

# HSBC shareholders block executive pay scheme

By CAROLINE DOBSON  
Epoch Times Staff

About one in four HSBC Holdings Plc shareholders turned down the bank's pay proposals at its annual shareholders meeting this week.

It was the most substantial defeat for Britain's largest bank against executive pay awards since at least 2003. This was also after Standard Life Investments categorized HSBC's pay practices as "unacceptable," this is a rare occasion for the fund manager to publicly denounce a company in such a manner.

With 22.6 percent of investors either voting against the remuneration report or abstained. The breakdown of the total numbers consist of 13 percent opposing the pay proposals for HSBC executives, despite being paid the promised amount.

Guy Jubb, who leads the corporate governance area at Standard Life Investments (SLI) reiterated his opposition to HSBC's pay report, marking his disapproval three years in a row at this year's annual meeting.

He claimed that, "despite our clear communication of our concerns, the bank has not been a listening one."

The HSBC chairman Stephen Green was at the meeting in London, and given the context of the controversy surrounding executive pay rises has had a change of heart. Earlier in the year he was quite insistent on the pay increases for the directors. The board has nominated John Thornton, the new chairman of the remuneration committee, to assess the pay structure.

Green explained that "The board recognizes that in today's difficult economic climate, especially in the West, the issue of executive pay is a sensitive one and the numbers involved are large by anyone's standards."

"John will therefore consult with our owners to ensure that we are rewarding proper pay for proper



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performance, as this is in the long-term interests of your company and all its stakeholders."

HSBC is also being grilled about chief executive Michael Geoghegan's relocation package to Hong Kong from London which cost around US\$1.1 million. Inevitably, the spotlight was on Geoghegan who is planning to give his bonus, worth \$6 million, to charity to ease the debate about his bonus, while numerous rival executives expect to retain their bonuses.

Jubb also disapproved of the company's move to relocate Geoghegan to Hong Kong in January and considered the situation "unsustainable" since Green and finance director Douglas Flint remained in London.

Green stated that the relocation will be discussed at a board meeting in July.

Prior to the meeting, Britain's largest union Unite was vocal about the "huge" pay packets and "bloated executive bonuses" that top HSBC executives were pocketing while "ordinary workers pay the price for the economic downturn."

To negate for cuts in staff, employees around the world are enduring tougher working conditions for less pay. Green was determined to minimize the impact of the investor opposition about the executive pay. "An abstention is exactly that-abstaining. It's certainly nothing like a vote against and typically indicates reserving

judgement ahead of our consultation," he said.

Although there was speculation that Green would depart from the bank he had served for almost 30 years, he claimed such a move would be "irresponsible."

His term has been a topic of debate with suggestions that Thornton, a non-executive, was groomed to replace Green, 61, who is currently full-time chairman. "We believe the chairman's role must be essentially full-time, and London-based, just as we believe the CEO should be Hong Kong-based. And finally, to be clear, I look forward to chairing the next AGM in 2011," he explained to shareholders.

## THE MARKETING CORNER

### Social media and consumers

By ADELE LASSERE

Yep, there sure are a lot of social media advertising choices out there. So much so that it's a wonder if anyone really uses these vehicles that much.

Well, let's set the record straight. Consumers have embraced and in many cases could be seen as obsessed with a variety of social media platforms. They can't live without them! Consumers not only use Twitter and check Facebook regularly. In many cases, they will use these platforms before going to bed or when they first wake up.

Therefore, their first consumption of news is from a social platform. These consumers will also use these social platforms many hours throughout the day. This is especially true with those users under 25 years old. Additionally, if these users own an iPhone, they have a higher propensity to constantly engage these platforms from a variety of locations traveled in the course of their day. Remember that younger users will always consume more of

such social platforms. These users consider these platforms a part of their lifestyle.

What about message interruption? Well, believe it or not, younger social platform users don't mind a Tweet or Facebook message interrupting them during the course of a day. Of course, older social platform users do not quite have the same tolerance level as their younger counterparts.

