



15 January 2018

Amanda Romero
Senior Researcher and Representative for South America
and
Mauricio Lazala (Deputy Director)
Business & Human Rights Resource Centre

By e-mail

Dear Amanda and Mauricio,

Thank you for inviting us to comment on the December 2017 BankTrack briefing paper, *How banks contribute to human rights abuses*, which we read with interest. You asked us specifically to comment on the two issues of cluster munitions and alleged human rights abuses in Colombia.

Cluster Munitions

In 2000, HSBC decided to withdraw progressively from financing the manufacture and sale of weapons. Our policy specifies that the “financial services covered by the policy include lending, other forms of financial assistance such as bonds or guarantees, debt and equity capital markets activities, advisory work, insurance and investments where HSBC acts as a principal investor. The policy applies to the defence equipment sector, which consists of businesses manufacturing, selling or purchasing weapons, and/or related products and services, for either defensive or offensive purposes.” This policy remains in force and is available on our [website](#).

In February 2010 we updated the policy specifically to exclude business with companies with any involvement with cluster bombs or anti-personnel mines. Being regarded by our broad range of stakeholders as responsible and aware is important to us, and we were assisted in this policy review by discussions with both Amnesty International and the Cluster Munition Coalition.

Our asset management business has further updated its position on cluster munitions and anti-personnel mines: “HSBC Global Asset Management has excluded investment in companies linked to the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions, anti-personnel mines and depleted uranium from all its active fundamental equity and fixed income strategies since 2010. In 2016 we extended this exclusion to our index and active systematic strategies.”

HSBC Holdings plc
Corporate Sustainability, Level 41, 8 Canada Square, London E14 5HQ
Tel: 020-7991 8888 Fax: 020-7991 4883

Registered Office and Group Head Office: 8 Canada Square, London E14 5HQ
Incorporated in England with limited liability. Registered number 617987

Colombia

As both BankTrack and the BHRRC are aware, HSBC does not and cannot discuss individual customers, nor do we confirm whether an individual or business is or has been a customer, for reasons of client confidentiality. I am therefore unable to discuss any of the specific companies considered in BankTrack's briefing or in your letter.

HSBC does take human rights issues seriously and our Mining and Metals policy has made reference to human rights impacts since 2007. In 2017 we revised this policy (available on our website) and it explicitly states that our global business must undertake additional due diligence in certain circumstances, including:

Customers causing or contributing to severe adverse impacts on human rights. HSBC seeks to prevent or mitigate such impacts, subject to the leverage we have with a customer. The analysis must assess: the customer's actual and potential impacts; its commitments to respect human rights; its remediation of the impacts; its own grievance mechanisms; and whether HSBC may have financed such impacts.

When any allegations of companies operating in breach of our policies are brought to our attention we always investigate. In mining, as in other sensitive sectors, we work with clients who meet our sustainability standards – including those relating to human rights – and clients who are making credible progress towards meeting them. Where clients are unwilling or unable to meet our standards, we end the banking relationship as soon as contractually possible.

Thank you again for giving us the opportunity to comment.

Yours sincerely,



Brendan McNamara
Head of Global NGO Engagement