

HSBC Holdings plc

Shareholder Update September 2010

HSBC 
The world's local bank

Sustainability at the World's Local Bank



Forward-looking statements

This presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report. Past performance cannot be relied on as a guide to future performance.

Agenda

Our approach	4
Financing a low carbon economy	7
Risk management in lending and other financial services	10
Operational environmental management	14
Investing in communities	17
Reporting and engagement	19

Our approach



“We need to reject short-term approaches to value maximisation, by getting back to the real task of sustainable value maximisation.”

Stephen Green, Group Chairman, HSBC Holdings plc

Sustainability at HSBC

“Part of our raison d’etre”

Revenue generation

- ▶ ‘Climate business’ opportunity identified and governance structure in place to maximise this

Eco-efficiency savings

- ▶ 26% absolute reduction in business travel in 2009

Employee engagement

- ▶ Engagement score for employees involved in community, education or environmental initiatives = 76%
- ▶ Engagement score for those not involved = 67%²

Brand and reputation³

- ▶ World’s most valuable banking brand
- ▶ Number one banking brand

HSBC Holdings plc

- ▶ 8,000 properties in 87 countries and territories
- ▶ Around 100 million customers
- ▶ Around 300,000 employees¹

Notes:

(1) As at June 2010

(2) HSBC Global People Survey 2009

(3) Interbrand, 2009; Brand Finance, 2010

Financing a low carbon economy

Climate change

A role for private sector finance

“While developed countries must take the lead in cutting emissions, it will also be crucial for emerging economies to move quickly. These countries will see the largest share of investments.”

Lord Nicholas Stern, advisor on economic development and climate change to the Group Chairman



- ▶ Technologically and commercially viable solutions exist
- ▶ An estimated US\$521 billion in ‘green stimulus’ allocated by governments across the world by end of 2009¹



Note:

(1) HSBC Climate Change Centre of Excellence, HSBC Global Research

Cleantech investment

An opportunity for HSBC

'Cleantech' equipment team

- ▶ Specialist team established to provide advice, equity, debt and project financing to customers focusing on electric vehicles, fuel cells, solar photovoltaic and thermal products, and wind turbines

Asia-Pacific region

- ▶ US\$200 million committed to renewables financing in Asia-Pacific alone in 2009
- ▶ Over 60% of global 'green stimulus' allocated in this region¹

Better Place

- ▶ US\$125 million investment in electric vehicles service provider
- ▶ 10% stake in company and a seat on the board



better place 

Note:
(1) HSBC Climate Change Centre of Excellence, HSBC Global Research

Risk management in lending and other financial services

Sustainability embedded in risk systems

Our approach

Policies

Processes

People

Adopted Equator Principles in 2004

Sustainability Risk Policies for

- ▶ Metals and mining
- ▶ Forest land and forest products
- ▶ Chemicals
- ▶ Energy
- ▶ Freshwater Infrastructure