As for all forms of online advertising, social platforms offer an opportunity to have an extended dialogue with consumers who can become "brand ambassadors." A "brand ambassador" makes recommendations, validates, and in some cases can nullify a product offering to their friends and family.

This is what makes up the "viral" effect of social platforms. Consider your business offering and whom you are targeting to determine if this vehicle should be a part of your marketing plan. Be mindful of the age group because messages need to be tailored to whom you are trying to speak. Remember that first impressions are lasting. And, with this platform, the word—good or bad—can spread fast.

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SOCIAL NEWS: A snapshot of the social media site Twitter taken earlier this year. Consumers' first source of news is often from a social media platform such as Twitter. LOIC VENANCE/AFP/GETTY IMAGES

# The Euro's downslide continues

By CAROLINE DOBSON  
Epoch Times Staff

The European single currency has continued its downward slide with a 7.7 percent drop against the dollar in May, which marks its sixth consecutive monthly fall and the largest percentage fall since January 2009.

"Confidence in the euro remains low as the region's credit problems show no signs of a resolution," said Masahide Tanaka, a senior strategist in Tokyo at Mizuho Trust & Banking Co., a unit of Japan's second-largest banking group in an interview with Bloomberg. "The euro will remain under selling pressure."

The international credit rating agency, Fitch Ratings, announced

on May 28 that it downgraded Spain's AAA credit grade, stating that the nation's debt burden will stunt its economic growth. On May 10 European leaders decided that an estimated \$1 trillion package would be devised to correct the region's debt crisis. Spain had maintained its top rating since 2003.

The downgrade "reflects Fitch's assessment that the process of adjustment to a lower level of private sector and external indebtedness will materially reduce the rate of growth of the Spanish economy over the medium term," according to the ratings company.

The viability of the 16-nation currency is becoming controversial, given the poor health of the Greek economy that proliferated the rest

of Europe—including Germany, which has also taken its toll. German Chancellor Angela Merkel's recent warning sent shockwaves around the world when she described the "current crisis facing the euro [to be] the biggest test Europe has faced in decades, even since the Treaty of Rome was signed in 1957," she claimed in a speech in Parliament, referring to the treaty that created the European Union.

"This test is existential and it must be overcome. ... If the euro fails, then Europe fails," Merkel added.

Given the importance of the survival of the euro what remains to be seen is the continual decay of the euro's value and the gradual domino effect on major European economic players.

# Spain seizes major bank, adds fuel to Euro debt wildfire

By ANTONIO PEREZ  
Epoch Times Staff

The Bank of Spain seized CajaSur, a major bank, and injected about 550 million euros (\$690 million) into the ailing bank, crippled by losses related to real estate and mortgage investments.

CajaSur was taken over by the central bank after failing to consummate a merger with larger rival Unicaja, the bank said. CajaSur had been under the control of the Roman Catholic Church.

The Bank of Spain appointed a team of administrators to keep the bank in operations. The bank had employed around 3,100 employees in the country.

## BELT-TIGHTENING

The bank failure underscores investor concern over Spain's finances; as some fear that the country may be next to suffer Greece's fate.

Europe has engaged in a series of austerity measures to curb government debt and calm the financial markets, with Greece on the verge of financial collapse.

Countries under pressure are Portugal, Italy, Greece, and Spain, collectively known as "PIGS." Countries have borrowed heavily by issuing debt securities to fund growth during the recent recession. Such bonds fund infrastructure expansion, social services, and help pay government workers. Traditionally, government debt

was considered to be relatively safe as countries can raise taxes to increase revenues or issue new bonds to pay back old ones.

But recently, more investors are worried that countries will have a hard time paying back their debts and they may have borrowed too much over the last several years—governmental tax revenues have fallen sharply due to the fact that many individuals and corporations are paying fewer taxes.

Two weeks ago, the EU and the International Monetary Fund agreed on a 750 billion euro (\$950 billion) bailout fund to purchase government debt if needed.

For Spain, its debt owed is around 54 percent of its GDP.

