

# HSBC STATEMENT ON HUMAN RIGHTS

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## Introduction

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At HSBC, we believe that a properly functioning financial system is critical to secure the current and future prosperity of communities around the world.

The key trends impacting the global economy today present both huge opportunities for social and economic development as well as risks, including human rights risks. These trends include urbanisation in emerging markets, the need for investment in infrastructure, an ageing global population, and an increasing number of newly affluent citizens and the accompanying strain on the world's scarce natural resources.

As a Global Systemically Important Bank, with a unique global footprint and an aim to be acknowledged as the leading international bank, HSBC has an important role to play in helping to develop and protect a properly functioning financial system. We understand that the continuing financial success of our business is closely connected to the economic, environmental and social landscape in which we operate. How we do business is as important as what we do: our responsibilities to our customers, employees and shareholders, as well as to societies more widely, go far beyond simply being profitable.

## Approach

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HSBC acknowledges that states hold the primary responsibility for protecting human rights and private enterprises have a role to play by respecting them. This follows the UN Guiding Principles' Protect, Respect and Remedy framework. We also recognise that human rights issues are complex and that the roles and responsibilities of business and other stakeholders are the subject of a continuing international dialogue. We are open and willing to engage in this dialogue where appropriate and constructive.

HSBC is guided by the International Bill of Human Rights and supports the UN Declaration of Human Rights and the principles concerning fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. HSBC is a signatory to or has publicly expressed support for a number of international codes:

- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The Global Sullivan Principles
- The UN Principles for Responsible Investment
- The UN Principles for Sustainable Insurance.

The UN Guiding Principles state that all private enterprises hold an equal responsibility to respect human rights. HSBC is committed to respecting human rights. How we do this in relation to our employees, suppliers and customers, and through our action to prevent bribery and corruption is set out below.

The commitments and policies referenced in this statement apply to all employees in HSBC's businesses and operations where we have management control and where permitted by national laws and regulations. In countries where local legislation conflicts with certain human rights, HSBC strives to act in the spirit of these principles while respecting and adhering to local legislation.

## Employees

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We require a high behavioural standard from all our employees, and our focus on our values of being open, connected and dependable and also of acting with courageous integrity is being embedded at every level of the Group. HSBC employees are made aware of their employment rights through a variety of channels including written contracts, employee handbooks and staff websites and these are articulated in the HSBC Global Standards Manual and [HSBC Values](#).

HSBC is committed to a diverse and inclusive culture where employees can be confident that their views are encouraged, their concerns are attended to and they work in an environment where bias, discrimination and harassment on any matter, including gender, age, ethnicity, religion, sexuality and disability, are not tolerated and where advancement is based on merit. HSBC operates a global Compliance Disclosure Line (telephone and email) which is available to allow employees to make disclosures when the normal channels for airing grievances or concerns are inappropriate.

Further detail and reporting is provided in our [Annual Report and Accounts](#).

## Customers

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HSBC has developed sustainability policies incorporating specific standards to be met by business customers operating in those sectors and themes which present the highest social and environmental risks. The policies apply to the main financing products HSBC provides, such as loans, trade finance and debt and equity capital market services<sup>1</sup>. HSBC's sustainability policies on forestry, agricultural commodities, freshwater infrastructure, metals and mining, and energy make specific reference to human rights considerations. They include issues such as land rights, harmful or exploitative child labour or forced labour; the rights of indigenous and local communities, such as the principle of free prior and informed consent; community relations and workers' rights; and the health and safety of communities. Our Defence Equipment policy states that HSBC does not finance cluster bombs or anti-personnel mines. HSBC Asset Management also excludes cluster munitions and anti-personnel mines across its full actively managed investment range. The policies can be read online at [hsbc.com/sus-risk](http://hsbc.com/sus-risk).

