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Changing the world with women and girls

Who pays the price? The cost of HSBC's climate damages

Revealing the real cost of HSBC's funding for fossil fuels and industrial agriculture and the harm it's causing to people and the planet.

Acknowledgements

About this report

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Front page photos

Top left: Ikechukwu Julius Ugwu - Unsplash

Top right: Fire spreads among babassu coconut palm trees in the municipality of Timbiras, within the Alegria/Campestre territory (Lago do Junco, Maranhão, Brazil). Image: Ruy Sposati/ ActionAid/November 2024

Bottom left: A group of babassu coconut breakers working collectively in Lago do Junco (Maranhão, Brazil). Image: Joana Moncau/ActionAid/November 2024

Bottom right: UPPL Power Plant, Bangladesh. Bangladesh research team/2024

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Executive Summary

Year on year, the climate crisis continues to worsen, with disproportionately negative impacts on countries in the Global South that have contributed the least to global emissions. Within these countries, women and girls bear the brunt of these impacts. It has never been more critical for Governments to act to cut emissions and prevent further global heating and destruction. Despite this, a lack of financial sector regulation means private finance continues to flow to the problem, with billions of dollars pumped by banks into climate-harmful industries each year.

Fossil fuels and industrial agriculture are the largest contributors to the climate crisis,[1] yet the financial flows by UK banks to these sectors remains largely unregulated by the UK Government. HSBC, headquartered in the UK, was identified by ActionAid's How the Finance Flows report (2023) as the largest overall financier of agribusiness in the Global South and the largest European financier of fossil fuels in the Global South.[2] The context of this report is HSBC's recent pushback on its climate target by a shocking 20 years,[3] and a broader and dangerous context of both banks and governments rolling back on their climate commitments.

In this new report, ActionAid UK investigates the costs to people and the planet resulting from HSBC's financing of these industries. This research looks at two types of harm caused by HSBC's financing of fossil fuels and industrial agriculture: 1) the quantifiable societal cost of emissions generated by these sectors as a result of HSBC's financing, and 2) the localised impacts on communities, particularly women and girls, of selected extractive projects operated by entities with links to HSBC.

Our research finds that HSBC is financing massive and widespread climate devastation. In the period 2021-2023, this report finds that HSBC provided £153 billion in financial flows to fossil fuel and industrial agriculture sectors. This includes £142 billion in loans and underwriting and £11 billion in investments in bonds and shares. As a result of these financial flows, HSBC has generated 357 million tons of Carbon dioxide equivalent (CO_2e).[i] This includes of 323 million tons as a result of loans and underwriting and 34 million tons from investments.[ii] The societal costs of these emissions are calculated at **£128 billion in climate damages, equivalent to three times HSBC's accumulated net profit in this period.**

HSBC's harmful financial flows (2021-2023):

- £153 billion in financial flows to fossil fuel and industrial agriculture sectors
- Generated 357 million tonnes CO2e
- **Caused £128 billion of climate damage, three times greater than its net profits**

HSBC's financial flows to companies active in the Global South is not only resulting in carbon pumped into the atmosphere; their activities are also causing human rights and environmental harm. **Even in cases where HSBC is not financing harmful extractive projects directly, HSBC continues to finance companies engaged in harmful extractive activities through corporate financing, thereby indirectly financing their projects and allowing these industries to continue.**

i. CO2e, or carbon dioxide equivalent, is a standardized unit of measurement used to compare the global warming potential of different greenhouse gases. It allows us to express the impact of various gases, like methane and nitrous oxide, in terms of their equivalent impact on the climate compared to carbon dioxide.

ii. As HSBC's reporting only covers investments for 2023, the total financial flows of £153 billion and CO2e emissions of 3

On the one hand, HSBC is directly financing projects with widespread localised harm, including the United Payra Power Ltd (UPPL) Power Plant in Bangladesh, and agribusiness giant Cargill's industrial soy expansion in Brazil. On the other hand, HSBC is providing corporate finance to TotalEnergies, which is indirectly facilitating the East Africa Crude Oil Pipeline (EACOP) in Tanzania. Stories of harm emerge from communities, particularly women and girls, impacted by these extractive projects. These impacts vary from case to case but taken together include deforestation, land grabbing, displacement of communities, risks to loss of biodiversity, violations of rights of indigenous people and local communities, gender-based violence, and pollution leading to health issues.

HSBC's policies on fossil fuels, industrial agriculture, and human rights are insufficient in addressing the climate crisis and the direct impacts of these sectors. HSBC's policies do not effectively address the extent of its financial flows to the two sectors with the largest contribution to the climate crisis. HSBC's policies also lack the level of safeguarding mechanisms necessary to prevent harming of local communities and provide adequate reporting and response to harm.

The UK regulatory landscape for sustainable finance is highly fragmented, lacking coordination between the various policy bodies and their mandates. Most of the regulations already in place are voluntary, and there does not seem to be a clear legislative hierarchy between these regulations. Ambitious plans to develop a green taxonomy and comprehensive ESG reporting requirements are facing numerous delays and have not been realised yet. Moreover, banks, including HSBC, have lobbied against mandatory green finance requirements for the financial sector. The UK has made clear its ambition to become one of the global centres of sustainable finance. However, in terms of introducing binding legislation that would ensure that the entire financial sector is aligned with this ambition, it is lagging behind the EU. Neither the UK Taxonomy nor the obligatory transition plans have yet been put forward, and no timeline is available on their finalisation and rollout. **This inadequate regulatory landscape permits UK banks to continue financing fossil fuel and industrial agriculture sectors, fuelling the climate crisis with harmful impacts on women and girls.**

The UK, as a global financial power, has a responsibility to enforce significant changes to our financial systems to accelerate the transition to just and clean economies and societies where the rights of humans and the environment are upheld. The UK government must implement strong legislation and regulation of its financial sector, for which it is ultimately responsible for, to stop the root causes of the climate crisis. Similarly, HSBC must stop financing fossil fuel and harmful industrial agriculture expansion, to prevent further harms. According to the Polluter Pays principle, banks should also be held responsible for their contribution to climate damages, and must pay up for those damages caused to the Global South, who are already paying for those costs, to the detriment of people and planet.

The report proposes the following recommendations:

Recommendations to UK Government:

1. Prohibit financing of fossil fuel expansion projects and harmful industrial agriculture
2. Introduce a gender-responsive Business, Human Rights and Environment Act (BHREA)
3. Make banks pay their fair share for the damages they cause
4. Establish and implement a rights-based, gender responsive UK Green Taxonomy
5. Address harmful industrial agriculture in sustainable finance regulations
6. Introduce robust disclosure and reporting requirements for greater transparency

Recommendations to HSBC and other UK-regulated banks:

1 Stop financing fossil fuel expansion

2 Stop financing of harmful industrial agriculture

3 Strengthen human rights and gender due diligence, and ensure access to remedy

4 Ensure alignment with the Paris Agreement

Abbreviations

BNDES	Banco Nacional de Desenvolvimento Econômico e Social	**ISSB**	International Sustainability Standards Board
BOCC	Banking on Climate Chaos	**IOSCO**	International Organisation of Securities Commissions
CBES	Climate Biennial Exploratory Scenario	**IICC**	Investing in Climate Chaos
CBPS	Corporate Bond Purchase Scheme	**IUCN**	International Union for Conservation of Nature
CO2e	Carbon dioxide equivalent	**LNAS**	Land, Nature, and Adapted Systems Advisory Group
DNSH	Do No Significant Harm (criteria)	**Market**	Equity value = # of shares X share price
EACOP	East Africa Crude Oil Pipeline	**Net profit**	Profit after corporate tax
EU ETS	European Union Emission Trading System	**NZBA**	Net-Zero Banking Alliance
ESG	Environmental, Social, and Governance	**OpEx**	Operational Expenses
EUDR	European Union Deforestation Regulation	**PCAF**	Partnership Carbon Accounting Financials
EV	Enterprise Value	**PRA**	Prudential Regulation Authority
EVIC	Enterprise Value including Cash	**SCC**	Social Cost of Carbon
GBV	Gender Based Violence	**SDR**	Sustainability Disclosure Requirements
GCELGFANZ	Global Coal Exit List, Glasgow Financial Alliance for Net Zero	**SRS**	Sustainability Reporting Standards
GFANZGHG	Glasgow Financial Alliance for Net Zero Greenhouse Gas	**TSC**	Technical Screening Criteria
GHGGOGEL	Greenhouse Gas Global Oil & Gas Exit List	**TPT**	Transition Plan Taskforce
GOGELGTAG	Global Oil & Gas Exit List, Green Technical Advisory Group	**UPPL**	United Payra Power Plant
GTAGHa	Green Technical Advisory Group hectare	**WACI**	Weighted Average Carbon Intensity
Ha	hectare		

Introduction

Year on year the climate crisis continues to worsen, with disproportionately negative impacts on countries in the Global South[iii] which have contributed the least to global emissions. Within these countries, women and girls experience disproportionate impacts due in part to their reliance on natural resources for their livelihoods and health, as well as pre-existing gender inequalities that hinder their access to resources and decision-making processes.[5] The climate crisis is forcing girls out of school, increasing care responsibilities for women and girls, and heightening their risk of Gender-Based Violence (GBV).[6]

2024 was the warmest year on record, with intense floods, destructive storms and record-breaking heatwaves.[7] From catastrophic flooding in Brazil, to tropical cyclones in Bangladesh, to deepening drought in Tanzania, it has never been more critical for Governments to act to cut emissions and prevent further global heating and destruction. Despite this, a lack of financial sector regulation means private finance continues to flow to the problem, with billions of dollars pumped by banks into climate-harmful industries each year. Fossil fuels and industrial agriculture are the two industries with the largest contribution to the climate crisis,[8] yet the financial flows by UK banks to these sectors remains largely unregulated by the UK Government.

HSBC, headquartered in the UK, was identified by ActionAid's How the Finance Flows report (2023) as the largest overall financier of agribusiness in the Global South and the largest European financier of fossil fuels in the Global South.[9] In this new report, ActionAid UK investigates the costs to people and the planet resulting from HSBC's financing of these industries. It aims to build on the findings of the 2023 report by going further to quantify and evidence the climate damages caused by HSBC's financial flows. This report looks at two types of harm caused by HSBC's financing of fossil fuels and industrial agriculture. It quantifies the climate damage costs of the emissions generated by these sectors as a result of HSBC's financing, as well as examining the localised impacts on communities of the industrial agriculture and fossil fuel extraction activities that HSBC funds, whether via direct financing of specific projects or via general loans to and investments in the relevant companies.

The report finds that through its financing of and investment in fossil fuel and industrial agriculture companies, HSBC is causing significant harm both in terms of climate damage costs and localised environmental and human rights violations. These damages occur in the context of UK government regulation on sustainable financing that is lagging behind EU regulations. The regulatory landscape in the UK is fragmented and voluntary, and the agriculture sector is largely missing from regulatory frameworks. On top of this, HSBC's own policies on fossil fuels and industrial agriculture show numerous gaps. Numerous localised socio-environmental impacts have also been identified linked to HSBC's direct or indirect financing of extraction sites in Brazil, Tanzania, and Bangladesh.

iii For the purpose of this report, we are using the term "Global South", to emphasise a geographical and historical perspective, highlighting the shared experiences of countries in these regions and their historical ties to colonialism. While recognising that this term is highly contested, and not optimal, this term grew in popularity following critiques of the terms "developing" countries and has been the predominant language used by ActionAid federation Members and the Consultancy, Profundo who have conducted the research. It is important to note that the term "Global South" is a generalisation and does not capture the full complexity and diversity within and between countries. It is used at shorthand to highlight structural imbalances and power differentials in the humanitarian, conflict and peacebuilding sectors. While the term can be a useful way to understand global power dynamics, it remains overtly broad and is not always reflective of the hemispheric South.

In the three-year period 2021-2023 alone, HSBC financed the fossil fuel and industrial agriculture sectors to the tune of £153 billion globally. One fifth of this financing was to companies and activities in the Global South, contributing to extractivism and causing direct harm to people and environment. Resulting from this financing, a total of 357 million tons of CO_2e was generated globally, worsening the greenhouse effect and contributing to global temperature rise with disproportionate impacts on those in the Global South. Considering the societal and economic damage caused by each additional tonne of carbon dioxide pumped into the atmosphere as a result of HSBC's financial flows, this report estimates that **HSBC is responsible for £128 billion in climate damage costs over this period.** This is likely a low-end estimate due to the unquantifiable impact of many climate damages, but still is equivalent to 295% of HSBC's accumulated net profit in the three years 2021-2023.

In addition to the significant cost of emissions, **HSBC's financing generates serious socio-environmental harms at the local level, with a disproportionate impact on women and girls.** This report looks at the social and environmental impacts of direct HSBC's investments in Cargill (soy) in Brazil and United Payra Power Ltd. (UPPL) in Bangladesh, as well as indirect investments (through TotalEnergies and the China National Offshore Oil Company) in the East African Crude Oil Pipeline (EACOP) in Tanzania. It explores the impacts experienced by communities in these three countries linked to HSBC's (direct and indirect) financial flows. These include the removal of native (rainforest) vegetation, land grabbing, soil and water pollution impacting health of local communities and posing risks to biodiversity, and violating the rights of women and girls. Women and girls have been impacted by loss of access to land and water on which they depend for their livelihoods and health, as well as risks to the loss of land of cultural significance. They also face gender-based violence, exploitation, and health impacts linked to the fossil fuel and industrial agriculture industries.