# Microsoft Windows banned at Google offices

By IAN RITZ  
Epoch Times Staff

Global search engine and Internet trendsetter Google started an unofficial ban on use of the Windows operating system by their employees. Employees have made comments to the press saying that new employees are given Linux or Mac software to use on their personal computers due to past security breaches that could have been linked to the use of Windows XP.

Multiple Google employees have made statements regarding the matter to the business press about the avoidance of Windows software at Google. The issue lies in the lack of security features for common computer users. Google employees commented on the matter to the Financial Times. The 10,000 workers employed by Google may not be able to run their computer's with Windows, which will leave them the option of utilizing Linux or Mac OS X. "We're not doing any more Windows. It is a security effort," said a

## Computer experts have found there is a stronger level of security for PC users with Apple or Linux operating systems

Google employee to the Financial Times.

Google has not issued an official statement regarding the matter. The majority of the workers have shied away from using Windows since hackers in China infiltrated one of the company's computer servers.

"Many people have been moved away from [Windows] PCs, mostly toward Mac OS, following the China hacking attacks," said the employee.

Computer experts have found

there is a stronger level of security for PC users with Apple or Linux operating systems. Windows has a high level of computer virus infections requiring computers running the systems to add security software. If the software is not updated, set properly, or efficient a computer running Windows could be at risk.

The Internet attack against Google's server in January was linked to two separate schools in China. The Lanxiang Vocational School and the Shanghai Jiaotong University were both investigated by U.S. law and intelligence agencies that specialize in global espionage, reported ComputerWorld.com.

The Chinese regime has been documented paying citizens to interfere with businesses and political groups that were seen as a threat to the Chinese Communist Party through the Internet. The so-called 50-cent army in China pays people 50 cents for every post written in chat rooms that support the regime's communist propaganda, including the spreading of slanderous propaganda against all groups the regime deems a threat to its one-party power.

# iPhone users more satisfied than other smartphone users

By SHAHRZAD NOORBALOOCHI  
Epoch Times Staff

A survey of over 1,000 people who purchased a smart phone within the past six months revealed that, compared to other smart phones, iPhone buyers were the most satisfied with their devices.

The survey, consisting of a sample of 1,009 people who had purchased an Apple, Motorola, HTC, or RIM smart phone in the last six months asked participants to rate their satisfaction with their devices. Among those with the iPhone, 77 percent reported being 'very satisfied', with Motorola's Droid coming in second place at 64 percent. HTC and RIM came in at the bottom, with only 51 percent of HTC buyers and only 46 percent of RIM buyers reporting to be 'very satisfied' with their devices. These results do not reflect customer satisfaction with Droid's newest model, the Droid Incredible, which came out on April 29.

The survey also shows that Apple users with the latest version of the iPhone are more satisfied with their smart phones than those with older versions. Eighty-one percent of those



SATISFACTION: The Apple iPhone 3GS. Apple iPhone buyers were the most satisfied with their devices compared to other smartphone purchasers, according to a recent survey. COURTESY OF APPLE

with the 32GB 3GS reported being 'very satisfied' with the device compared to 69 percent of those with the iPhone 3G.

When it came down to device features, 14 percent of all smart phone buyers reported that among all the functions available on their smart phones,

'applications' were their favorite. Both 'Ease of use' and 'Internet access' came in second place at 12 percent.

In regards to least favorite, 22 percent of iPhone users had the same complaint: service provider.

Many iPhone users report feeling dissatisfied with AT&T service, finding that their device often drops calls and gets patchy reception.

Twenty-two-year-old, Jonathan Remple, who bought an iPhone four months ago reports putting his iPhone on eBay because of "unreliable service." He said, "The iPhone is a great device that would be enhanced by reliable service. Unfortunately, the amount of dropped calls and poor reception leave me more frustrated with the phone rather than the other benefits of the device. ... I put mine on eBay."

There is good news for frustrated iPhone users, however, as a recent article on The Street reports that Apple has bumped up its iPhone production plans in preparation for the release of a Verizon iPhone. Increasing production to 4 million iPhones a month by September, it is speculated that iPhone will become available on Verizon Wireless by wintertime.