



Noel Quinn
Group Chief Executive

Tom Tugendhat MP
Chairman of the Foreign Affairs Committee

by email: tom.tugendhat.mp@parliament.uk

5 February 2021

Dear Mr Tugendhat,

Thank you for your letter of 27 January following Colin Bell's and my evidence to the Foreign Affairs Committee on 26 January. I am glad you found the session useful.

As promised, I am writing to follow up a number of issues arising from the hearing, listed in the order in which they arose.

Information requests from UK police

It was put to us during the hearing that the police in the UK regularly complained that HSBC was slow to respond to information requests. Colin and I said at the time that we were not familiar with that assertion. I can confirm that our discussions with UK law enforcement authorities have not highlighted anything to suggest that we were uncooperative or slow to respond to information requests. We continue to request regular feedback from these authorities, with which we work constructively, both in supporting investigations and in developing economic crime policy.

HSBC is proud to be a founding member of the UK'S Joint Money Laundering Intelligence Taskforce (JMLIT), a partnership between law enforcement and the financial sector to exchange and analyse information on money laundering and wider economic threats. HSBC also sits on the Economic Crime Strategic Board, co-chaired by the Chancellor of the Exchequer and Home Secretary.

Political branches of the Chinese Communist Party (CCP) in private companies

You asked me to clarify the position on this. I understand that there is no legal requirement for a private company to establish a branch of the CCP. But employees of a private company who are CCP members may establish one or more branches in a company. While staff in HSBC China have established branches, those branches have no legal authority over the company, are not established for the purpose of directing the business, and are not involved in any way in managing the company.

As I said during my evidence, HSBC does not track the political affiliations of any of its staff around the world, including in China. For these reasons, we don't track or know the number of CCP branches in HSBC Bank in China.

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The rules are different for State Owned Enterprises, which are required to establish party branches. As you know, HSBC China is not a State Owned Enterprise, but is wholly owned by HSBC.

Trade union representation in China

As with CCP branches, unions within a company - or “enterprise trade unions” - are established by the employees of that company. These are grassroots organisations which operate under the auspices of state-run trade unions. As companies must pay the dues of union members, we know the number of such unions. There are 33 enterprise trade unions in HSBC Bank in China, which broadly correlate to the number of sites in which the firm operates. They are led by colleagues. Employees in China are free to choose whether to join the union. We engage with these groups on staff welfare issues, in much the same way as do with other trade union representatives around the world. These unions are not involved in managing or running HSBC China.

The Uyghur Forced Labor Prevention Act

It was put to me that HSBC had lobbied against the Uyghur Forced Labor Prevention Act in the US. This assertion is incorrect. The bank monitored its passage and answered technical questions from Congressional staff. We reported this interaction, in line with our requirements under the US Lobbying Disclosure Act.

Statement on Human Rights

As promised, I attach our 2015 statement on human rights.

Inevitably, a global firm like ours, operating in some 60 countries and territories, does business in places where there may be concerns about human rights. This challenge is faced by many other multinational firms. In this, our overriding principle – which also makes good business sense - has always been to work for the benefit of our customers and the societies of which they are part. In so doing, we respect local laws, as well as our wider responsibilities to our shareholders and all our other global stakeholders.

I hope this information is helpful. Please let me know if you need more.

With all good wishes.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Noel Quinn".

Noel Quinn

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HSBC STATEMENT ON HUMAN RIGHTS

Date: 23 September 2015

HSBC STATEMENT ON HUMAN RIGHTS

Introduction

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

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

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

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 services¹. 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.

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

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.

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

Anti-bribery and corruption

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

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.