



HSBC Mining & Metals Policy

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This document is one of HSBC's sustainability risk policies. It should be read in conjunction with the [Introduction to HSBC's Sustainability Risk Policies](#), which explains common features and technical terms¹.

In December 2021, HSBC published its [Thermal Coal Phase-Out Policy](#). Please access this link for HSBC's policy requirements regarding the phase out of financing of thermal coal mining.

Introduction

The mining and metals sector is essential in extracting and processing minerals which are necessary for many of society's basic needs.

Its activities range from the exploration for and mining of minerals as diverse as coal and diamonds to the complex industrial processes required to produce metals such as aluminium or steel. However, if not managed responsibly, these activities can have unacceptable adverse impacts on people or on the environment. Examples of impacts include:

- ◆ Social, for both workers and local people – Death or injury from mine collapse, explosion, fire, chemicals or noise; abuse of human rights, especially where security forces operate; and forced relocation of people.
- ◆ Environmental – Food, water and wildlife can be impacted locally by toxic mine waste (tailings), chemical leaks (cyanide or acid mine drainage) or the clearance of forests. Mining and manufacturing (e.g. of aluminium) can require substantial quantities of water and energy.
- ◆ Climate change – Coal, when burned, is a key cause of climate change (see [Thermal Coal Phase-Out Policy](#)).

HSBC's approach

HSBC is a longstanding supporter of the mining and metals sector. We wish our customers to operate in accordance with international good practice, supporting those making acceptable progress towards good practice, but closing relationships with those who do not meet minimum standards.

Scope

The policy relates to business customers involved in:

- a) Mining. Including exploration, development and operation of underground and open-pit mines. Excluding oil sands (see Energy Policy) and quarrying of building materials like stone or sand.
- b) Primary processing of ore, such as copper smelting, aluminium refining or steel milling. Excluding secondary processing, such as foundry casting.

Please see [Thermal Coal Phase-Out Policy](#) for HSBC's policy requirements regarding thermal coal mining.

Prohibited business

Global Businesses must not provide financial services for:

- a) Mines using Mountaintop Removal (MTR), or customers dependent on MTR, in the Central Appalachian Mountains of the United States of America.
- b) Customers commencing the disposal of tailings in rivers or shallow sea-water² in or since 2007 (when HSBC's policy was introduced).

¹ 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.

² Shallow sea-water refers to water where light still penetrates, approximately 100 metres below the surface.

Restricted business

Global Businesses must undertake additional due diligence where the circumstances below apply. They must check whether customers are operating responsibly and seek sustainability risk clearance – which may or may not be provided.

- a) Customers commencing the disposal of tailings in rivers or shallow sea-water in or before 2006. Customers must evidence that alternative options are not feasible and that the benefits of the mine to local communities are significant.
- b) Customers using cyanide to separate gold from other ore, where the customer's operations are not certified under the International Cyanide Management Code (ICMC). Such non-certified customers must be on a credible path to obtaining ICMC certification within 3 years of being an HSBC customer or provide robust evidence that they have equivalent procedures in place.
- c) Customers causing or contributing to severe adverse impacts on human rights. HSBC seeks to prevent or mitigate such impacts, subject to the leverage we have with a customer. The analysis must assess: the customer's actual and potential impacts; its commitments to respect human rights; its remediation of the impacts; its own grievance mechanisms; and whether HSBC may have financed such impacts. d) Customers with a poor sustainability track record on:
 - ◆ Fatalities – Customers with: 5 or more in either of the last 2 years; or a deteriorating trend in both of the last 2 years; or a fatality frequency rate of 0.05 or more per million hours worked. These thresholds are a trigger for analysis, not an “acceptable” level (which is zero).
 - ◆ Material accidents, spills or pollution. Material refers to occurrences serious enough to cause controversy or damage to the customer and, potentially, to HSBC.
 - ◆ Material regulatory fines or suspensions of licences (including under the Kimberley Process).

Analysis may be required under other policies, such as: hydro-electric dams for aluminium plants under the Energy Policy; and projects under the Equator Principles.