Contrary to its slogan 'Together We Thrive', HSBC is causing irreversible harm to marginalised communities in the Global South through its investments in fossil fuel and industrial agriculture companies. In line with the Polluters Pay principle, HSBC should be held accountable for its climate damages, and pay up to the Global South who face the worst impacts. It is time for HSBC to take accountability for its harmful actions and for the UK Government to step up to ensure that the UK financial sector is prevented from causing further harm to those least responsible for the climate crisis.

Chapter 1: The Cost of HSBC's Financed and Facilitated Emissions

As the climate crisis worsens, banks continue to fund those sectors with the worst track record for climate breakdown: fossil fuels and industrial agriculture. While fossil fuels are the largest contributor to climate change – responsible for more than three-quarters of global emissions[10] – industrial agriculture is another major source of greenhouse gas emissions, accounting for around one-fifth of greenhouse gas emissions globally.[11] Giant agribusiness corporations are responsible for the bulk of emissions in the sector, through deforestation, synthetic fertilizer use and methane emissions from livestock.[12]

By funding these sectors, HSBC is contributing significantly to global emissions. ActionAid's How The Finance Flows report (2023) found that, of all banks in Europe, HSBC was the biggest funder of both fossil fuels ($63.6bn) and industrial agriculture ($17.2bn) in the Global South.[13] This is having very real consequences for communities living on the frontlines of the climate crisis, both in terms of the global heating caused by emissions and the localised impacts of extraction at fossil fuel and industrial agriculture sites. The burden of HSBC's harmful investments is falling on those least responsible for the climate crisis, with a disproportionate impact on women and girls.

This chapter begins by outlining HSBC's financing of fossil fuel and industrial agriculture companies, through a combination of lending and underwriting services. This includes both direct project finance earmarked for particular industrial agriculture or fossil fuel extraction projects, as well as more general corporate finance used for all-purpose activities such as salaries and overhead costs. The next section calculates the emissions resulting from HSBC's financing of the two sectors, finding it has generated a shocking 357 million tons of CO^2e in the period 2021-23. The final section puts a price on these emissions, estimating a societal cost of £128 billion, equivalent to three times HSBC's accumulated net profit in this period.

ActionAid's research finds that HSBC is financing massive and widespread climate devastation.

Methodology

ActionAid UK commissioned research consultancy Profundo to carry out financial research and the calculation of emissions relating to HSBC's financing for fossil fuel companies and forest-risk companies. This data on emissions has been used to calculate the societal costs of the carbon emissions resulting from HSBC's financing of fossil fuels and industrial agriculture.

The selection of fossil fuel companies is based on those covered by Banking on Climate Chaos (BOCC) and Investing in Climate Chaos (IICC). The selection of forest-risk companies is based on those covered by Forests & Finance.

Data on loans and underwriting services provided by HSBC to companies engaged in fossil fuels was extracted from the 2024 edition of BOCC. The dataset covers the period from January 2016 to December 2023. HSBC's investments in bonds and shares of companies engaged in fossil fuels were extracted from the 2024 edition of IICC. The dataset is up to date as of the first quarter of 2024. HSBC's loans and underwriting services and investments in bonds and shares of companies active in forest-risk activities were extracted from the Forests & Finance dataset. The dataset is up to date as of September 2024.

This report analyses HSBC's financial flows to fossil fuels and industrial agriculture in a specific period. Since the average period for loans is 5 years, and the research has loan data from 2016 to 2023, the financed and facilitated emissions calculations are calculated for the years 2021-2023 as the period that these loans since 2016 have contributed to emissions. 2021 is the year that the Glasgow Financial Alliance for Net Zero (GFANZ) was established. HSBC is a member of the Net-Zero Banking Alliance (NZBA) which falls under the umbrella of GFANZ.

The full Methodology can be found in the Annex. This includes a detailed breakdown of how the financial flow research was conducted, including information on the scope of companies, data sources, types of finance, calculated elements and data limitations. It also details the methodology used to estimate HSBC's financed and facilitated emissions through its financial relationships with companies engaged in fossil fuels and forest-risk commodities.

Financial flows findings

HSBC continues to channel hundreds of billions to fossil fuel and industrial agriculture companies including agricultural giant Cargill and oil multinational TotalEnergies. In the period 2021-2023, this report finds that HSBC provided £153 billion in financial flows to fossil fuel and industrial agriculture sectors. This includes £142 billion in loans and underwriting and £11 billion in investments in bonds and shares.[iv] This is fuelling extractive activities in the Global South, with harmful impacts on local communities and especially women and girls. (See Chapter 2)

Types of financing: Creditor vs Investor

HSBC channels financial support for companies either as a creditor or an investor. As a creditor, HSBC provides lending to companies through corporate financing (all-purpose financing used for general activities including salaries, contractors, equipment, office costs, etc.) or through project financing (earmarked for particular projects, e.g. developing new fossil fuel infrastructure). As an investor, through its asset management arm, HSBC purchases bonds or shares. Underwriting can apply to either loans or bonds, where HSBC acts as a facilitator for the company to raise financing or funds.

In providing all these forms of finance, HSBC contributes to the perpetuation of extractive industries, both fossil fuels and industrial agriculture. As the two most polluting industries, the extent to which HSBC contributes to climate breakdown can be assessed through its financed emissions – those associated with loans and investments – as well as facilitated emissions – from capital market activities, such as underwriting (loans or bonds). However, the impacts of supporting these industries does not stop at emissions - they also contribute to localised harms to communities caused by extractive activities, particularly women and girls (see more in **Chapter 2**).

Fossil fuel financing

Fossil fuels are by far the largest contributor to climate change, accounting for over 75% of global greenhouse gas emissions.[14] The potential emissions from the coal, oil and gas fields already in production would push emissions way above the 1.5C target set out in Paris Agreement.[15] Developing any new fossil fuel extraction projects, or building new fossil fuel infrastructure such as new pipelines, liquid natural gas (LNG) terminals, refineries or coal, gas or oil-fired power plants, is incompatible with the Paris Agreement and the 1.5C climate goal.[16] In the period 2016-2023, HSBC provided **US$ 285 billion in loans and underwriting** services to companies engaged in fossil fuels. More than a third of this fossil fuel financing was attributable to the Global South – US$ 97 billion, contributing to extraction occurring in the Global South (see full Methodology in the Annex on segment and geographic adjusters).

iv. As HSBC's reporting only covers investments for 2023, the total financial flows of £153 billion to fossil fuel and industrial agriculture sectors in the period 2021-2023 is an underestimate.

The largest fossil fuel clients according to the values attributable to the Global South, include Middle Eastern oil & gas giants Saudi Aramco (US$ 10.4 billion) and ADNOC (US$ 3.5 billion), followed by US oil major Exxon Mobil (US$ 3.4 billion), all of which have plans to expand oil and gas production within the next few years. The top five clients are rounded out by Indonesian state-owned utility company PLN (US$ 3.9 billion) and Brazilian oil & gas company Petrobras (US$ 2.7 billion).[17] In June 2024, HSBC's asset management arm **held US$ 13.8 billion in bonds and shares** issued by companies engaged in fossil fuels. 38% of these investments were to companies or activities in the Global South – totalling US$ 5.2 billion. The top fossil fuel investees ranked by their investments attributable to the Global South include the Indian multinational conglomerate Reliance Industries (US$ 444 million), followed by US-based oil major Exxon Mobil (US$ 412 million) and Chinese oil & gas company CNPC (US$ 393 million) (see full Methodology in the Annex on segment and geographic adjusters).[18] Also in the top 10 is Total Energies, with US$ 216 million of bonds and shareholdings from HSBC attributable to the Global South (see Tanzania case study).

Industrial agriculture and forest-risk financing

Industrial agriculture and the production of forest-risk commodities[v] – beef, palm oil, soy, rubber, pulp and paper and timber – are the second largest source of greenhouse gas emissions globally. According to the IPCC, Agriculture, Forestry and Other Land Use (AFOLU) sector accounts for 13-21% of greenhouse gas emissions from sources such as land use change, including deforestation to make way for agriculture, production and application of fossil fertilisers and agrochemicals, livestock and rice paddies.[19]

Industrial agriculture is typified by large-scale plantations; widespread application of agrochemical fertilisers, pesticides and herbicides; genetically modified seeds sold by corporations; mechanised farming; monocultures of single-crop varieties covering hundreds of hectares; and commodity crops destined for export. This model of agriculture is linked to historic and ongoing rates of deforestation and biodiversity destruction.[20]

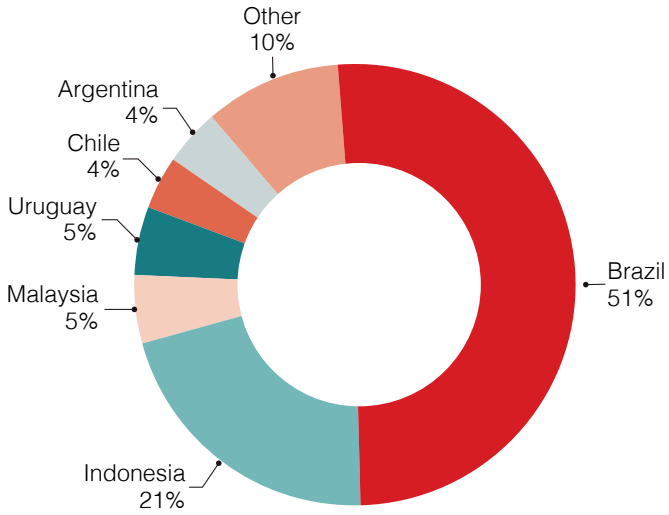
For instance, in Brazil, deforestation and agriculture were responsible for 48% and 27% of gross GHG emissions, respectively, according to the Observatório do Clima (2022).[21] Data by MapBiomas (2023)[22] showed agriculture as the primary driver of deforestation in the country, accounting for over 97% of native vegetation loss between 2019 and 2023. Of this loss in 2023, the Cerrado biome, a kind of Brazilian savannah, accounted for 61% of the deforested area nationwide. The industrial agriculture giant Cargill is the second largest company in gross carbon emissions associated with soy deforestation in the Cerrado, with 3.43 million tonnes of GHG emitted and 21,500 hectares of exposure to deforestation[23] (see more in **Chapter 2**).

In the period January 2016 to June 2024, HSBC provided **US$ 3.8 billion in loans and underwriting** services to companies engaged in the six forest-risk commodities in three tropical forest-rich regions covered by Forests & Finance (see Annex).

As Figure 1 shows, more than half of HSBC's forest-risk credit flowed to Brazil (US$ 2.0 billion). This was followed by forest-risk credit flows to Indonesia (US$ 807 million) and Malaysia (US$ 191 million). Support for the widespread expansion of forest-risk commodities in these regions has led to intensified land concentration and agrarian and environmental conflicts, often resulting in forced displacement, land use restrictions, occupation of areas legally allocated to indigenous peoples and communities, water scarcity, contamination from pesticides, persecution of environmental and land defenders, and more (see Brazil section).

v. Agro-commodities sectors which pose a threat to forests from deforestation due to agricultural expansion (beef, palm oil, pulp and paper, rubber and timber).

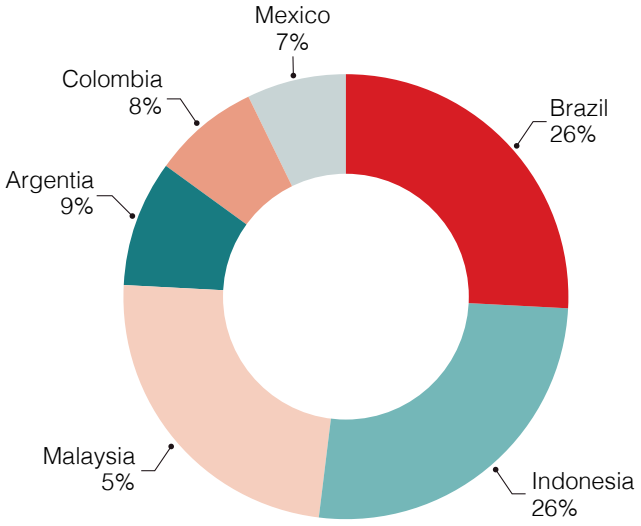
Figure 1: HSBC forest-risk credit per forest-risk country (2016-2024 June)



The three largest recipients of HSBC's forest-risk credit are all companies headquartered in Brazil. They include pulp & paper giant Suzano (US$ 637 million) and two of the biggest meatpackers, Marfrig (US$ 634 million) and Minerva (US$ 576 million). Also in the top 10 are Cargill (US$ 149 million) and Wilmar (US$ 194 million). (See Brazil section for human and environmental impacts of industrial agriculture in Brazil)

As of July 2024, HSBC's **held US$ 92 million** in forest-risk bonds and shares issued by the forest-risk companies covered by Forests & Finance. As Figure 2 shows, a quarter of these investments each are attributable to Brazil, Indonesia and Malaysia.