Plus

- ▶ Defence equipment



Sustainable Finance

93% of clients comply with HSBC's policies

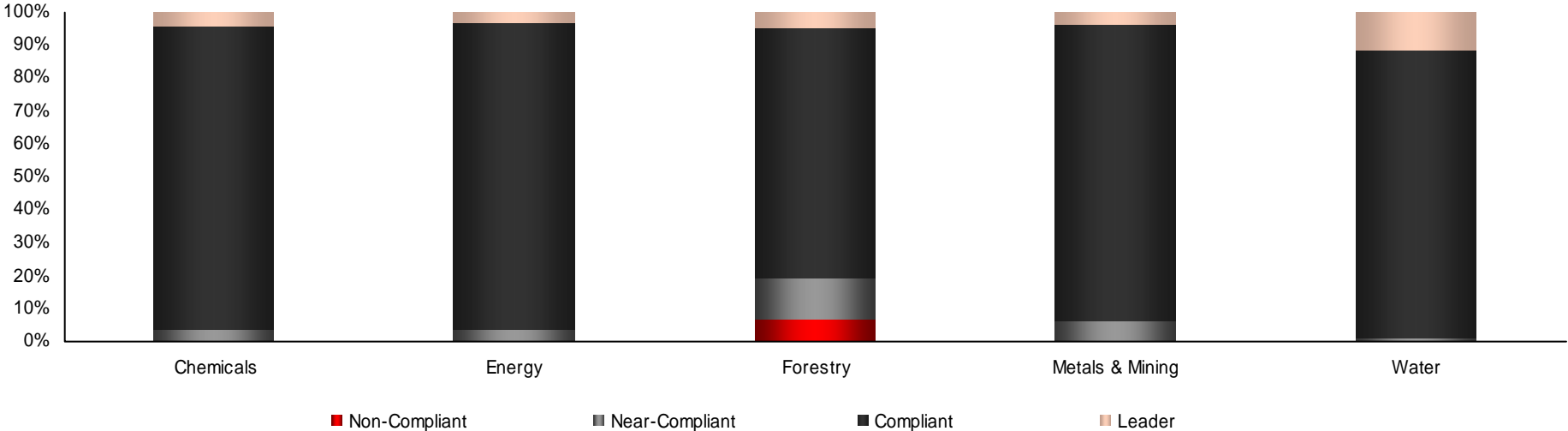
Current measures

- ▶ Application of Equator Principles
- ▶ Customers' compliance with Sustainability Risk Policies

Future measure

- ▶ Climate business revenues

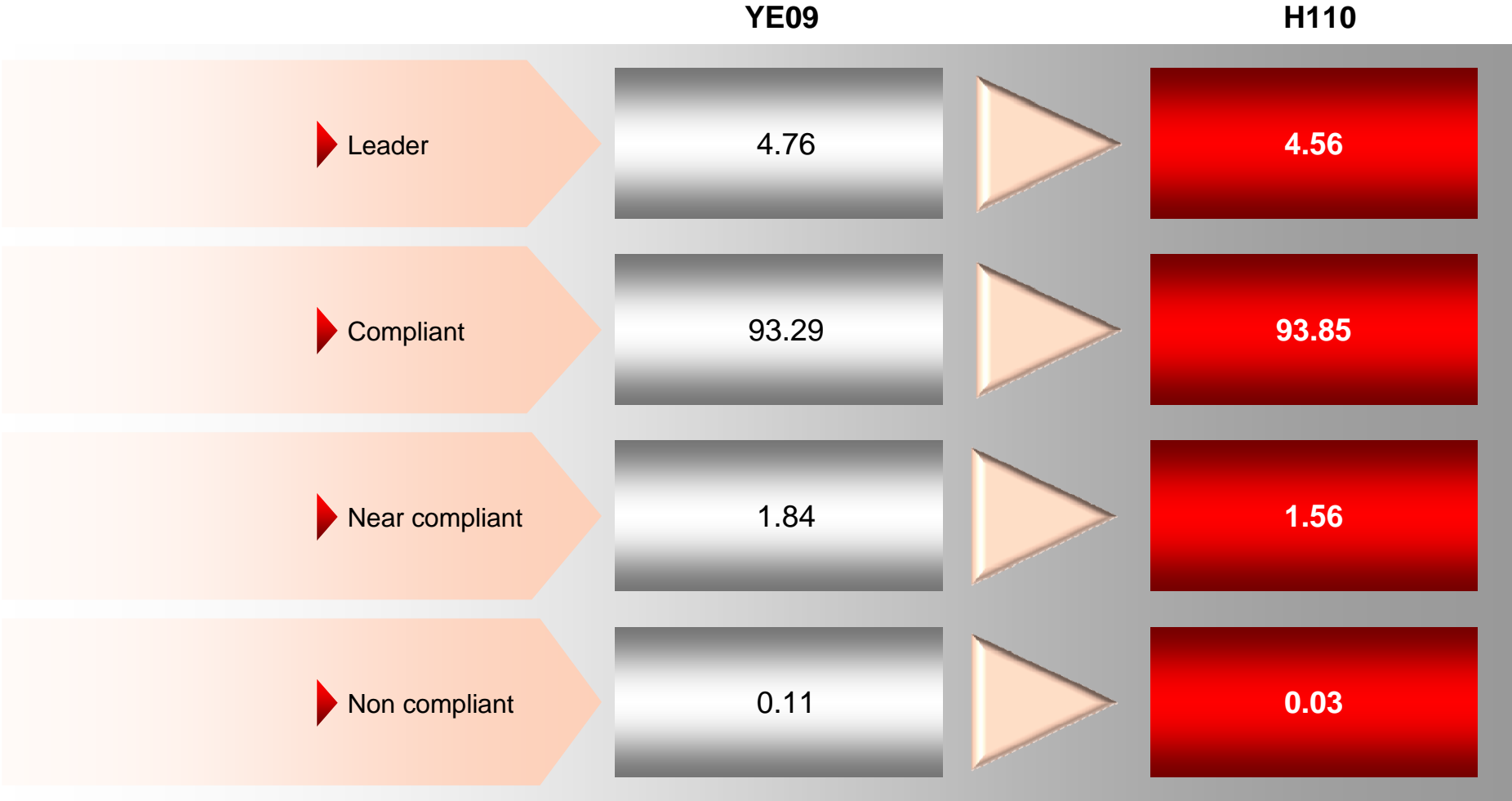
Number of clients complying with HSBC's policies 2009 (%)



