



Ms. Beatriz Balbin  
Chief - Special Procedures Branch  
Office of the United Nations High Commissioner for Human Rights  
Palais des Nations  
1211 Geneva 10  
Switzerland

**By email to [ohchr-registry@un.org](mailto:ohchr-registry@un.org)**

25 August 2023

Dear Ms. Balbin,

**Re: Joint Communication from Special Procedures (ref: AL OTH 84/2023)**

We write in reply to your letter of 27 June 2023. Your letter asks for information on our approaches to sustainability and human rights, which we cover below. You will understand that we cannot comment on any specific customer relationships.

HSBC takes climate change and our responsibility to respect human rights very seriously. We partner with many UN agencies and working groups on climate and sustainability issues. We were one of the founders of the UN Net-Zero Banking Alliance; we take part in the Finance Task Force supporting the UN Decade on Ecosystem Restoration; and we support the UN Global Compact, the UN Principles for Responsible Investment, and the UN Principles for Sustainable Insurance. We offer below more detail on how we translate this support into specific initiatives.

***Climate change and the transition to net zero***

HSBC is committed to a net zero future, with the aim of becoming net zero in our operations and supply chain by 2030 and aligning our financed emissions to net zero by 2050. Our global footprint means we play a significant role in the sectors and regions most critical to the transition to net zero. Many of our customers operate in the high-emitting sectors and regions that face the greatest challenge in reducing emissions. They are looking for support in moving towards a net zero future. This means we can have a significant impact in helping reduce emissions by working with these customers. HSBC is also committed to facilitating a just transition, including by helping ensure continued access to affordable energy sources in the markets we serve.

Our approach is rooted in partnership with our customers, mobilising capital to help them to diversify and decarbonise, as well as engaging with them to support their transition plans. We aim to provide and facilitate \$750bn to \$1tn of sustainable finance and investment by 2030. Since 1 January 2020, we have provided and facilitated a total of \$255.7bn. We view this approach as complementary to the UN's efforts to engage with countries in the Middle East and other regions on sustainability, such as the UN Sustainable Development Cooperation Framework for the Kingdom of Saudi Arabia 2022-2026.

To highlight some recent actions:

- In 2022, we established a new process to assess customer transition plans to help inform areas for further engagement and guide business decisions. This will require regular engagement on transition plans, being clear on what we will and will not finance, and helping customers to finance and invest in the technologies and infrastructure needed to succeed in their transitions.
- In support of our aim to align our financed emissions to net zero by 2050 or sooner, we are setting targets sectorally. In assessing financed emissions, we focus on those sectors that we consider to be most material in terms of greenhouse gas emissions, and where we believe engagement and climate action have the greatest potential to effect change. We have set interim 2030 targets for on-balance sheet financed emissions for eight sectors, including oil and gas.
- In December 2022, we published an updated energy policy covering the broader energy system. The policy seeks to balance three related objectives: reducing global greenhouse gas emissions; enabling an orderly transition that builds resilience in the longer term; and supporting a just and affordable transition. We are also working on our first Group-wide climate transition plan to provide further details of our strategic approach to net zero and how we plan to transform our organisation to execute our ambition.

### *Our approach to human rights*

As set out in our Human Rights Statement, echoing the OHCHR's key messages on business and human rights, HSBC recognises the role of business in respecting human rights. Our Statement describes the ways in which we seek to meet our responsibility to advance respect for human rights in our own business activities and in those of our partners. Our approach covers all aspects of internationally recognised human rights, in keeping with the UN Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises on Responsible Business Conduct. We are guided by the International Bill of Human Rights, including the Universal Declaration of Human Rights, and by the principles on fundamental rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

In 2022, we reviewed our salient human rights issues following the methodology set out in the UNGPs. This assessment considered our business activities and relationships in the context of our roles: as an employer; as a buyer of goods and services; as a provider of financial products and services to personal customers and, separately, to business customers; and as an investor. We engaged with a range of internal and external stakeholders. As a result of this review, among other steps, we began adapting our risk management procedures, incorporated additional human rights elements into our existing procurement process and supplier code of conduct, and extended existing due diligence processes for suppliers and customers.

### *Sustainability risk policies and practices*

In line with our commitment to net zero and to respect human rights, HSBC seeks to ensure that the services we provide to our customers do not result in an unacceptable impact on people or the



environment. We aim to support our customers adopting more sustainable practices. We have specific sustainability risk sector policies for the main financing products HSBC offers on agricultural commodities, chemicals, energy, forestry, mining and metals, thermal coal, and UNESCO World Heritage Sites and Ramsar-designated wetlands. Some of these policies cover a variety of human rights issues, including forced labour, harmful or exploitative child labour, land rights, the rights of Indigenous Peoples, workers' rights, and the health and safety of communities. These policies define our appetite for business in these sectors and seek to encourage customers to meet good international standard of practice. HSBC also seeks to apply the Equator Principles to assess and manage the environmental and social risks of projects we finance. The Equator Principles are underpinned by the International Finance Corporation's Performance Standards on human rights, labour rights, and the rights and freedoms of Indigenous Peoples and communities.

HSBC's relationship managers are the primary point of contact for our customers and are responsible for conducting due diligence to ensure that our customers meet applicable policies. To support those managers, among other steps, we also employ sustainability and risk specialists who have additional responsibility for reviewing, implementing, and managing our sustainability policies.

More information on how we manage sustainability risk, as well as our full policies, is available at [ESG and responsible business | HSBC Holdings plc](#). HSBC's sustainability policies continue to be aligned with our approach to climate risk and our net zero ambition, and we remain committed to supporting our customers on the journey towards a global net zero economy.

Yours sincerely,

**HSBC Holdings plc**