

HSBC Statement on Oil Palm and related industries

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Palm oil is one of the most widely-used cooking oils in Asia and is a raw material for the making of soaps and foodstuffs around the world. HSBC is aware that there are parts of the world where rapid development of agricultural plantations, including oil palm, is having negative social and environmental effects. As I mentioned earlier, we have formulated and published a sector-specific guideline to cover Forest Land and Forest Products. This makes specific reference to the various plantations - pulp, timber, oil palm and rubber - and to forest conversion. It is available on our website and from the HSBC in the Community stand in the foyer.

HSBC believes that well-planned oil palm plantations can contribute to sustainable development - provided they are sited correctly, avoiding forests which are important for conservation. Expansion of existing plantations should be regarded as highly sensitive and needs to be carefully reviewed to ensure that it does not impact on existing forest-land.

Plantations should be managed in accordance with proper forest stewardship principles and should address issues of forest protection, restoration and conversion, preservation of biodiversity and use of chemical pesticides. There should be a ban on the clearing of land by burning existing forest, procedures to prevent contamination of soil, groundwater and surface water from waste disposal, and a preference for biological pest control.

We continually review our existing engagements and work with our clients to ensure they either meet or exceed our standards, or are taking action to do so. We will withdraw from relationships where this is not the case, but our preferred course of action is to support companies in their efforts to reduce environmental and social impacts.

We are keen to improve our understanding of the issues affecting the communities that exist close to the oil palm plantations and we believe in an open and transparent approach coupled to consultation. HSBC is applying to join the Round-table on Sustainable Palm Oil which promotes co-operation within the supply chain and open dialogue between stakeholders.