

Particulars

About Your Organisation

Organisation Name

HSBC Holdings Plc

Corporate Website Address

<http://www.hsbc.com>

Primary Activity or Product

- Finance
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Related Company(ies)

No

Membership

Membership Number	Membership Category	Membership Sector
5-0009-04-000-00	Ordinary	Banks and Investors

Banks and Investors

Operational Profile

1.1 Please state what your main activities are within finance*

- Corporate / Commercial
- Trade Finance
- Debt / Capital Markets
- Capital Market Advisory Service

Operations in Palm Oil

2.1 What are the various types of financial services to the palm oil sector provided by your organization?

- Trade Solution
- Lending / Loans
- Treasury Products
- Cash Management Products

2.2 What geographic regions do you operate in for the palm oil business?

- Worldwide

Palm Oil Policy

3.1 Does your organization have a lending or investment policy on palm oil? If so please submit a copy as a pdf?

Yes

Uploaded files:

- [F-Lending-Policy.pdf](#)

3.2 Which sub-sectors does your palm oil policy cover?

- Traders
- Other:
Growers, refiners are also covered

3.3 Does the policy on palm oil make specific reference to RSPO certified sustainable palm oil and/or RSPO certification?

Yes

3.3.1 Do you require your customers to be RSPO members?

Yes

3.3.2 Do you require your customers to have a public Time-Bound Plan for 100% RSPO certification?

Yes

3.4 What measures do you take if a client is not meeting the requirement of your policy on palm oil?

HSBC has a policy requirement for our existing clients to have a timebound plan to obtain RSPO certification for 1 operation by Dec2014 and of all their existing operations by DEC2018. New clients with new operations are subject to similar criteria and must certify their first operation within 12 months and 100% of their operations within 4 years. If any customer is not meeting our policy, HSBC will engage with them to take actions to ensure they can achieve compliance within an agreed time period. Failure to meet the agreed timebound plans to achieve certification and compliance with our policy will lead to HSBC exiting from a specific client relationship. As at 31 DEC 2014 HSBC was financing approximately 176 clients with upstream palm oil operations and we have already commenced existing clients who are not compliant with our policy.

3.5 Do you proactively engage with your customers to support and ask them to join the RSPO?

Yes

Time-Bound Plan

4.1 Do you have, or do you plan to develop a policy that calls for 100% of your palm oil customers to be RSPO members?

Yes

4.2 When do you expect to require 100% certification for growers?

2018

Comment:

HSBC has adopted 31DEC2018 as the deadline for 100% certification for our customers with existing plantations.

4.3 When do you expect to require 100% certification for other sectors?

2018

Comment:

HSBC has adopted 31DEC2018 as the deadline for 100% certification for our existing customers in the supply chain businesses as covered by our policy (refiners & physical traders) .

4.4 Which countries that your institution operates in do the above commitments cover?

- Applies Globally
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4.5 What other commitments & activities have you undertaken in the reporting year to promote CSPO?

HSBC engages in ongoing dialogue with our clients and at industry events and conferences promoting the benefits of RSPO certification and sustainable palm oil development . HSBC currently provides discounted financing to clients purchasing or selling RSPO Certified Palm Oil (CSPO) through structured trade facilities to incentivize increased trading and uptake of CSPO. HSBC is taking a leading role in working with RSPO through their working groups and Board of Governors to improve standards, transparency and strengthen their processes to accelerate the transition to CSPO becoming the norm.

GHG Emissions

5.1 Are you currently assessing the GHG emissions from your operations?

Yes

Do you publicly report the GHG emissions of your operations?

Yes

Uploaded file:

[F-GHG-Public-Commitment.pdf](#)

Do you publicly report the GHG emissions of your operations?

Yes

5.2 Does your bank ask its customers in the Palm Oil sector to disclose their GHG emissions?

No

Please explain why:

HSBC supports RSPO certification and the adoption of the RSPO requirements on GHG emission disclosures as covered in the existing P&Cs.

HSBC encourages transparency and public declarations from our clients on the GHG reporting.

Actions for Next Reporting Period**6.1 Outline actions that will be taken in the coming year to promote CSPO along the supply chain:**

HSBC continue to engage with new and existing palm oil sector businesses to promote and expand take up of CSPO through public support of the certification standard.

Continued promotion of the benefits of RSPO and CSPO to the wider Financial Community through RSPO based outreach programmes and at public conference events. .

Reasons for Non-Disclosure of Information**7.1 If you have not disclosed any of the above information please indicate the reasons why**

Application of Principles & Criteria for all members sectors**8.1 Regarding your investment policies, do you have position statements and/or policies related to dealings in the palm oil industry that are in line with RSPO P&C, such as:**

- Water, land, energy and carbon footprints
 - Land Use Rights
 - Ethical conduct and human rights
 - Labour rights
 - Stakeholder engagement
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8.2 What steps will your organization take to realize ethical conduct using business-applicable regulations and industry practices?

Financial organisations are not directly involved in the production, processing or trading of palm oil products. HSBC's policies are therefore directed to the role that banks play in providing financial services to their clients across the palm oil supply chain. HSBC is a founder member of the group of Banks that established and adopted the Equator Principles to manage the impact on local people and environments from large projects. HSBC has several public sustainability policies that cover sectors where we need to understand and manage the impact on society and the environment where HSBC are providing financial services to our customers.

In 2006 HSBC signed up to the UN Principles for Responsible Investment. We have also joined the UN Environment Programme Finance Initiative, and most recently in 2013 we signed up to the UN Principles of Sustainable Insurance.

8.3 Do you provide financial or other incentives for companies that are RSPO member and have a time bound plan?

Yes

8.4 How does your organization benchmark the progress of its partners and/or clients in palm oil against its ESG criteria?

HSBC Group employs a sustainability benchmark and assessment exercise on all customers where sustainability risks exist, including the palm oil sector. This is undertaken against the requirements contained within our sustainability policies, including the Agricultural Commodities policy and the Equator Principles. Benchmarking is undertaken at least annually.

Concession Map**9.1 This questions only applies for companies who would like to declare concession boundaries owned. (both RSPO Certified and uncertified)****Do you agree to share your concession maps with the RSPO?**

No

Please explain why

HSBC is not a palm oil grower and hence no concession maps are required

Challenges

1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?

1. Lower demand for CSPO from major buying markets (particularly China, India and SE Asia) where local consumption has no preference for CSPO.
 2. Current premium paid for Green Palm certificates is insufficient financial incentive for small growers to invest in certification.
 3. Low transparency in sales of CSPO sold as ISCC dual certified product but not reported in RSPO figures.
 4. Promotion of the benefits of CSPO and RSPO certification process needs further development in the major buying markets to drive demand.
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2 How would you qualify RSPO standards as compared to other parallel standards?

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Cost Effective:

Yes

Robust:

Yes

Simpler to Comply to:

Yes

3 How has your organization supported the vision of RSPO to transform markets? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)

HSBC currently provides discounted financing to clients purchasing or selling RSPO Certified Palm Oil (CSPO) through our structured trade facilities, to incentivize trade in sustainable palm oil and encourage more clients to achieve RSPO certification. HSBC reference our support of credible certification scheme, such as RSPO, at external events and conferences to promote sustainable business and certification uptake. HSBC is working with several customers to promote outreach to FFB suppliers and how to increase certification uptake in this area

4 Other information on palm oil (sustainability reports, policies, other public information)

HSBC position on Palm Oil and sustainability policies can all be found online at the following website

<http://www.hsbc.com/citizenship/sustainability/sustainability-risk>