Figure 2: HSBC forest-risk investment per forest-risk country (2024 July)



Financed & facilitated emissions

The financial support provided by HSBC to fossil fuel and industrial agriculture companies enables the initiation and continuation of projects and activities with significant emissions outputs. HSBC both directly finances emissions through its investments and loans to these companies, and also facilitates emissions through its underwriting services. With HSBC's financial support, companies can continue to pursue extractive and polluting activities which directly contribute to global heating. It is communities in the Global South who are worst impacted by global heating and, within these communities, women and girls bear the brunt of the impacts.

In the period 2021-2023, HSBC generated a total of 357 million tons of CO_2e in financed and facilitated emissions through £153 billion in investments and lending and issuance underwriting services to companies engaged in fossil fuels and forest-risk commodities. This includes £142 billion in loans and underwriting and £11 billion in investments in bonds and shares. **One-fifth of these emissions were generated in the Global South.**

Financed and facilitated emissions from credit and underwriting activities

In the period 2021-2023, HSBC generated 323 million tons of CO_2e in financed and facilitated emissions through its lending and issuance underwriting services to companies engaged in fossil fuels and forest-risk commodities.[vi] 17% of these emissions (56 million tonnes of CO_2e) were generated by companies and activities in the Global South.

vi. This includes the scope 1 to scope 3 emissions of the companies financed by HSBC, with underwriting services weighted at 33%. Financed emissions are those generated from loans, and from investments in bonds and shares. Facilitated emissions are those generated from bond issuance and share issuance underwriting services.

Financed emissions from investment activities

In 2023, HSBC generated 34 million tons of CO^2e in financed emissions through its investments in companies engaged in fossil fuels and forest-risk. Of the financed emissions from the investment portfolio, 50% (17 million tonnes of CO^2e) were generated in the Global South, including scope 1-3 emissions of the companies it held bonds and shares of.

The climate damage cost calculation in the following section has been based on Profundo data, with the knowledge that HSBC's own reporting materially underestimates the emissions of the two sectors. See Annex for more detail on HSBC's own reporting versus Profundo's estimates.

Table 1: Financial flows calculations used to calculate financed and facilitated emissions

Type of financing	Period	Value in US$ mln
Fossil fuels loans	2016-2023	143.475
Fossil fuel issuance underwriting	2021-2023	34.983
Fossil fuel investments	June 2024	13.842
Forest-risk loans	2016-2023	1.678
Forest-risk underwriting	2021-2023	457
Forest-risk investments	June 2024	92
Total credit (US$ mln)		180.593
Total investment (US$ mln)		13.934
Total total (US$ mln)		194.527
Total credit (GBP mln)		141.836
Total investment (GBP mln)		10.944
Total total (GBP mln)		**152.780**

Climate damage costs

Using the Societal Cost of Carbon (SCC) methodology, we have estimated the cost of the harm caused by HSBC's financial flows to climate destructive industries. **Our analysis reveals that HSBC caused a shocking £128 billion in climate damages in the period 2021-2023.**

This figure is the estimated monetary value of the damage caused by each additional tonne of carbon dioxide pumped into the atmosphere as a result of HSBC's financing of fossil fuel and industrial agriculture companies. This encompasses the negative impacts on society from climate change like rising sea levels, extreme weather events, and disruptions to ecosystems, essentially representing the cost to society of the 357 million tons of CO_2e emitted through HSBC's financed and facilitated emissions.

In reality, this figure is likely an underestimate of the actual cost due to gaps in emissions data and the unquantifiable nature of the climate impacts communities are experiencing around the world. These include increased gender-based violence, increased care responsibilities for women and girls, girls missing out on education, cultural losses as a result of loss of land of cultural importance, loss of social cohesion and deterioration of physical and mental health. Therefore we should consider the £128 billion as a low-end estimate.

The Social Cost of Carbon (SCC)

The SCC measures the cost of the long-term impacts to society of releasing an additional ton of CO2. The use of SCC is linked to the impact of extreme events like droughts, fires, heat waves, and storms. These are likely to cause long-term economic harm because of their impact on health, savings, livelihoods, agriculture, and social cohesion.

Expert groups of economists and climate scientists calculated values well above the EU Emission Trading System (ETS) price and recent calculations for economic damage have increased further due to the inclusion of higher damages in the Global South.[24] Further, the ETS does not yet consider Scope 3 emissions and is not applied to financial institutions.

In a recent study, the U.S. Environmental Protection Agency (EPA) introduced an SCC update with various prices for CO2, CH4, and N2O for the years between 2020 and 2080 and various discount rates.[25] When focusing on the social costs of CO2 with a discount rate of 1.5%, the price ranges between US$340 (2020) and US$600 (2080) per ton of CO2.[26]

Taking into account the cost of carbon impacts on society, this research works with a societal cost of carbon (SCC) price. In this report, a price of US$470 is used, the average of the 2020 and 2080 numbers. The climate damage costs for HSBC are based on the estimated emissions by Profundo (357 million tons of CO2e) and on the 33% scenario,[viii] and are translated in pounds sterling (Table 2).

The SCC comes to £128 billion in climate damage costs for the period 2021-2023. This is almost equivalent to (97.3%) of HSBC's total market value in October 2024 and three times (294.7%) HSBC's accumulated net profit in the three years 2021-2023.[27]

vii. European Commission. About the EU ETS. Available at : https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/what-eu-ets_en

viii. See methodology in Annex. The assumption is that banks are partially accountable for emissions of facilitated activities through support in bond and share issues. The holders of the bonds and shares bear the largest part of accountability of emissions.

Table 2: HSBC Climate damage costs 2021-2023 (SCC)

Price per ton CO2e	US$470
Price per ton CO2e (in £)	358.8
Total CO2e emissions (million ton)	356.8
Climate damage costs (£ million)	128,016
As % of:	
Market capitalisation	97.3%
Net profit 2021-2023	294.7%

Source: Profundo.

Global South countries are disproportionately impacted by climate losses and damages, yet they are the least responsible for the climate crisis and have the least capacity to respond due to centuries of colonialism and extractivism. Despite this, they are already bearing the brunt of climate damage costs, through having to pay for recovery, reconstruction and rehabilitation after disaster strikes, at the expense of other critical public spending such as education and healthcare and other development priorities. In addition, Global South countries are burdened by debt repayments to IFIs, further reducing fiscal space available for development priorities and disaster response.[28] Within these countries women and girls are particularly adversely impacted due to pre-existing inequalities, care responsibilities, and reliance on natural resources for livelihoods and health.[29]

Marginalised individuals and communities should not be forced to burden the cost of climate damages they are not responsible for. Banks fuelling the climate crisis, like HSBC, should pay up for their climate damages and be held accountable for the damage they cause. According to the Polluters Pay principle, those who pollute should pay the costs of that pollution, including the costs of loss and damage. Revenue should be generated from polluting sectors and spending of this revenue should benefit those most impacted by climate change. **In line with the findings of this report, not just polluting companies but also banks should pay up for their climate damages. The UK government should levy a polluters pay tax on banks that fairly reflects their responsibility for financing and causing climate harm, and which serves to discourage irresponsible climate-destructive financing. HSBC should pay up for the climate damages it has caused, a significant portion of which should go to the Global South countries which are the most impacted.**

The UK government has already committed to the Polluters Pay principle,[30] however it is failing to implement it by not holding its financial sector accountable for the climate damages it causes.

Chapter 2: Localised Impacts of HSBC's Financial Flows

The previous chapter examined the climate damages associated with the carbon emissions caused by HSBC's financial flows to climate-harmful companies. These companies aren't just responsible for pumping carbon into the atmosphere, their activities are also causing or contributing to human rights and environmental harms. These include, as described in some of the cases below, land grabbing,[31] deforestation, displacement of communities,[32] and gender-based violence.

HSBC's financial flows to fossil fuel and industrial agriculture companies facilitate harmful projects on the ground, including the construction of oil pipelines, power plant developments, and expansion of industrial agriculture. This chapter includes stories of harm to communities, particularly women and girls, impacted by these extractive projects. This chapter gives examples of both direct project financing, i.e. of the United Payra Power Ltd (UPPL) Power Plant in Bangladesh, and Cargill's soy operations in Brazil, as well as indirect financing in the case of the East Africa Crude Oil Pipeline (EACOP) in Tanzania. This report argues that even where HSBC is not financing harmful extractive projects directly, the bank continues to finance companies through corporate financing, and thereby indirectly facilitating extractive activities and allowing these industries to continue.

Methodology

This source material for this chapter has employed a combination of evidence from AidEnvironment, commissioned as part of this research, as well as evidence gathered via interviews with community members in Bangladesh, Brazil and Tanzania and local experts.

AidEnvironment assesses and quantifies localised environmental and biodiversity impacts of HSBC's (direct and indirect) investments linked to extraction sites in Brazil, Tanzania, and Bangladesh. AidEnvironment has monitored native vegetation loss, deforestation, and fire events since the European Union Deforestation Regulation (EUDR) cut-off date of 31 December 2020, till the most recent data available in 2024. Moreover, AidEnvironment has analysed in and near the extraction sites and sourcing areas negative social[ix] and environmental[x] impacts. AidEnvironment has engaged with Cargill for their response on the Fazenda Palmares case (see footnote xiii).

ix. AidEnvironment has assessed among others land conflicts, land grabbing, encroachment on indigenous land rights, slavery labour, labour issues, child labour.

x. AidEnvironment has assessed among others deforestation, peatland conversion, pollution of water streams, burned areas, pesticide contamination, and other ecosystem conversion.

BRAZIL [33]

The research used a qualitative methodological approach, with an emphasis on semi-structured interviews and indirect observation, combining secondary data analysis, interviews and collaborative dialogues. Key informant interviews were carried out with local authorities, leaders of movements and local cooperatives, lawyers involved with legal proceedings.

In addition, secondary material and data was analysed on Cargill's soy operations, the exposure of their operations to deforestation and greenhouse gas emissions, overall soy expansion in Maranhão, and a spatial analysis of deforestation and land use conversion in the region. The research also involved a literature review on the financialisation of land, global commodity chains and the socio-environmental impacts of agricultural expansion in the Cerrado.

A table of conflicts related to Cargill's operations in Brazil (see Annex) was drawn up, based on the systematisation of public information, complaints from civil society organisations, investigative reports and documents from socio-environmental campaigns. This mapping made it possible to locate and characterise the main socio-environmental conflicts linked to the company's production chain, adding a critical dimension to territorial analysis and the dynamics of pressure on the territories traditionally occupied by babassu coconut breakers.

BANGLADESH

In Bangladesh, a socio-environmental impact assessment of UPPL was commissioned. The study follows a mixed-methods approach, integrating both quantitative and qualitative methods to evaluate the socioenvironmental impact of United Payra Power Limited (UPPL) in Patuakhali. The research employs a descriptive and analytical approach, incorporating primary data collected in Patuakhali, and secondary data analysis to obtain thorough insights.

Surveys focused on local inhabitants, employees, fishers, farmers, business proprietors, and other stakeholders, to analyse socio-economic situations prior to and following the construction of UPPL, employment prospects, relocation issues, health impacts, and environmental alterations. KIIs were conducted with local government, healthcare professionals, teachers, NGO activists, and industry experts, to gain deeper insights into the socio-environmental impacts of UPPL. FGDs were conducted with various community groups, including fishermen, farmers, women, youth, and local leaders. Discussions encompassed subjects such as alterations in livelihoods, economic transformations, social disputes, and displacement challenges. On-site field observations were performed to assess indicators like air and water pollution, waste disposal methods, noise pollution levels, and ecological alterations.

Secondary data analysed included Environmental Impact Assessment (EIA) reports from UPPL, governmental and NGO papers, scholarly research, and media releases. These documents substantiate main findings and offer a comprehensive view of UPPL's socioenvironmental impact.

TANZANIA

This research was commissioned to investigate the socio-economic and environmental impacts of EACOP in Tanga district, Tanzania. The research employed qualitative methods.

15 in-person key informant interviews were conducted in three regions: Dar es Salaam, Singida and Tanga. The interviews were conducted with both men and women who are community members affected by EACOP, from varying backgrounds, ages and livelihoods, reporting impacts from the pipeline. The researcher took extensive measures to verify the credibility of interviewees' statement, corroborative through secondary sources. An interview was also conducted with a marine biologist regarding the potential threat to an endangered fish species, the Coelacanth, posed by EACOP.

A supplementary review of secondary sources conducted including NGO reports, media articles, government documents, compensation records, and project documents from EACOP.

This chapter provides a summaries of the full studies conducted in Brazil, Bangladesh and Tanzania. The full Brazil report will be published in June 2025. The full Bangladesh and Tanzania reports will not be made public.

The right to reply was provided to HSBC, TotalEnergies, United Payra Power Limited, Cargill, and the Chinese National Offshore Oil Company, and no responses were received.

