

Statement from HSBC

Your letter asks about HSBC's relationship with Olam Group. As you will be aware, because of our duty of client confidentiality, we are unable to comment on specific companies, even where there may be information in the public domain. This confidentiality extends to our own due diligence, including around ESG factors. HSBC's requirement to be able to disclose publically whether we bank a specific new (palm oil) customer does not extend to an annual, or other periodic, declaration of all new palm oil customers we may have on boarded.

Looking at HSBC's own approach, we have long recognised that development in forest areas can have a major impact on the environment and local communities, and that one of the major contributors to climate change is deforestation. In 2004, HSBC was one of the first banks to introduce a Forest Land and Forest Products Sector Policy covering these issues.

HSBC implemented its Agricultural Commodities policy in 2013, where all clients operating in palm oil plantations and mills, or in refining operations, were required to be RSPO members and become certified under the Roundtable on Sustainable Palm Oil ('RSPO') certification scheme. This was a mandatory requirement where RSPO certification covers, among other areas, deforestation of High Conservation Value ('HCV') areas. RSPO certification allows clients to provide independent evidence of their compliance with HSBC policy.

Since 2017 HSBC, as a member of the Board of Governors of RSPO, has directly supported the RSPO Next initiative and the 2018 RSPO Principles and Criteria review that led to No Deforestation, No Peat and No Exploitation ('NDPE') requirements being embedded into RSPO certification standards. No deforestation (under RSPO) is defined by the High Carbon Stock Approach ('HCSA') (of which Olam is a member); as a result of the review of I-ICS in High Forest Cover Landscapes, such as in Africa, new guidelines are now in place, covering RSPO member companies operating palm oil plantations in Gabon and other equatorial African countries. Further information can be found on the HCSA website. And, as you will be aware, HSBC's revised 2017 policy also includes a requirement for an NDPE commitment.