



8 February 2017

Mr Thomas Küchenmeister
Managing Director, Facing Finance e.V.
Schoenhauser Allee, 141
Hinterhaus 2
BERLIN
Germany 10437

By E-mail

Dear Mr Küchenmeister,

Thank you for giving us the opportunity to respond to your latest *Dirty Profits* report; we welcome the opportunity to engage with all our stakeholders, including NGOs such as Facing Finance.

Although we recognise that it can be frustrating, you will know from previous correspondence that we are unable to comment on the companies you name in the report, even to confirm or deny that they are customers, because of our duty of client confidentiality.

The report does consider some of the greatest challenges facing the world today, not least climate change and the actions required following the Paris Agreement in 2015. You note our recently published Statement on Climate Change, which concludes:

“A global agreement is now in place to lead the fight against climate change. However, the world stands at the start of that fight, not at the end. It will take the combined efforts of the world’s countries, peoples and businesses to face the challenges that lie ahead, making and meeting commitments, and then making and meeting yet tougher commitments. The finance sector has an important role in those efforts to combat climate change successfully and HSBC will play its full part in the critical transition to a low-carbon economy.”

As part of our commitment to support the transition to a low-carbon economy, we have met various stakeholders – including ShareAction – to discuss how best to implement the Paris commitments in our own policies and practices, including our corporate governance. We absolutely agree that we “must systematically integrate the climate agenda across all of [our] business divisions”, as your report states.

Your report also covers adverse human rights impacts. Our statement on human rights covers our approach which includes, but is not limited to, the principle of free, prior and informed consent under the Equator Principles. Our human rights statement applies across the group and all our business lines, even if there is no specific mention of adverse human rights impacts in our sector policies.

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We welcome constructive feedback on our policies and where there are gaps – or where societal expectations change – are committed to review and improve as necessary. Where there are credible allegations that our customers are operating in breach of our policies we always investigate and take up the issues raised – to the highest levels in the affected company. We prefer to engage and encourage best practice – our policies set out our minimum expectations – but where companies prove unwilling or are unable to meet our policy requirements, we will take steps to end our relationship. As an example, following the revisions to our forestry and agricultural products policies in 2014, we decided to end our relationships with 60 forestry and 104 palm oil customers.

Thank you again for giving us the opportunity to respond.

Yours sincerely,



Brendan McNamara
Head of NGO Engagement