BRAZIL: Agribusiness, Deforestation, and the Babassuw Nut-Breaking Women

Direct financing

In the period 2016 to June 2024, HSBC provided US$ 37 million in loans and underwriting services attributable to Cargill's soy operations in Brazil. Additionally, the bank held US$ 0.1 million in forest-risk bonds issued by the company attributable to its soy operations in Brazil.

Context

In Brazil, financial interests have driven an unprecedented agribusiness expansion.[34] MATOPIBA - an acronym encompassing parts of the Cerrado, a kind of Brazilian savannah, in the Northeastern and Northern regions of the states of Maranhão, Tocantins, Piauí, and Bahia - has been severely impacted by recent agricultural expansion. This has been exacerbated by major Brazilian state incentive to expand a monoculture-based agricultural model, through subsidies, agricultural credit and land regularization policies that favour agribusiness.[35]

The occupation of MATOPIBA has brutally intensified land concentration and generated a variety of agrarian and environmental conflicts – including restrictions on land use, the murder of environmental defenders, and pollution impacting people and environment.[36/xi] These are well-documented impacts of agribusiness expansion in the region, as identified by academic research

xi. These are some of the impacts of agribusiness expansion in MATOPIBA but there is no suggestion that the activities of Cargill or any other company identified in this report have in any way caused or resulted in forced evictions, restrictions on land use, the murder of environmental defenders, and pollution impacting people and environment

and civil society reports, without implying that Cargill or any other company identified in this report has directly caused or been complicit in such acts. The impacts documented, including land conflicts, environmental degradation, and human rights violations, are systemic effects associated with the expansion of commodity production in the region and involve multiple actors and factors. In addition, the intensive use of pesticides in agricultural areas close to the communities exposes residents to health risks and contaminates natural resources, directly impacting babassu groves and the soil used for family farming (see testimonials below).[37] These dynamics, in turn, create situations where families are pushed to leave their territories — not necessarily through direct eviction, but due to the gradual loss of the material and ecological conditions that sustain their way of life, which has inherently forced families to relocate from their home and land, and has put them at risk of losing their livelihoods.

Despite the constant violations of their rights by the state and by local corporations and landowners, these communities resist, organize themselves and fight to remain in or take back their territories.[38]

This study illustrates the socio-environmental patterns of Brazil's agricultural model, in part driven by HSBC-funded agribusiness.

Cargill

Cargill has a strong presence in the Cerrado (forested savanna), and is highly dependent on this region of Brazil. The company gets 62% of its soya from the Cerrado. Among the companies present in the Cerrado, Cargill comes second in gross carbon emissions associated with soy deforestation, with 3.43 million tonnes of GHG emitted and 21,500 hectares of exposure to deforestation.[39]

The impacts presented in this report does not imply direct conflicts between the babassu coconut breakers and Cargill, but refers to an agricultural model that negatively affects local socio-environmental dynamics, threatening the ecological integrity of the babassu groves and compromising the sustainability of traditional communities. HSBC's financing of a giant in the sector such as Cargill in the region drives this model, which causes deforestation and the replacement of native areas with monocultures, reducing the availability of essential resources for these communities, forcing them to be removed from their original territory or putting their food security, economic autonomy, and cultural identity at risk.

This model in MATOPIBA could be linked to economic consequences for local communities (loss of autonomy and productive diversity and increased concentration of income and inequality) and environmental consequences (deforestation, contamination, water exhaustion and erosion of biodiversity), private appropriation of land, land concentration and violence in the countryside due to the growing expansion of the agricultural frontier.

It is already possible to observe a gradual shift in Cargill's operations from areas where the agribusiness model is more consolidated, such as southern Maranhão and western Bahia, toward the eastern part of Maranhão. This is evidenced by the presence of a Cargill office in Anapurus, located along the BR-222 highway, and indications of commercial activity extending into the municipality of Chapadinha, which is adjacent to the municipality of Timbiras—home to significant babassu groves. While Cargill is not currently undertaking agribusiness activities in the ecological region of the babassu coconut plantations, this movement suggests a potential strategy of expansion toward the area.

Heightened risk of greenwashing

Agribusiness companies, including Cargill, promote traceability mechanisms to support their sustainability claims. However, critical analyses have raised concerns that such self-regulated systems may fail to prevent irregularities. For example, they may enable commodity laundering, where soy is sourced from

intermediaries or properties that obscure environmental liabilities. Moreover, even with functional traceability, legally permitted deforestation on rural properties—especially in frontier regions of the Cerrado—can account for 65% to 80% of the property area, perpetuating environmental degradation within the limits of the law.[40] In addition, these tracking systems often ignore whether land was obtained irregularly such as via land grabbing from local communities or in common use, legitimising practices that risk violating territorial and environmental rights under the guise of sustainability.[41] These systemic challenges raise questions about the effectiveness of traceability in guaranteeing sustainability. This demonstrates that without proper due diligence, banks like HSBC can continue finance such companies' harmful activities without consequence.

Multiple complaints have been made against the company (see table of conflict cases in Annex).[xii] A widely documented and emblematic case involves Cargill's project to install logistical infrastructure, including the Cargo Transshipment Station (ETC) at the port of Miritituba on the Tapajós River, Pará. Civil society organizations and investigative reports have raised concerns about the project's impacts on local communities, ecosystems, archaeological sites, and artisanal fishing areas, as well as the lack of prior consultation with affected communities. A detailed table of documented conflict cases, including the link to the Terra de Direitos campaign on this case and references to Cargill's published responses in other cases where applicable, is provided in the Annex. In addition, Cargill's operations are directly associated with significant deforestation around its warehouses and soya and cotton production areas in MATOPIBA.[42] Cargill continues to receive financing from HSBC, despite this track record and despite HSBC's claims that it will not finance agricultural companies which violate communities' rights to FPIC (see section on HSBC policies).

xii. This is a list of complaints made against Cargill. ActionAid has not assessed whether these complaints have been legally proven or unproven in court or tribunal.

Cargill's co-responsibility in the socio-environmental transformation processes underway in MATOPIBA is undeniable, as is that of its global financiers, who, by supporting the company, end up financing intensive industrial agricultural expansion in this region. By financing this expansion, Cargill's financiers not only encourage environmental destruction, but also support a development model that prioritises profit over climate and social justice, exacerbating inequalities and putting the future of local populations and the planet at risk.

Deforestation linked to Cargill in Bahia

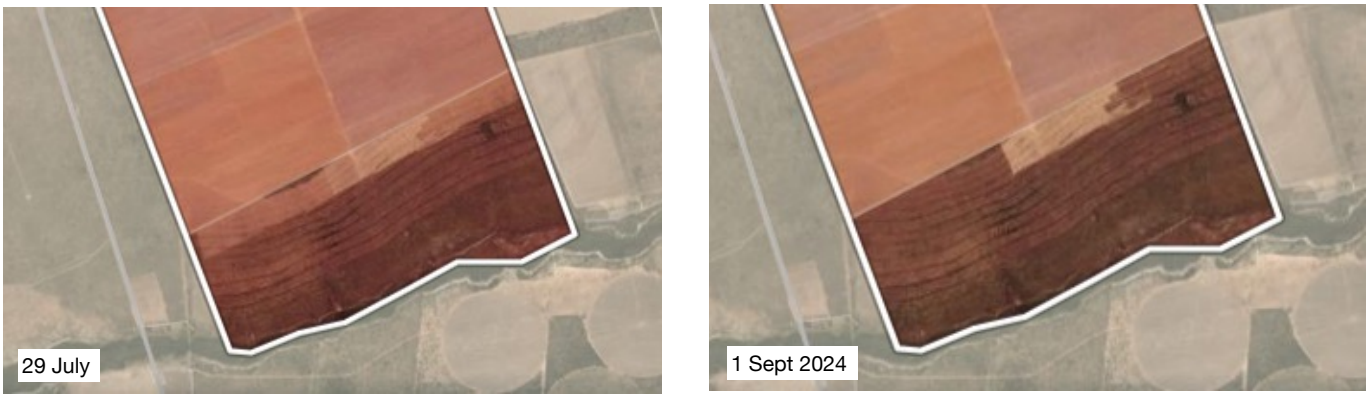
AidEnvironment was commissioned as part of this research to investigate the level of deforestation linked to Cargill in Brazil. Two cases appear in Bahia state, part of the MATOPIBA region, where Cargill has been present for longer, and from where it has been expanding further north.

The European Union Deforestation Regulation (EUDR) aims to prevent products linked to deforestation or forest degradation from being placed on the EU market, with a key date of December 31, 2020, marking the cut-off point for when land could be deforested to produce goods that can be sold within the EU. Companies must ensure their products are not sourced from land deforested after this date. Under the EUDR scope of forest-risk commodities, Cargill can be linked to the production, sourcing, and use of soy, palm oil, and cocoa products. Especially for soy products, Brazil ranks as the first supplier country to Cargill. The EUDR applies to HSBC and other UK companies.

SLC Agrícola – Fazenda Palmares [xiii]

SLC Agrícola is a soy producer and land investment company. In 2023, Cargill was a key soy client of SLC Agrícola and likely still is in 2024.

For this study, AidEnvironment's real-time deforestation monitoring (RDM) system has detected around 140 hectares of recent clearing inside SLC Agrícola's Fazenda Palmares located in Barreiras municipality, Bahia state. The recent clearing, starting in January 2024 (therefore noncompliant with the cut-off date of the European deforestation regulation of 30 December 2020), took place in a previously burned area reported by AidEnvironment in its RDM report 7, in November 2022.[43] At the time, SLC Agrícola's reply to these findings stated that "the detected forest fires did not have a connection with deforestation or conversion of natural areas". However, two years after, there is evidence of clearance in those same areas in the southern part of Fazenda Palmares, of approximately 140 hectares between January and September 2024.



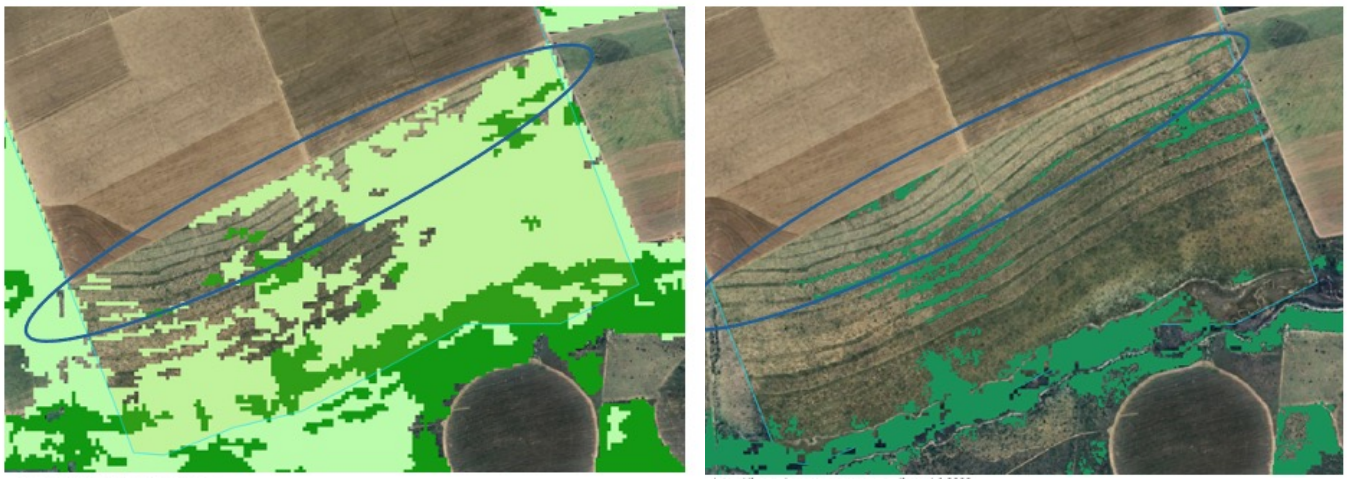
Source: AidEnvironment, Imagery ©2024 Planet Labs Inc. Picture on the left shows the situation in Fazenda Palmares in July 2024. On the right, the picture shows the clearing of a strip of about 140 hectares in the South of the farm by September 2024.

In response to these recent clearings detected by AidEnvironment, SLC Agrícola stated that the clearing is "part of a forest regeneration and enrichment project that began in 2023". However, although the area was partially cleared by fire a few years ago, according to Mapbiomas and the EU Observatory Forest map, the cleared area can be partly classified as native vegetation forest (see Figure 3). AidEnvironment considers it unlikely that native vegetation will be cleared as part of a forest regeneration project.

Figure 3: Classification of native vegetation in cleared farm Fazenda Palmares

Mapblomas
Native vegetation Forest (dark green) and Savannah (light green)

EU Observatory
Native vegetation Forest (dark green)



Source: AidEnvironment, based on Mapbiomas (2024); EU Observatory Forest Map (2024)

This case demonstrates how Cargill's suppliers are clearing native vegetation under the guise of 'green' initiatives, revealing the lack of transparency in Cargill's supply chain.

Fazenda Tapera Grande

Fazenda Tapera Grande is a farm with which Cargill has a likely supplier-buyer relationship in the Cerrado (forested savanna) in Bahia.