Compliance with HSBC's sector policies

Improvements in compliance both by number of clients and value of business

Clients complying by value of business (%)



Operational environmental management

Operational environmental management

Reduction targets 2008-2011

Electricity

↓ 8%

Water

↓ 11%

Waste

↓ 10%

CO₂

↓ 6%

- ▶ Carbon neutral since 2005
- ▶ Paper sourcing policy introduced 2009
- ▶ Sustainability objectives included in Chief Technology and Services Officers' scorecards from 2010
- ▶ Five year Global Environmental Efficiency Programme investment of US\$90 million

Operational environmental management data

In line with expectations

		1H08	1H09	1H10
Coverage as % of Group		95%	95%	95%
Total CO ₂ emissions	Tonnes	497,868	501,767	493,778
CO ₂ emissions from energy	Tonnes	402,509	441,209	427,332
CO ₂ emissions from business travel	Tonnes	95,359	60,558	66,446
Total CO ₂ emissions per FTE	Tonnes	1.56	1.70	1.72
CO ₂ emissions per m ²	Tonnes	0.08	0.08	0.08
Total energy consumption	GWh	973	949	918
Energy consumption per FTE	kWh/FTE	3,111	3,355	3,318
Energy consumption per m ²	kWh/m ²	150	151	150
Total waste produced	Kilotonnes	42	33	31
Waste disposed per FTE	Tonnes/FTE	0.07	0.05	0.04
% recycled	%	48	59	63
Total water consumption	Thousand m ³	2,307	2,261	2,372
Water consumption per FTE	M ³ /FTE	7	8	9
Total business travel	Million km	660	415	474
Business travel per FTE	Km/FTE	2,150	1,502	1,772
Air travel	Million km	512	305	376

Investing in communities

Community Investment

Directed towards education and environment: foundation of prosperous communities

- ▶ Focus on themes relevant to the long term success of HSBC's business
- ▶ Engage with community investment projects beyond donations through staff time
- ▶ Benefits of employee engagement and positive brand perception

Strategic focus on educational and environmental initiatives

Educational focus

- ▶ Disadvantaged children; financial and business literacy; environmental education
- ▶ Target spend – 50% of donations

Environmental focus

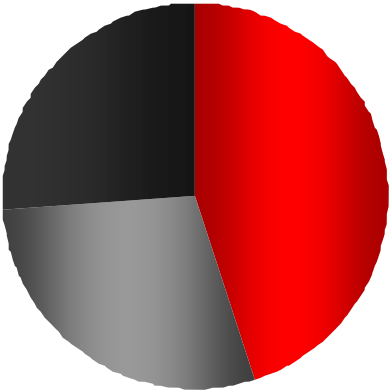
- ▶ Climate change; freshwater; biodiversity
- ▶ Target spend – 25% of donations

Community investment data

Aim to spend 75% on educational and environmental projects

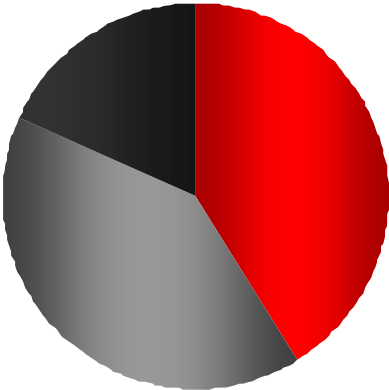
Community investment donations by theme

Donations YE09
US\$100 million



- Education (45%)
- Environment (29%)
- Other (26%)

Donations at H110



- Education (41%)
- Environment (41%)
- Other (18%)

Reporting and engagement

Respond to surveys from selected organisations

Carbon Disclosure Project

- ▶ Number 1 financial institution for climate strategy and carbon data disclosure¹

Oxfam Hong Kong and CSR Asia

- ▶ Number 1 in the Corporate Social Responsibility Survey of Hang Seng Index Listed Constituent Companies²

GS Sustain

- ▶ Number 2 for environmental, social and governance policies and performance among global financial institutions³



Ceres



Dow Jones Sustainability Indexes



FTSE4Good

Notes:

- (1) Carbon Disclosure Project 2009
- (2) 2009
- (3) 2009

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