

Accounting for Sustainability

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The Prince of Wales's Accounting for Sustainability Project seeks to develop systems to help public and private sector organisations assess the wider social and environmental costs of their activities. Since 2007, HSBC has used the Connected Reporting Framework, an approach to reporting an organisation's environmental footprint and its financial impact.

The key principles of the Connected Reporting Framework are:

- Sustainability issues need to be clearly linked to the organisation's overall strategy
- Sustainability and more conventional financial information should be presented together in a clear and concise manner, so that a more complete and balanced picture of the organisation's performance is given
- There should be consistency in presentation to aid comparability between years and organisations
- Reported information should be aligned with that used to manage the business.

HSBC's environmental footprint and financial impact

HSBC places accountability for operational environmental performance at the highest level of management to ensure that sustainability is embedded into business strategy and resource allocation. The Group has appointed functional heads of corporate sustainability for IT, corporate real estate and purchasing. Together, these functions are responsible for an annual spend in excess of US\$6 billion.

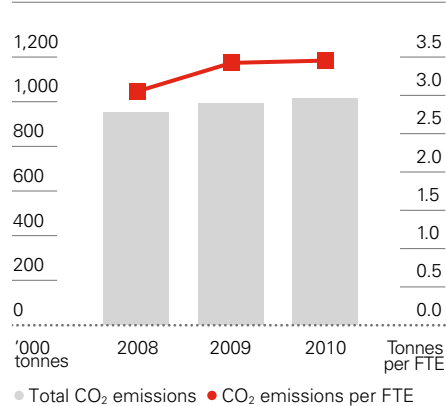
The functional heads of corporate sustainability take the lead on programmes to improve our operational environmental performance and achieve the four-year targets set in 2008. These individuals report to HSBC's Chief Technology and Services Officers, each of whom has 16 sustainability objectives within their personal performance measures.

In 2009, HSBC set new targets for paper use and business air travel, in addition to our existing targets for consumption of energy, carbon dioxide emissions from energy, water use and waste disposal.

CO₂

	Financial performance US\$m		
	2008	2009	2010
HSBC Global Environmental Efficiency Programme sustainability expenditure on green travel	1.1	1.5	1.5
HSBC Global Environmental Efficiency Programme sustainability expenditure on energy efficiency	36.0	13.1	10.2
Environmental target-driven savings from reduced offset costs	0.2	0.0	0.0

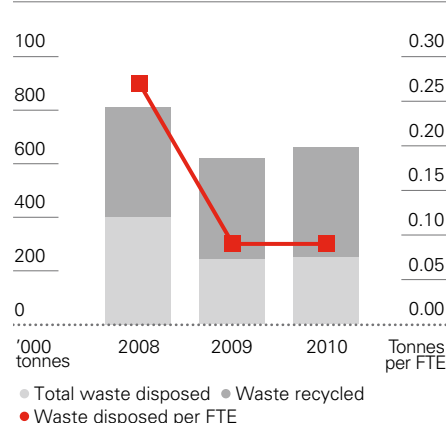
Total CO₂ Emissions



Waste

	Financial performance US\$m		
	2008	2009	2010
Total disposal cost	5.1	3.1	3.2
HSBC Global Environmental Efficiency Programme sustainability expenditure	2.7	0.4	0.1

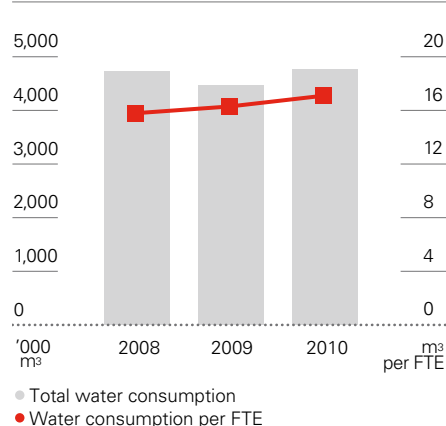
Waste



Water

	Financial performance US\$m		
	2008	2009	2010
Consumption cost	6.3	11.6	12.8
Environmental target-driven savings	0.5	0.4	0.1
HSBC Global Environmental Efficiency Programme sustainability expenditure	0.0	0.0	0.0

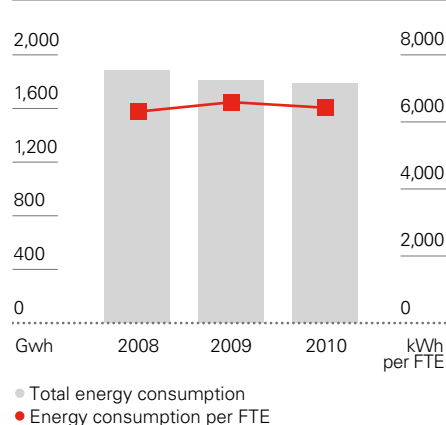
Water



Energy

	Financial performance US\$m		
	2008	2009	2010
Operating expenditure	338.5 ¹	387 ²	373
HSBC Global Environmental Efficiency Programme sustainability expenditure on energy efficiency	36.0	13.1	10.2
Environmental target-driven savings from improved efficiency	7.3	6.6	11.7

Energy



1 Extrapolated from the 2009 finance premises cost which includes local authority rates and energy.

2 Restated from 309.3. We previously extrapolated this figure from the total utility cost. We now report total cost including local authority rates (excluding property taxes), gas, electricity, oil and cleaning.