Since the EUDR cut-off date (30 December 2020), Fazenda Tapera Grande has cleared 981 hectares of native vegetation, of which 542 hectares fall in scope of the EUDR definition of forest, based on Mapbiomas Brazil[47] and the EU Observatory Forest map.[48] AidEnvironment, through the Brazilian national deforestation system Prodes, detected 43 hectares of clearing in 2022 (of which 1 hectare in scope of the EUDR), and 938 hectares in 2023 (of which 541 hectares in scope of the EUDR). Nevertheless, this case likely represents mostly legal clearing under Brazilian law, since the property seems to have a valid authorization for the clearing of native vegetation. However, under the EUDR, this legal deforestation would qualify as noncompliant. In June 2022, Ireneu Orth, owner of the cleared farm, obtained authorization for vegetal suppression of 677 hectares at Fazenda Tapera Grande, valid for four years, issued by the government of Bahia.[49]

Cargill responded as follows to earlier clearings by this owner/farm:

"Out of the 10 cases mentioned in the report, we have had recent negotiations with 3 of the farms mentioned, and in another case with the farmer/ group in a different farm. In all these cases, we have evidence of the legality of the clearance - that is currently aligned with our Soy Policy" [Cargill response to RDM Aidenvironment report of 2023[50]].

Again, while the clearing might be legal under Brazilian law, the EUDR makes the placing of products derived from cleared areas onto the EU market unlawful, and therefore may pose a (legal) risk to Cargill's investor HSBC.

Table 3: Details of two farms linked to Cargill

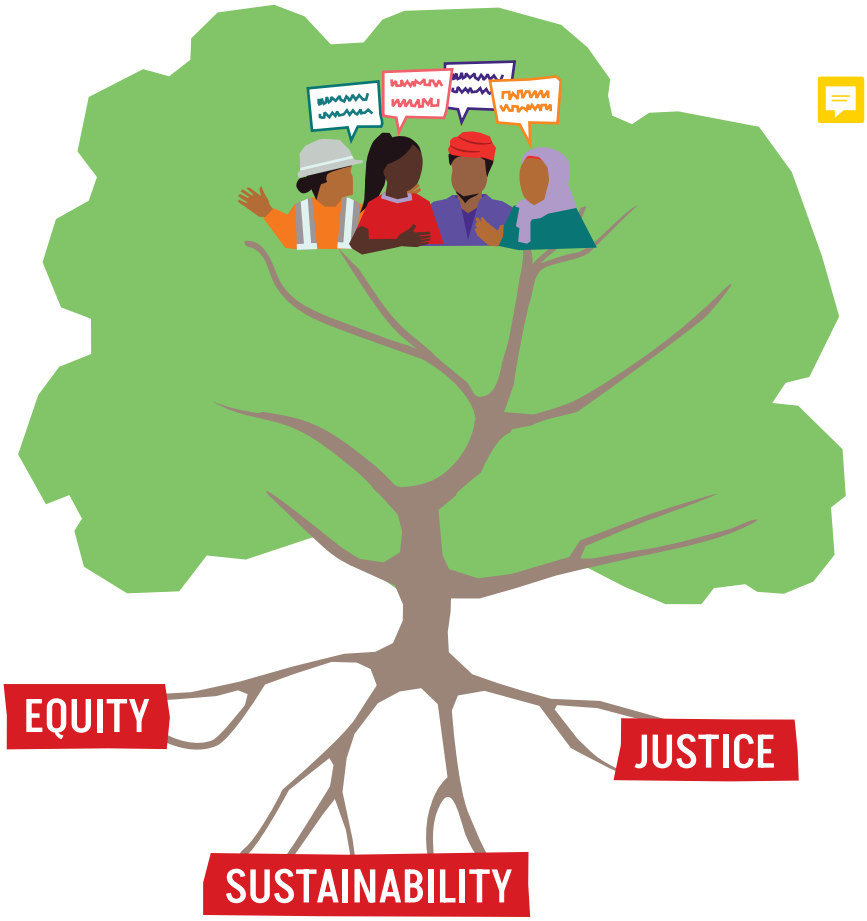
Farm	Fazenda Palmares (33,975 ha)	Fazenda Tapera Grande (5,589 ha)
Owner	SLC Agrícola	Irineu Orth
Location (municipality, state)	Barreiras, Bahia (coordinates: -46.02455, -11.68089)	Correntina, Bahia (coordinates: -13.76711, - 45.81689)
Type of vegetation	Woody-grass savanna	Forested savanna (Cerrado biome)
Deforestation (period)	139.7 hectares (1 January 2024 – 1 September 2024)	981 ha in total, of which 542 ha in scope of the EUDR (since EUDR cut-off date)
GHG emissions	6,981 metric tons of CO2	126,110 metric tons of CO2

xiii. AidEnvironment's work with ActionAid UK, they have elaborated on the Cargill Fazenda Palmares case and shared it with Cargill in a due hearing process. They have also published the case online: https://aidenvironment.org/wp-content/uploads/2024/12/ECF-3-Cargill-company-profile-2024-2.pdf.
Company responses:
- SLC Agrícola: "The clearing is part of a forest regeneration and enrichment project that began in 2023." (October 2024)
- Cargill: Cargill acknowledges that it does business with three of the identified soy farms of six soy case studies shared with Cargill in November 2024, including Fazenda Palmares. Cargill (6 December 2024): "We investigated the farms we do conduct business with; no irregularities were found on two of them and the third one remains under investigation". Cargill does not further specify. It is unclear whether Fazenda Palmares is the farm under investigation.

"Where there's forest, there's women" - the resilience of coconut breaking women

"Where there's a woman, there's a standing forest" is a phrase that forms part of the campaign used by the Interstate Movement of Babassu Coconut Breakers (MIQCB) and partners to valorise the work of Afro-Brazilian, indigenous and peasant women who live in the forests, in particular women who make a living from extracting babassu coconut (a native variety of palm nut in Northeast Brazil) and who are responsible for preserving knowledge, territories, seeds, food and medicinal species. In Maranhão state, neighbouring Bahia state, for decades, these women have faced the advance of agribusiness and infrastructure projects that promote environmental degradation, illegal logging, the destruction of palm trees and springs, as well as the contamination of soils, rivers and the air through the intensive use of pesticides. More recently, the threats posed by the expansion of globalised agribusiness, focused on the export of commodities such as soya, have come closer to their territories. This advance, heavily financed by international banks and investors, introduces a predatory model that rapidly deforests, contaminates the environment and displaces traditional populations, transforming ecosystems into extensions of intensive production for foreign markets.

The babassu coconut breakers have resisted, with wins such as the enactment of the "Free Babassu" Law, which guarantees the right of babassu breakers to access babassu groves in various municipalities in Maranhão, and symbolises the struggle for the peasant way of life and respect for nature.[51] The movement has also achieved the recognition and titling of collective territories, not only ensuring territorial rights but also representing a model of collective governance that can inspire public policies at a national level.



Daughters of Mother Palm: Guardians of Sociobiodiversity

For the women who break babassu coconuts, the palm tree is not just a tree; it is their mother, their life and their livelihood. Each palm tree that is lost represents a lament, a living memory and a piece of themselves that is disappearing with the advance of agricultural frontiers. Maria Alaídes, coordinator of the MIQCB, translates this relationship:

"Our relationship with nature is sacred. We say, look, I was born here, I grew up here, I live here and I'll be buried here. My ancestors are here. The palm tree is my mother, who raised me and I raised my children [...] It's my mother of milk, it's my mother of shade, it's my mother of vegetation, it's my mother who gives me oxygen. This is a relationship of affection that we have, that when we hear one fall, we hear it moan. When a few fall, we sometimes go and hold a candle there as a sign of visitation to her."

This sacred and ancestral bond reveals the central role of babassu in these women's lives. The palm is not only the basis of the breakers' food and economic security; it is also a symbol of ancestry, spiritual connection and harmony with nature. By taking care of the babassu groves, the breakers protect not only the natural resources, but also the integrity of the ecosystems and the continuity of a sustainable way of life.

This care goes beyond survival: it is an act of resistance against the pressures of agribusiness, deforestation and predatory exploitation. These women are the true guardians of a struggle for social justice and the preservation of the cerrado's territories and socio-biodiversity.

A group of babassu coconut breakers working collectively in Lago do Junco (Maranhão, Brazil).

Campestre territory: conflicts, resistance and the expansion of the agricultural frontier

The Campestre Territory is located in the municipality of Timbiras, in the mesoregion of eastern Maranhão and in the micro-region of Codó. This micro-region has become one of the most recent targets of the expansion of the MATOPIBA frontier, which is advancing on areas belonging to traditional communities, generating a series of land and environmental conflicts.

One babassu coconut breaker and resident of the Campestre Territory already recognises and denounces the aggressive advance of this expansion model that threatens the permanence of communities on their land. According to her:

> "This MATOPIBA is trying to attack everything, in all four states [...] we thought it would never arrive, but it's there on the doorstep. They want to expel us to plant corn, soya or cattle."

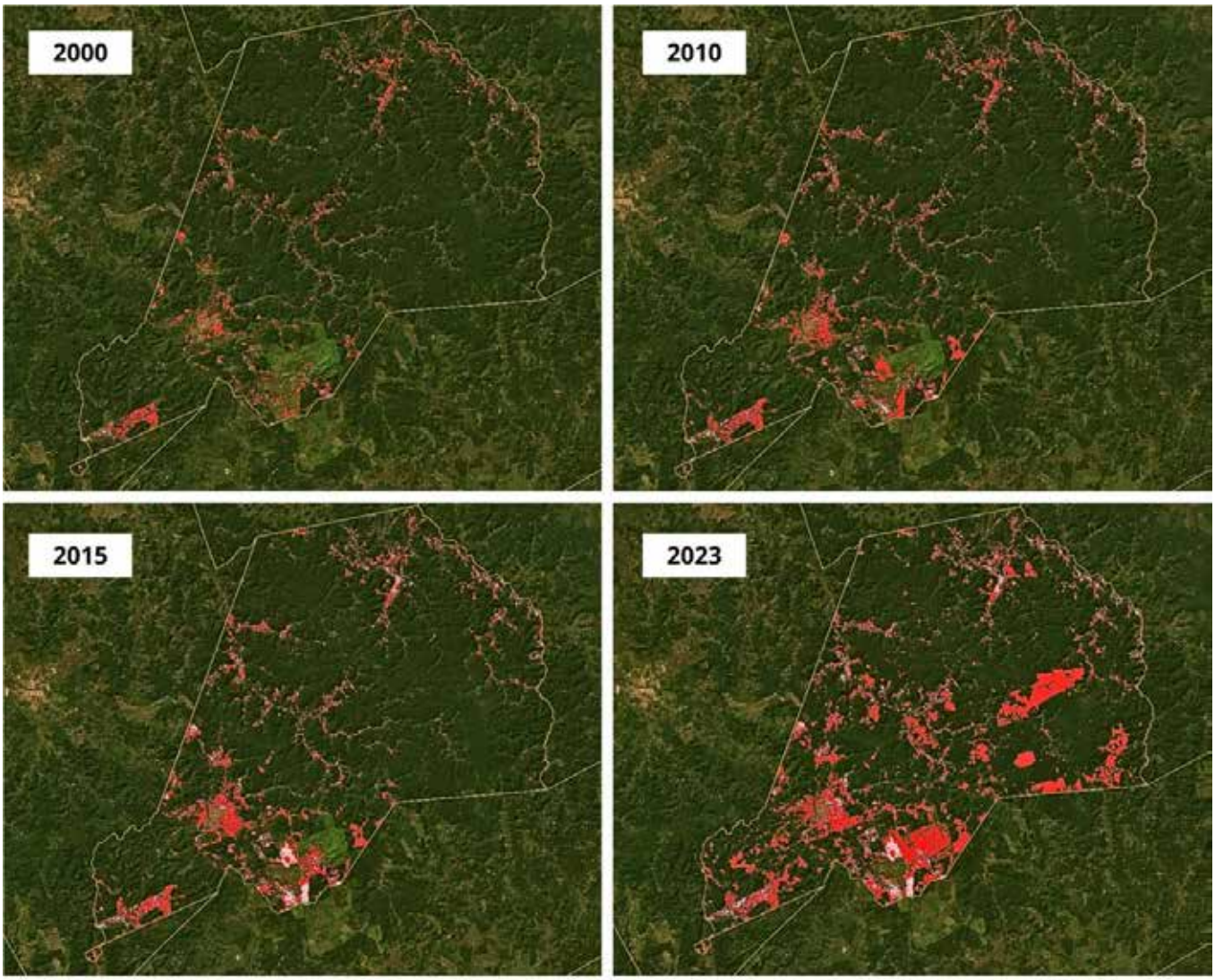
The accelerated approach of soya is a concern for the communities as it has already transformed entire regions of the country and is now rapidly advancing into the east of Maranhão. As the resident warns:

> "Soya is getting closer and closer, before we only heard about it out there, now in Codó it's already happening. What they want to do is grab this land because from there it's just desert, for now where there's forest is here, they're all watching."

