



Carbon Neutrality Assurance Statement

Introduction

DNV has reviewed and assessed HSBC's 2007 reported CO₂ emissions from its operations and offset emission reduction units purchased to offset its 2007 emissions. In this respect DNV has applied a pragmatic and conservative approach, ensuring that offsets contracted can be seen as credible in the eyes of the public.

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 Work

Our review addressed the reported greenhouse gas emissions expressed in CO₂ for the calendar year 2007 generated within HSBC's reporting boundaries covering 100% of HSBC activities.

In addition DNV has verified that the generated emissions have been balanced by a similar amount of CO₂ offsets generated at emission reduction projects that meet HSBC's project criteria. We have also verified that credits purchased between 2005 –06 have been retired.

Assessment Methodology

Our risk-based approach draws from the criteria set in ISO14064, the verification protocol developed by the International Emissions Trading Association as well as the criteria laid down in the Voluntary Carbon Standard – version 1. As a part of the verification, DNV:

- Obtained an in-depth understanding of the systems used to generate, aggregate and report the selected greenhouse gas indicator data at the reporting unit, regional and group level;
- 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 interviews with HSBC Group and relevant entity level responsible persons for data gathering, aggregation and consolidation processes;
- Had access to specific documents, including original certificates, data and information made available by HSBC;
- Assessed the project design documents, the validation/verification reports and the certificates indicating the quantity of emission reduction credits of off-set projects;
- Assessed the retiring process of purchased emission reduction units.

Conclusion

Based upon the above, in our opinion nothing has come to our attention that causes us to believe that the reported CO₂ emissions set out in the 2007 CSR report are not fairly stated.

HSBC has exclusively contracted the supply of voluntary emission reductions from various renewable emission reduction projects in China (hydro, energy efficiency), India (energy efficiency) and Thailand, Hungary (biogas) meeting HSBC's criteria and sustainability sector policies, i.e. freshwater infrastructure, forest land and forest products and energy. All projects have been verified by a designated operational entity in accordance with the criteria set out in the voluntary carbon standard (version 1).

Based upon the assessment of the reported CO₂ emissions for the calendar year 2007 and the carbon offset projects/units contracted, certificates held, it is our conclusion HSBC's reported emissions have been balanced by voluntary emission reduction units contracted, meeting the needs of HSBC's carbon neutral project.

Sven J.P. Starckx
Verifier

Esther Garcia
Head of CSR Services (UK&Ireland)

Luc Larmuseau
Director of Climate Change Services