We also apply the Equator Principles, a voluntary approach for assessing and managing the environmental and social risks of project finance transactions. The Equator Principles are underpinned by the International Finance Corporation's Performance Standards on labour issues which include notes on child labour, and such issues as land rights, harmful or exploitative child labour or forced labour; the rights of indigenous and local communities, such as the principle of free prior and informed consent, community relations and workers' rights, and the health and safety of communities. HSBC also requires all customers to abide by the national law in their countries of operation.

## Suppliers

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HSBC has an [Ethical and Environmental Code of Conduct for Suppliers](#) (2005). HSBC requires suppliers to respect the human rights of their employees and the communities in which they operate as well as to comply with all relevant legislation, regulations and directives in the countries and communities in which they operate. Suppliers must prohibit the use of forced labour and child labour and respect labour rights including non-discrimination and the right to collective bargaining and give workers, whether local or migrant, the right and the ability to leave employment when they choose.

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<sup>1</sup> For more information see Introduction to Sustainability Risk Policies <http://www.hsbc.com/sus-risk>

## Anti-bribery and corruption

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HSBC applies the principles of transparency, propriety, integrity, accountability, non-discrimination and meaningful participation through its policies and processes. This reflects our recognition that bribery and corruption can distort the effective functioning of markets, exacerbate poverty, severely undermine the rule of law, and contribute to human rights abuses.

HSBC's policies and procedures give practical effect to such initiatives as the Organisation of Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the International Chamber of Commerce Rule of Conduct to Combat Extortion and Bribery, the anti-bribery provisions of the revised OECD Guidelines for Multinational Enterprises, and Principle 10 of the United Nations Global Compact. HSBC uses research from public international bodies such as Transparency International to inform decisions about the countries and industries it operates in. HSBC also applies policies and processes to address corruption issues relating to specific industries, including Conflict Resources.

HSBC's compliance and Legal functions are staffed globally with a team of experts tasked with ensuring that the high global standards for ethical business conduct are implemented by the bank in any location where HSBC operates. HSBC is committed to consistently applying the letter and spirit of anti-bribery and corruption laws. However, HSBC's focus in this area goes beyond simple adherence to legislation and includes a deliberate effort to develop a strong culture of compliance and ethical behaviour across the Group.

HSBC has developed and maintains robust policies and procedures, designed to prevent and detect potential bribery and corruption. We have global policies covering our staff and relevant third parties developed from a legal foundation of the UK Bribery Act, the USA's Foreign Corrupt Practices Act and the Hong Kong Prevention of Bribery Ordinance.

These principles are reflected not only in our policies but also in our communications; internal and external. We provide comprehensive anti-bribery and corruption training and guidance to employees, and we expect customers, business partners, suppliers, vendors and other third parties with whom we work to adhere to the same standards of conduct to which we hold ourselves in our contract terms and conditions. We are actively engaged in the global discussions on how to confront bribery and corruption most effectively through our membership in various organisations including the B-20 Coalition, the Madison Group, and others. Our goal is not only to contribute, but to become an industry leader in this space.


Further detail on our actions to support these policies and principles is provided in our [Communication on Progress to the UN Global Compact](#). HSBC's public commitment to anti-bribery and corruption measures is available online at: <http://www.hsbc.com/investor-relations/governance/reputational-and-operational-risks/statement-of-anti-bribery-principles>.

## Governance

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The Board of HSBC Holdings plc has established a Conduct & Values Committee which oversees the development of HSBC's human rights commitments and policies. Executive responsibility rests with the Group Management Board which has primary accountability for the businesses or functions relevant to particular human rights issues.

We always investigate credible allegations of human rights violations as they are reported to us via engagement with stakeholders. Serious issues are reported to the Group Management Board.



We provide an annual Communication on Progress to a number of UN organisations including the UN Global Compact, UN Principles for Responsible Investment and UN Principles for Sustainable Insurance. We report on our approach to human rights in the HSBC Holdings plc [Strategic Report and Annual Report and Accounts](#).

The HSBC Group's Statement on Human Rights is approved by the Conduct & Values Committee on behalf of the Group Holdings Board and reviewed regularly.