A member of the MIQCB describes the harassment faced by the community:

> "They want to take over our territory. They keep attacking us from all sides, wanting to negotiate. Right here in Alegria, they've even asked someone how many hectares we want to negotiate. What we want is the whole territory. I have my children, my grandchildren, and everyone has to live here." w

Figure 4: Accumulated deforestation in the municipality of Timbiras in the years 2000, 2010, 2015 and 2023, considering the suppression of primary and secondary vegetation.



Source: MapBiomas, 2023

Among the red patches of deforestation advancing in the municipality of Timbiras is the Campestre Territory, an area of 17,000 hectares that has been home to more than 360 families for many generations. The territory covers a combination of plateaus and lowlands, with extensive babassu groves that sustain the communities' traditional ways of life. In this area, families ensure their survival through subsistence farming, growing rice, beans and manioc, fishing and extracting babassu coconut, the harvest of which is processed into products such as oil, soap and flour.

For the residents, the Campestre Territory is much more than a physical space: it represents the basis of their cultural identity, economic livelihood and hope for the future. The communities' resistance is fuelled by a deep and powerful relationship with nature, in which the babassu coconut breakers - women, mothers and grandmothers - play a fundamental role. They look after the babassu and, in return, the palm tree looks after them, providing food, medicine and income, while at the same time preserving and protecting the Cerrado, guaranteeing its continuity for generations to come.

Research participants in Brazil highlighted that the conflicts in the Campestre Territory have worsened with the advance of environmental destruction and systematic violations of fundamental rights. In particular, the use of aerial pesticide spraying by planes and drones which pour litres of poison over entire communities, has had particularly adverse effects on women, children, the elderly, pregnant women, fields, rivers, springs, ponds, common areas and animals. These actions constitute direct attacks on communities, jeopardising not only human life, but also biodiversity and the natural resources that are essential for families to survive. An emblematic case was reported in the Campestre Territory, where a spraying plane dumped pesticides on homes, cultivation areas, and water sources, resulting in widespread contamination and significant loss of local biodiversity.[52]

A coconut breaker says she had headaches, nausea, stomach pains and dizziness after being contaminated, as well as spots on her skin. Another MIQCB member describes the impact of water pollution in the local area:

> **"This is a problem, serious, very serious, here in a lagoon that we fish, [...] today nobody can fish anymore. There's a farmer at the end of the territory who took over a piece of it and put poison there, and this poison was put there by drone, by aeroplane, and ended up bathing children, bathing people in poison. They suffer from it there."**

This process reveals the structural dynamics of the frontier shift: land grabbing, timber removal, deforestation and the expulsion of traditional communities are the initial stages of an expansion process that is driven in MATOPIBA by international market demand. Cargill is not currently active in eastern Maranhao or the babassu groves and there is no suggestion that it is involved in conflicts with local communities such as those described above. However, it is important to note that although companies such as Cargill and their financiers, such as HSBC, may not directly active in eastern Maranhão or the babassu groves, their role as global actors in commodity chains is relevant to understanding the broader dynamics that contribute to territorial pressures and ecosystem degradation in agricultural frontiers. Such a chain of ongoing international models of financing which are based on high productivity and exports, can intensify the pressure on territories occupied by traditional communities. This can lead to the destruction and deterioration of vital ecosystems, such as babassu groves, which are essential for climate regulation and the preservation of biodiversity.

BANGLADESH: Socioenvironmental Impact of The United Payra Power Limited (UPPL) power plant

Direct financing

United Payra Power Ltd. (UPPL) lists HSBC as a financier of the project. There is no information available on the amounts of the investment.

Case of United Payra Power Ltd.

HSBC is listed as one of the financiers of the United Payra Power Ltd. (UPPL).[53] UPPL is a heavy fuel oil-based electricity unit, located in Khalishakhali, Patuakhali District, in southern Bangladesh. Established with financial backing from HSBC, UPPL began commercial operations in January 2021, supplying 150 megawatts of electricity to the national grid. The plant, co-owned by United Power – a division of the United Group, a large

hectare site according to the Environmental Impact Assessment conducted by Envirocare International Ltd.[54]

United Power is a major player in Bangladesh's power sector. In addition to UPPL, United Power operates two other HSBC-co-financed plants: heavy fuel oil-fired plant United Mymensingh Power Ltd. (UMPL), located in Jamalpur, and gas-fired plant Leviathan Global BD Ltd., which is currently under construction in Chattogram. A geographic representation of all three power plants can be found in Figure 5.

According to United Group's 2022-2023 Annual Report,[55] United Power procures its heavy fuel oil through a network of both domestic and international suppliers, but does not provide specific information on these suppliers. Oil drilling can be associated with a range of environmental and social issues, including deforestation, oil spills, air pollution, land displacement, and health impacts. The lack of transparency in United Power's supply chains raises concerns about potential environmental and social impacts that may not be recognised, which could also link HSBC to further harms along the supply chain.

Land cover change at Patuakhali

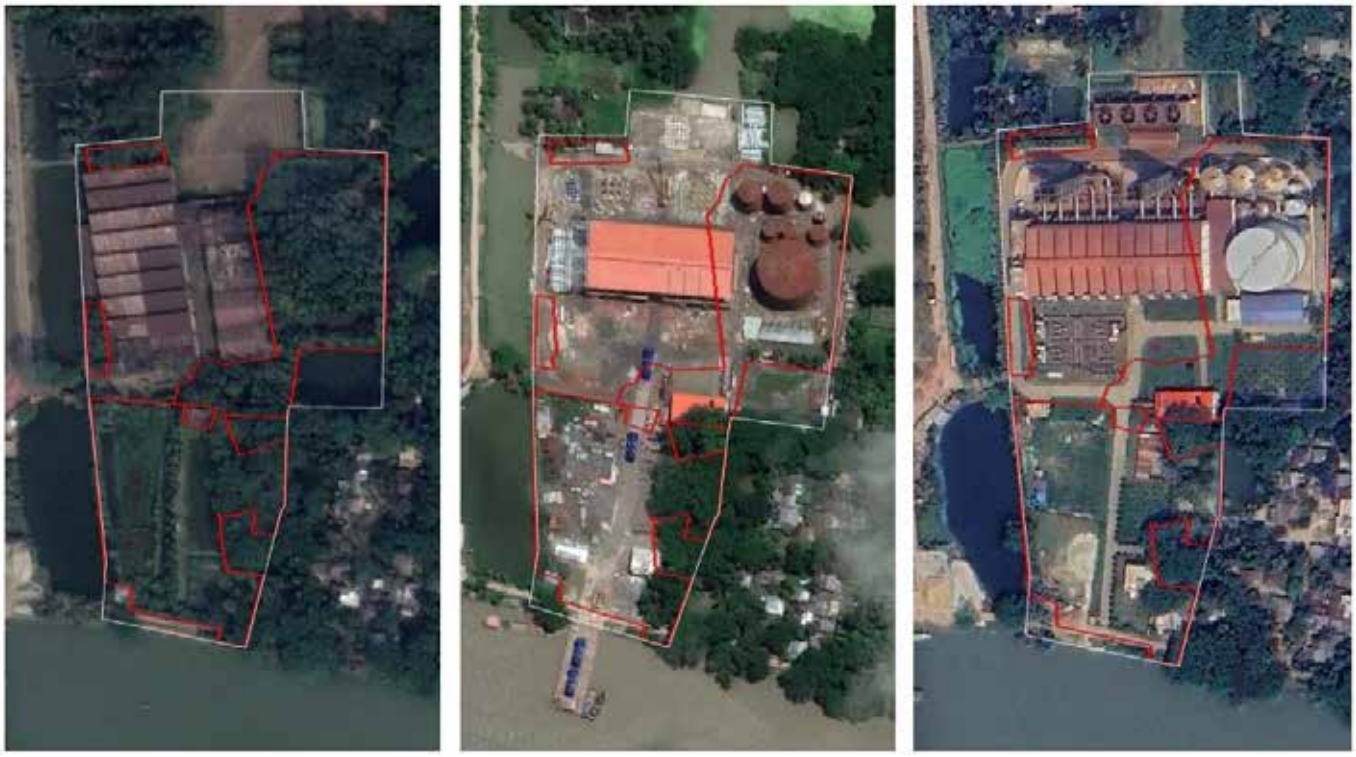
Figure 6 shows that the upper right part of the UPPL plant site in January 2019 was covered by trees, but approximately 0.70 hectares were cleared in July 2020 to make room for the UPPL plant. The lower portion of the UPPL site was covered with green, low grass-like vegetation in 2019. By July 2020, this area was also completely cleared, extending to the river border as part of site preparation activities.

The total cleared area within the plant site is 1.49 hectares. Interestingly, satellite imagery used by AidEnvironment shows the UPPL plant site is covering 2.79 hectares, which is larger than the area indicated in the Environmental Impact Assessment (EIA). Nearly half of the cleared vegetation found by AidEnvironment is located outside the area designated as the plant site in the EIA. This discrepancy raises questions about the accuracy of the assessment and the legality of the clearing process.

Figure 5: Overview of all three HBSC co-funded plants of United Power

Source: AidEnvironment, based on Google satellite imagery. The white lines indicate the administrative divisions of Bangladesh, and the red stars indicate the locations of the three plants.

Figure 6: Before and after images UPPL plant



January 2019 January 2020 January 2024

Source: AidEnvironment, Imagery ©2024 Maxar Technologies and ©2024 Airbus, using Google Earth Pro. Picture on the left shows the situation in January 2019 (pre-construction), picture in the middle shows the situation in July 2020 (during construction), and the picture on the right shows the situation in March 2024 (in operation). The plant site is demarcated by the white lines, and the cleared areas are indicated by the red lines.

Social and Environmental Impacts

The surrounding community has reported various negative environmental and social impacts since the establishment of the UPPL plant in Patuakhali. Although the plant enhances national energy security, based on a survey with local residents as well as scientific laboratory tests conducted as part of this research reveal that the Heavy Fuel Oil (HFO) plant can be linked to air and water contamination, biodiversity degradation, public health problems, and socio-economic disruption.

Large-scale industrial initiatives such as UPPL can exacerbate existing gender inequalities by amplifying challenges associated with resource depletion, employment exclusion, and social marginalisation. Women in impacted areas are at increased risk of heightened difficulties due to their principal responsibilities in water collection, domestic management, and informal economic activities, all of which have been compromised by the plant's operations. Gender inequities have been exacerbated, as women – charged with household water collection and caregiving – contend with water scarcity, economic reliance, and increased risks of gender-based violence (GBV). Women report that they have been excluded from employment opportunities with the power plant, increasing their economic reliance on men in the community.

Forced displacement and land grabbing

The processes by which the power plant acquired land is complex. Reports from participants reveal that initially local

communities' land was acquired to develop a jute mill owned by an MP who promised the communities jobs at the jute mill. Later there was a proposal to transform the land to develop a power plant by UPPL. The plant has sparked controversy as local residents report that they were deceived into providing their signatures in support of the plant's development under false pretenses. Residents report that they signed a petition to local authorities to express their rejection of the proposal to develop a power plant, including a letter of opposition, however when the local authorities handed over their signatures to UPPL, the letter was changed to one of support for the power plant, which was used to authorize land acquisition and project execution. The United Group (UPPL) and the MP (jute owner) purportedly engineered this ruse to facilitate unobstructed property acquisition. In addition, community participants report that additional land was acquired for the power plant, known as 'khas' land, which under Bangladesh law, should normally be distributed to communities. Informed consent is a basic principle in all legal agreements, as stipulated by legal provisions. In this instance, local residents were not provided with clear, accurate, and truthful information regarding the purpose of the documents they were endorsing.

The land purchase process for the power plant has resulted in coerced displacement and housing instability, forcing numerous families into inadequate, overcrowded communities devoid of sufficient sanitation, drainage, and healthcare services.

The inflow of workers and industrial staff from outside the community has disturbed community cohesion, fragmenting traditional social structures and support networks, resulting in increased social conflicts and diminished local employment options. The arrival of male workers from outside the community has increased the risks of harassment, sexual abuse, and exploitation, especially for women engaged in water collecting or informal market labour.

Air pollution

The UPPL depends on Heavy Fuel Oil (HFO), leading to air and water pollution, loss of biodiversity, and a rise in respiratory illnesses. According to a report by Channel 24, a Bangladeshi satellite and cable television channel, the area has experienced significant water, air, and noise pollution. This socio-environmental impact assessment documents elevated levels of particulate matter (PM_{10}, $PM_{2.5}$), sulphur dioxide (SO^2), and nitrogen dioxide (NO_2), exceeding safety thresholds and reportedly linked to a rise in asthma and pulmonary infections. Residents interviewed as part of this research, have voiced concerns regarding possible respiratory ailments and other health issues associated with the deteriorated air quality due to toxic emissions and ash and dust deposition.

