

Defence Equipment Policy Statement

HSBC has long held a restricted appetite for the defence sector. This prohibits the financing¹ and provision of advisory services² to clients³ which manufacture, trade, purchase or sell weapons for military use.⁴

Weapons for military use include:

- conventional weapons;
- anti-personnel mines as defined in the Anti-Personnel Mine Ban Convention;
- biological and toxin weapons as defined in the Biological Weapons Convention;
- chemical weapons as defined in the Chemical Weapons Convention;
- cluster munitions as defined in the Convention on Cluster Munitions;
- depleted uranium munitions;
- lethal autonomous weapons systems;
- non-detectable fragments, incendiary weapons and blinding laser weapons as defined in Protocols I, III and IV respectively of The Convention on Certain Conventional Weapons;
- nuclear weapons;
- radiological weapons; and
- white phosphorous munitions.

We recognise that weapons often consist of multiple component parts, platforms and/or technological systems which may have both military and civilian applications. Our due diligence processes seek to determine where applications are intended for weapons for military use and exclude those applications.

If an existing or prospective client is part of a wider group, HSBC considers the activities of the client group and seeks to apply its approach proportionately according to the business mix, organisational structure and governance of the group.

Our approach to defence equipment as set out in this policy statement supplements HSBC's [financial crime risk policy statements](#). These describe our approach to managing trade sanctions, arms embargoes, export controls, counter-terrorist and counter-proliferation financing.

¹ We define 'finance' as the provision of (or when considering the provision of) project finance, direct lending, or arranging or underwriting capital markets transactions for clients.

² We define 'advisory services' as the provision of financial or investment banking advisory services to clients.

³ Our approach to defence equipment as set out in this policy statement applies to clients that are corporate entities (including state-owned enterprises).

⁴ The application of our approach to defence equipment as set out in this policy statement remains subject to compliance with local laws and regulations.