC Holdings plc ('HSBC') engaged Det Norske Veritas Certification BV ('DNV') to conduct an external verification of the environmental indicators: CO<sub>2</sub> equivalent emissions; waste production and energy and water consumption as indicated within its 2005 Corporate Social Responsibility Report ('the Report').

HSBC is responsible for the collection and presentation of information within the report. Our responsibility in performing this work is to the management of HSBC only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

## **Scope of Assurance**

Our review addressed the reported environmental indicators; CO<sub>2</sub>-equivalent emissions; waste production and, energy and water consumption for the calendar year 2005.

DNV did not review the narrative sections of the report except where they incorporated the selected indicators.

The reporting boundaries cover 41 reporting units operating in 32 countries including 8 Group Service Centers out of in total 77 reporting units.

## **Verification Methodology**

The overall criteria of verification are expressed in terms of completeness and reliability, which are explicitly defined in the GRI 2002 Guidelines, and responsiveness defined in AA1000AS. Our risk-based approach also draws from the criteria set in ISO14064 as well as the verification protocol developed by the International Emissions Trading Association.

As part of the verification, DNV:

- Obtained an understanding of the systems used to generate, aggregate and report the selected environmental indicator data at reporting unit, regional and Group level;
- Challenged the environmental performance indicators related statements and claims made in the report;
- Had access to specific documents, data and information made available by HSBC;
- Conducted interviews with Group- and relevant entity level responsible persons for data gathering, aggregation and consolidation processes;
- Applied a risk-based approach in selecting reporting units subject to an in-depth review for the purposes of observing and assessing the implementation and effectiveness of the corporate processes.
- Conducted telephone interviews with selective reporting units: US, Brazil and Hong Kong.

DNV did not conduct any interviews with external stakeholders, nor carried out site visits or questioned the correctness of the applied emission factors. The audit is based upon the assumption that the provided data and information was complete and sufficient.

### **Principal Findings**

HSBC is to be commended on its ongoing commitment to continuous improvement in reporting its environmental performance. The introduction of the new reporting tool for 2006 data is in this respect an example of enhancing reporting performance and quality.

In comparison with 2004 reported data, the overall quality of the 2005 data has improved as well as the data coverage which introduces limitations to the comparability of the data.

Additionally, new reporting units have been included within the 2005 reporting boundaries. Deviations have been observed within the data coverage, data sets reported and completeness among the various reporting units.

### **Recommendations**

We recommend that HSBC:

- Continues to improve the quality of the data management and reporting processes;
- Continues to improve the completeness and accuracy of the reported data

### **Conclusion**

Based upon the above, in our opinion nothing has come to our attention that causes us to believe that the selected quantitative indicators listed above and set out in the 2005 CSR report are not fairly stated.



Sven Starckx  
Lead Verifier



Luc Larmuseau  
Management Representative

Det Norske Veritas Certification BV  
Rotterdam

27 April 2006