Residents described how homes, trees, and bodies of water are blanketed with layers of dust and ash, up to 5km away from the plant itself. A healthcare professional observed, "The dust and soot from the power plant settle everywhere—on our clothes, in our food, in our lungs. No is spared." A local woman shared that every morning her house is covered in a layer of black dust. She said, "We breathe this in every day. Our children have constant coughs, but where can we go? This is our home." Another woman added: *"My children are always coughing. They struggle to breathe. A strange new allergy has appeared on their skin, and we don't even know what it is. The doctors can't give us a proper answer."*

Water scarcity and pollution

The operations of the power station have exhausted groundwater resources, prompted by UPPL's substantial water usage for industrial cooling, resulting in significant water scarcity for

inhabitants. The power plant operates over 15 deep tube wells, each exceeding 1,500 feet in depth, depleting the groundwater reserves to a critical extent. As a result, residents are left struggling to access safe water, which has now become a scarcity in the region. One resident who lives in close proximity to the UPPL site shared that obtaining water is a daily challenge, forcing families to either rely on distant sources or consume contaminated water, both with heath impacts. They shared, "Water is life, but here, it has become poison. Even when we drink it, we are afraid it will make us sick."

Oil spills and thermal pollution have decimated local fish populations, adversely affecting both the ecosystem and the livelihoods of local fishermen, who report fish depletion in the Laukhati River. Due to restrictions on discharging chemical waste into the nearby river, the power plant releases its waste through pipes into small ponds and fields, contaminating local water bodies. One fisherman lamented, *"The river used to be full of fish; now, all we find are dead bodies floating on the surface."* As these water sources are used by residents, there have been increasing reports of skin diseases among the population.

Water scarcity has disproportionately affected women and girls, who are traditionally tasked with managing household water resources. The depletion of local water supplies has compelled women to seek alternatives to obtain water. Restricted access to clean water significantly impacts menstrual hygiene and reproductive health, compelling women to resort to risky practices that heighten their vulnerability to urinary tract infections and gynaecological issues. Adolescent girls, deprived of sanitary facilities, are forced to miss schooling during menstruation, reinforcing long-term educational and economic inequalities.

Food insecurity

Soil analyses indicate elevated alkalinity, ammonia toxicity, and excessive phosphorus concentrations, resulting in crop failures and diminished agricultural production. Farmers indicate that once fertile regions have become desolate, and fruit trees no longer produce crop. Residents reported that since the power plant began operations, local crops have deteriorated, fruit-bearing trees have ceased to yield produce, and once-thriving vegetable plants now wither and turn yellow before reaching maturity.

The loss of agricultural fertility, which previously sustained many families in the region, has intensified economic hardships. One resident shared, "The soil has turned against us. Before, we could at least grow food. Now, we watch everything die." A farmer from the area also expressed their frustration: "Our wells have dried up, the ponds are barren, and we have no water to irrigate our lands. How can we survive like this?" Another farmer added: *"I used to grow rice and vegetables on my land. Now, no crop survives. The land has lost its strength, and even the leaves on the trees are falling off before their time."*

This has a disproportionate impact on women. Over 80% of women in the region engage in income-generating agricultural activities, but they struggle to provide adequate nutrition for their families due to reduced local produce and expensive market-bought food. Pollution exposure affects their health, affecting their ability to perform agricultural duties and domestic chores. Decreased agricultural output leads to reduced household income, intensifying financial difficulties for families dependent on farming. Women are forced to pursue alternative income-generating activities and are more susceptible to air and water pollution. Women who engaged in livestock rearing, poultry farming, or small-scale handicrafts, have lost their access to resources and markets. This puts women at increased risk of GBV, both on the longer journeys they have to make in search for scarce resources and also within the home when they are unable to put food on the table. Women's financial

independence is reduced and they are forced to pursue alternative income-generating activities.

Livelihood precarity

With the construction and operation of the power plant came promises of employment opportunities in the region. However, these jobs often require technical skills that the local population lack, leading to the employment of workers from outside the community, further exacerbating economic hardship for local residents. A local activist shared, "They promised us jobs, but instead, they brought in outsiders and their own relatives. The locals were left with nothing." Further, the energy sector remains male-dominated, leaving few openings for women in skilled positions. The power plant's employment framework preferentially supports male-dominated skilled labour, resulting in the marginalisation of women and informal labourers.

Many families have been displaced from their land – and therefore income – due to project implementation, and fishing communities have suffered significant economic losses due to changes in water quality, reduction in fish stocks and access to fishing grounds. The shift from self-sustaining rural economies to wage-dependent structures has weakened local economic resilience. Families previously reliant on multi-source incomes (farming, fishing, livestock) now depend on limited industrial employment, increasing economic insecurity. This shift of the economy favours male-dominated labour sectors, further excluding women from formal employment.

The economic upheaval prompted by the power plant has resulted in employment market exclusions, financial instability, and the reinforcement of patriarchal dependency. Women once involved in agriculture, fishing, and handicrafts have forfeited their principal sources of income due to land degradation, wetland damage, and limited access to natural resources. The shift from agrarian economies to wage-based labour systems has heightened economic reliance on male relatives, exacerbating women's susceptibility to economic coercion, domestic abuse, and limited their financial independence.

Noise pollution and structural damage

The power plant generates intense vibrations, resulting in structural damage to homes (e.g. cracks in wall and floor), failing infrastructure, and psychological distress among inhabitants. Local residents describe the sensation as overwhelming, stating that all surrounding materials—including furniture, utensils, and household items—begin to rattle violently. One resident described the vibrations as "like we are living inside an earthquake that never ends." Another shared that their house, constructed from tin and wood, quakes under the pressure, creating a sensation that it might collapse at any moment. They said: *"We sit inside, clenching our hands, praying that the house doesn't fall on us. The children cry, and we feel helpless."*

Numerous residents indicate experiencing insomnia, anxiety, and declining mental health because of persistent noise pollution. One resident who lives within 50 metres of the UPPL site shared: "Our lives have become unbearable. We used to sleep peacefully, but now we are jolted awake every night." Another added, *"We don't live anymore, we just survive."*

TANZANIA: Harms Linked to the East African Crude Oil Pipeline (EACOP)

Indirect financing

In the period 2016 to December 2023, HSBC provided US$ 1.9 billion in loans and underwriting services to TotalEnergies, and a further US$340 million to the China National Offshore Oil Company (CNOOC) – both joint venture owners of EACOP. Additionally, the bank held US$422 million in bonds and shares issued by TotalEnergies, and US$ 17 million in bonds and shares issued by CNOOC. While HSBC claims not to be involved in the financing of EACOP, by continuing to provide loans and underwriting services to, as well as holding bonds and shares with TotalEnergies and CNOOC, it is indirectly enabling EACOP in spite of the well-documented social and environmental harms it has caused.

Methodology

This research was commissioned to investigate the socio-economic and environmental impacts of EACOP in Tanga district, Tanzania.

This research is based on 15 in-person key informant interviews conducted in November 2024. All the interviewees are affected by EACOP, and the interviews were conducted in three regions: Dar es Salaam, Singida and Tanga. The interviewees were 3 female and 12 male community members, of varying backgrounds, ages and livelihoods, reporting impacts from the pipeline. The researcher took extensive measures to verify the credibility of interviewees' statement, using a combination of interviews and corroborative secondary sources.

An interview was also conducted with a marine biologist regarding the potential threat to an endangered fish species, the Coelacanth, posed by EACOP.

Supplementary research included reviewing NGO reports, media articles, government documents, compensation records, and project documents from EACOP.

This section provides a summary of the full study conducted in Tanzania. The full study is not being published.

East Africa Crude Oil Pipeline

The East African Crude Oil Pipeline (EACOP) is a 1,147-km-long export pipeline designed to transport heated heavy oil from the Kabaale pumping station in Uganda's Hoima district to a marine storage terminal in Chongoleani, Tanga district, on Tanzania's East African coast.[57] Once completed, it will be the longest heated oil pipeline in the world, with operations expected to begin in 2025.[58]

TotalEnergies has drilled 400 oil wells in Uganda, a development that has generated significant local resistance due to environmental and social concerns.[59] In partnership with CNOOC, TotalEnergies plans to pump 1.4 billion barrels of oil in Uganda. TotalEnergies operates the largest oil field, called Tilenga, situated near Lake Albert, while CNOOC operates the Kingfisher oil field, a smaller site to the south of Lake Albert.

The pipeline has been the focus of intense criticism due to significant negative impacts on local communities, their livelihoods, and human rights.[60] Project execution, including land acquisition, construction, and oil production from upstream facilities, has been underway since 2022 and is planned through 2025, according to EACOP.[61] However, in practice, land acquisition had already started much earlier, with reports of people being forced to sell their land without adequate compensation as early as 2017 in Uganda.[62] Numerous organizations have raised concerns about the pipeline's severe impacts on

local communities, including land displacement and threats to water resources and livelihoods.[63]

In addition to these social concerns, the pipeline poses serious environmental risks, such as oil drilling in biodiversity hotspots like Uganda's Murchison Falls National Park.[64] TotalEnergies has drilled a total of 130 oil wells in the national park, posing a direct threat to nature and wildlife in the park.[65]

Land cover change at Chongoleani

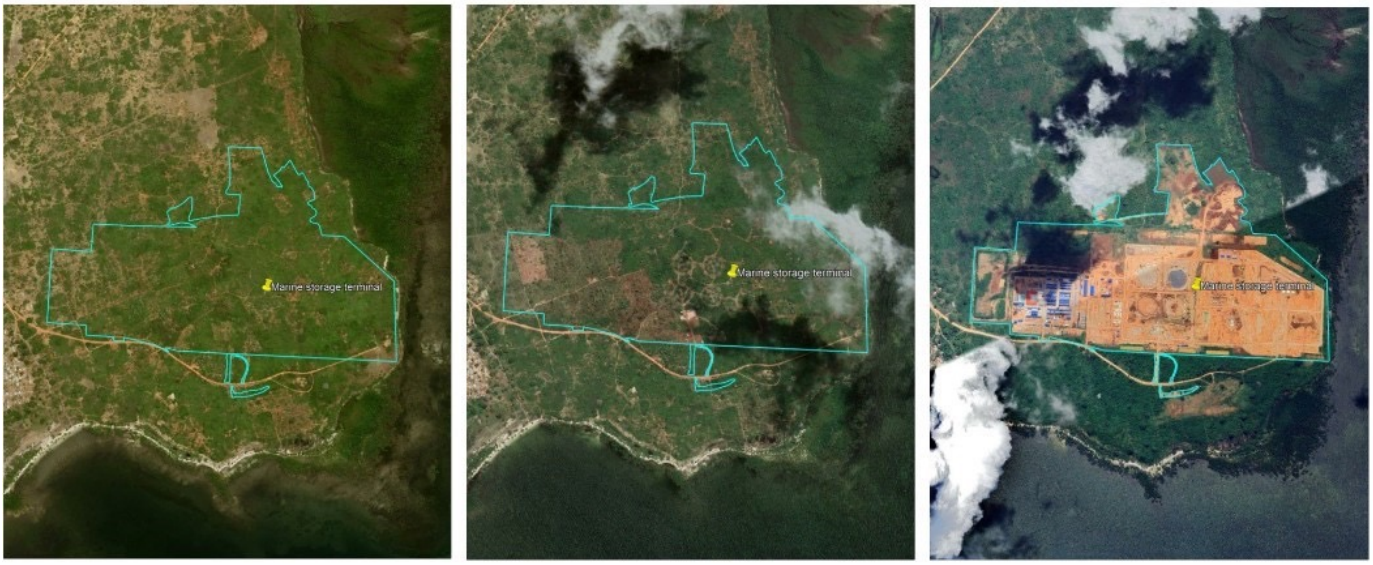
Given EACOP's vast scale and its documented negative effects on communities, nature, and the climate,[66] this case study narrows its focus to the marine storage terminal in Chongoleani. The site is adjacent to the Pemba Channel and located within the East African Coastal Forest Endemic Bird Area (EBA). The EBA has high levels of biodiversity and supports various endemic bird species, and the region is primarily threatened by habitat loss due to agricultural expansion and deforestation.[67] EACOP's construction is likely to exacerbate these risks.

Satellite imagery reveals significant land cover changes between 2022 and 2024. EACOP describes the vegetation prior to the construction of the marine storage terminal in Chongoleani as a coastal vegetation mosaic.[68] This mosaic consists of agro-pastoral land interspersed with coastal woodland, shrubland, bushland, and thicket. Much of the area had already been modified for agricultural activities, making it semi-natural. An analysis of satellite imagery over the years, viewed through Google Earth Pro, with data provided by CNES, Airbus, and Maxar Technologies, seems to support this description.

Based on satellite imagery, the first clear signs of the construction of the marine storage terminal are in March 2022. The most intensive clearing occurred between October and December 2022, after which clearing continued at a slower pace. Figure 7 illustrates the progression of the clearing and construction over the years. Between March 2022 and September 2024, a total of 89.63 hectares have been cleared, with the area of cleared land continuing to grow each month. In addition, in March 2023, a 1.4-kilometer-long road (5.05 hectares) was constructed through previously native vegetation, as seen in Figure 8, which was likely built in connection with the EACOP project. It is not identified whether there was a license for the clearing of the area.

