

# HSBC Chemicals Industry Policy

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# Chemicals Industry Policy

This document is one of HSBC's sustainability risk policies. It should be read in conjunction with **Introduction to HSBC's Sustainability Risk Policies**, which explains common features and technical terms<sup>1</sup>.

## Introduction

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The chemicals industry employs seven million people and supports essential and beneficial economic activities such as agriculture, construction, oil and gas, plastics and transport. However, if not managed responsibly, chemicals can have adverse impacts on people or the environment during their manufacture, use or disposal.

For example, a pesticide which is designed to kill insects or weeds may contain poison which causes human kidney failure or death. These particular impacts could arise during production of the chemical, during spraying of a crop or via its spread to other crops, plants, water resources, animals and birds. Other harmful chemicals can be found in products as diverse as textile protectors or wood preservers. Unintentional chemical releases of gases, liquids or solids can be equally dangerous to people's health or the environment.

## HSBC's approach

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HSBC is a longstanding supporter of the chemicals industry sector. We wish to ensure that our customers operate in accordance with international good practice, helping those that are making acceptable progress, but closing relationships with customers who do not meet minimum standards. This policy defines activities which are Prohibited or Restricted and a separate guidance note provides additional details of how to implement the policy.

## Sector definition

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The chemicals industry sector refers to businesses which manufacture chemicals. The risks are particularly high for agricultural chemicals such as pesticides and for certain industrial chemicals, such as asbestos or fire retardants.

This policy does not include: the transport, distribution and use of chemicals; pharmaceuticals; or laboratory-scale research. It does not cover the testing of chemicals on animals or the manufacture of genetically modified organisms, for which any potential reputational risk should be referred to Compliance.

## Prohibited business

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Group Offices may not provide financial services to customers who manufacture:

- a) chemical weapons; or
- b) chemicals prohibited in Annex A of the Stockholm Convention, an international agreement on persistent organic pollutants (POPs) which create severe health impacts, such as cancer; or
- c) chemicals which are inconsistent with Annex III of the Rotterdam Convention, an international agreement on hazardous pesticides and industrial chemicals.

## Restricted business

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Group Offices must undertake additional due diligence, and seek sustainability risk clearance as appropriate for customers:

- a) known to have materially breached national or international chemical safety regulations; or

<sup>1</sup> The policy is made public for information only. HSBC's sustainability risk policies are for HSBC's use only and HSBC shall owe no liability to third parties in relation to them.

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b) with a track record of (or credible allegations of) causing material chemical spills and/or dangers to human health or the environment.

“Material” means incidents which, if linked publicly to HSBC’s support, would cause embarrassment and reputational damage to HSBC.