Reportedly,[69] it has been "a Chinese construction company who cleared the area, mainly for the construction of three massive oil storage tanks". Moreover, in the cleared areas, foundation work was done, as well as the instalment of "an export pump, relief valves and receiver, recirculation pump, heating medium expansion drum platform, slope tank, export line area pipe and cable tray support".

Figure 7: Before and after images Marine Storage Terminal in Chongoleani



Source: AidEnvironment, Imagery ©2024 Maxar Technologies and ©2024 CNES / Airbus, using Google Earth Pro. Picture on the left shows the situation in February 2022 (pre-construction), picture in the middle shows the situation in October 2022 (during construction), and the picture on the right shows the situation in June 2024. The site of the Marine Storage Terminal and area of influence is demarcated by the blue lines, totalling 89.63 hectares.

Figure 8: Before and after: road near Marine Storage Terminal, Chongoleani

Source: AidEnvironment, Imagery ©2024 Planet Labs Inc; Sentinel. The left image shows the situation in February 2023 (before the road was built), and the right image shows the situation in September 2024 (with the road in place). The road is also part of the EACOP infrastructure project.

Social and Environmental Impacts

The identified deforestation not only leads to the substantial loss of vegetation but also poses risks to the nearby communities and water body. Zooming out from the marine storage terminal, the Tanga City Council municipality has faced numerous social and environmental challenges since the EACOP construction began.[70] According to local youth hubs, these challenges include loss of livelihood, gender-based violence, land grabbing, environmental pollution, and ecosystem disturbances. A resident from Chongoleani explained, *"We believed the project would bring us blessings but now we have realised that it is only problems. We have been deceived. Our lives have been worse than before the project arrived here in Chongoleani."*

Loss of land rights

Land grabbing is a major concern, with residents receiving either unfair compensation or none, despite government assurances of fairness. The site at Chongoleani is situated close to an

inhabited area, raising concerns about the potential impact on local communities. Once resident expressed concern that the EACOP project is "planning to advance eviction of people from the rest of Putini village land because the land is needed for industrial development area", although it has not been possible to confirm whether EACOP plans to expand in this way.[71] One resident from Chongoleani shared, *"They came and took our farms, cut down trees and demolished our houses, the payment we were given is very little, not even enough to live on."* Another added, *"These people who took our farms are like thieves. They came only to loot and now they have increased our poverty."*

This has a particularly adverse impact on women who tend to rely on farming for their livelihood have been left with limited livelihood alternatives. According to reports from four street authorities in Chongoleani ward, at least 300 female household heads have experienced income loss and food insecurity. Under customary land law, women generally have fewer land rights than men, and their access to land is indirect and insecure. Further, compensation for loss of land is typically paid to men as heads of household without spousal consent, leaving women without access to compensation.

Loss of livelihoods

The economic fabric of communities along the pipeline's route is heavily dependent on agriculture and natural resources. Forced displacement due to land grabbing has caused disruption to livelihoods reliant on land-based activities such as farming and cattle herding. One resident from Chongoleani shared:

"They said there would be jobs for the locals, but after starting work, there is no such thing, our youth are just sitting there unemployed and the few who get jobs, work for a few days and then are removed. Currently, the people in this village have become even poorer than they were before the project arrived here in Chongoleani. It is truly a great pity."

Additionally, fishing communities have raised concerns about fishing restrictions and potential oil spills contaminating water sources, further undermining their primary source of income. Due to the Marine Exclusion Zone at the Chongoleani site, fishing activities have been restricted within 40 meters of the shore, forcing local fishermen – who lack the technology and equipment for deep-sea fishing – to lose access to their fishing grounds and their primary source of income. A resident in Chongoleani shared:

"After leaving the lands, our life remained on the coast in fishing, but now we have been removed from the area where we used to fish and earn little money to make a living. On the coast too, they have chased us out and put up a fence that we are not allowed to fish in a certain area because it has been taken over by the project. They want us to fish in the deep water where we, having small rowing boats, cannot reach there and we cannot fish at the moment. It is a complete inhuman. They have chased us out of the lands and now they have chased us out of the coast, how will we live?"

Another resident agreed: *"I used to go fishing and that is my job, now we are prevented from fishing because the area has been taken over by the project, they tell us to fish in deeper waters, but we do not have engine boats to fish. So life has become so bad at the moment."*

Food insecurity

Since productive land has been cleared, local communities now "rely on more expensive food brought by businessman from other areas". Residents in Chongoleni are now forced to travel to Tanga to buy food, whereas previously all their food was available locally. One resident in Chongoleni shared, *"Currently, the residents of this village have had a serious food shortage, our farms were taken away and we were paid very little, we don't even know what this miserable life will be like in some years."* Another resident added:

"This project has brought us hunger. Right now we are nothing because our sources of income that we had have been taken away by this project […] Today if you see the people of our area, they are even poorer because they do not have lands, they cannot fish and earn an income because the project has taken away everything."

Gender-Based Violence (GBV) and discrimination

Despite the EACOP Project promising to ensure prioritisation of local people in employment with consideration of gender balance, in reality very few women have had access to paid jobs in the project. In Putin village, an average of 2-3 women in each group of 20 people recruited for jobs was recorded. This gives men more financial power over women, reduces women's financial independence and increases risks of abuse and GBV.

The presence of EACOP workers from outside the community has also led to a rise in GBV, including cases of rape, child sexual abuse, and domestic conflicts, as workers exploit their financial power over the local low-income community. Women employed by EACOP also reported gender discrimination while working on the project. One woman shared that she was unfairly dismissed, and not allowed to return to work at the end of her maternity leave.

Health impacts

The potential for oil leaks or spills heightens the risk of soil and water contamination, posing long-term health issues for local populations. Environmental pollution from dust caused by the constant movement of trucks and machinery through unpaved roads is severely affecting local residents as the dust blows into their homes, further disrupting their daily lives and posing health risks. One community member from Igauri Village, Singida, shared:

"My biggest concern is the dust that blows in every day and enters our houses here in the village. Large vehicles passing by cause dust and the effects of dust are well known as it causes respiratory diseases and damages the environment. Dust contaminates our drinking water because we store drinking water in traditional ways, we do not have refrigerators, so it is very dangerous for our lives and especially for young children."

Another resident from a neighbouring community added: *"It seems that the project owners care a lot about their affairs, but we, the citizens and users of this water, are not considered or seen as valuable."*

Cultural impacts

For many affected communities, land is not only an economic asset but also holds cultural significance. The disruption caused by EACOP has affected social cohesion and cultural identity. Indigenous groups, in particular, have reported threats to their traditional way of life, exacerbating social vulnerabilities.

Ecological and biodiversity impacts

One of the issues spotlighted by conservationists interviewed as part of this research, is the potential threat to rare and vulnerable species, including the coelacanth, a critically endangered fish mostly found in deep marine waters off the coast of East Africa. Tanga is part of a region that provides suitable deep-sea environments for coelacanths, but the deep drilling involved in EACOP risks driving away or killing the coelacanth. The coastal areas affected by the pipeline's route and related shipping activities could also increase sedimentation, pollution, and other disruptions that threaten these endangered fish.

Chapter 3: HSBC's Policies on Fossil Fuels, Industrial Agriculture and Human Rights

HSBC's policies on fossil fuels, industrial agriculture and human rights are insufficient in addressing the climate crisis and the direct impacts of these sectors. HSBC's policies do not effectively address the extent of its provision of finance to the two most polluting industries and main contributors to the climate crisis. They also lack the level of safeguarding mechanisms necessary to prevent harm to local communities and provide adequate reporting and response to harms.

Despite HSBC's commitments to reduce financed emissions in line with the goals of the Paris Agreement, recent announcements to push back its net-zero target for its operations and supply chain by 20 years, and carry out a review of its 2030 financed emissions reduction targets, puts into question the extent of real commitment from the bank to prevent irreversible harm to communities across the globe.

Industrial agriculture policies

HSBC has committed to not financing projects threatening UNESCO World Heritage Sites and Ramsar Wetlands, identified for their ecological international importance, but the commitment does not extend to the protection of areas classified by the International Union for Conservation of Nature (IUCN) which includes their natural, cultural and social significance.[72/xiv]

HSBC has an agricultural commodities policy that expects palm oil producers to obtain certification (Roundtable on Sustainable Palm Oil (RSPO) or equivalent).[73] The policy states it "does not have appetite to finance" deforestation, including the conversion of primary tropical forests, or land clearance by burning, harmful or exploitative child labour, forced labour, and/or the violation of the rights of local communities or the principle of free, prior and informed consent.

Despite having an agricultural commodities policy that covers palm oil, soy, and cattle ranching, the bank's continued financing of beef sourced from the Amazon and Cerrado in Brazil raises **concerns about whether its policies to avoid deforestation are being effectively implemented.**[74] It is worth noting that, the HSBC financial report on JBS, the world's largest meat processing company with a poor track record on deforestation, land grabbing, slave labour and encroachment of Indigenous Peoples rights,[75] identified a lack of "vision, action plan, timeline, technology or solution" to JBS' involvement in rainforest destruction.[76] In 2023, HSBC was not providing any more financing to JBS, but still held shares through its asset management arm. HSBC also continues to support other companies in the beef and soy sector that fail to guarantee deforestation-free supply chains and are potentially involved in illegal deforestation, such as Minerva, Cargill or Marfrig[77] Similarly, HSBC's policy covers refiners and traders, which are required to exclude controversial sources from their supply chain by providing traceability, yet HSBC's continuous financing of Bunge[78] and

xiv. The International Union for Conservation of Nature (IUCN) has a system that classifies natural areas based on the protections needed. The UNESCO World Heritage Sites and the wetlands recognised by the Ramsar Convention on Wetlands identify areas that should be protected for their biodiversity.

Cargill, involved in soy linked to deforestation and destruction of the Cerrado biome further puts into doubt whether traceability has been implemented in an effective manner (see **Chapter 2** for more on HSBC's financing of Cargill in Brazil).

In its Statement on Nature,[79] HSBC indicated plans to release a holistic deforestation policy as well as baseline financed emissions and targets for its agriculture portfolio in 2024, yet this information does not appear to be public.

HSBC has not disclosed any policies that require companies to reduce or avoid harmful emissions from greenhouse gases other than carbon dioxide, such as nitrous oxides, ammonia, and methane, which are important in the context of agriculture. The financial institution also does not make any policy commitments that would encourage the shift from animal proteins to plant and alternative proteins.

Fossil fuel policies

According to HSBC's Thermal Coal Phase-Out Policy, the bank has committed to withdraw any financing from companies engaged in thermal coal expansion, however it can still finance other corporate entities of the same client group.[80] The bank has implemented a revenue threshold for exclusions on its financing of coal: it only excludes new clients active in thermal coal mining for more than 10% of their activities and it applies a high threshold of 40% to existing clients in the EU or OECD markets, without any set thresholds for non-EU/OECD markets. It also caveats that it would finance companies with even higher thermal coal-related revenues if this financing is used for clean technology or infrastructure aligned with HSBC's Phase-Out Commitment timelines and its targets and commitments. A similar exclusion based on power-generating capacity is also in place. While HSBC excludes any financing to projects dedicated to both thermal coal expansion and new metallurgical coal mines, it does still allow for new financing going towards the expansion of existing metallurgical coal mines, only after a risk governance assessment.

HSBC seeks to phase out the financing of thermal coal-fired power and mining by 2030 in EU/OECD markets and by 2040 in other markets, however, it caveats that in 2040 non-EU/OECD clients may not have a phase out date and that it will expect plans to phase down. The bank has also set targets for reducing thermal coal financing by at least 25% by 2025 and 50% by 2030, along with a 2030 emission reduction target compared to the 2020 baseline emissions for thermal coal mining. In its 2025 coal policy, HSBC did not refer to a specific 2030 emission reduction target, while it had previously set it as 70%.

HSBC lacks a comprehensive policy to address its financing of coal production –even expansion through metallurgical coal mines – disregarding what this means for both the climate and localised impacts to the environment and health of communities exposed to it. The burning of coal emits toxic and carcinogenic substances further polluting our air, water and land.[81] The effects of air pollution from coal-fired power plants are estimated to kill up to 115,000 people annually in India, and over 360,000 annually in China.[82]

For its financing of oil and gas, HSBC currently excludes **project-level** financing for new exploration and development of fields, as well as direct investments in infrastructure associated with new oil and gas fields. This means that they do not finance projects that are specifically named as fossil fuel developments. However, this policy is in fact far less progressive than it sounds, as it still continues to **finance all-purpose, general corporate** financing of oil and gas clients. This means that HSBC can, in practice, finance much of the activity including salaries, contractors, equipment, etc involved in the development of new oil and gas fields. Additionally, fossil fuel companies mostly raise finance at the corporate level, where project financing accounted for only 4% of the total

financing of fossil fuel companies between 2016 and 2022.[83]

Furthermore, HSBC's exclusions for clients whose overall operations are "substantial" in certain areas, such as ultra-deepwater offshore projects, shale oil projects, extra heavy oil or projects in environmentally and socially critical areas are also insufficient, without a clear criteria or threshold for what "substantial" means. New clients with up to 10% production volume from these areas are also not excluded.

This means that, while the bank acknowledges IEA and scientific guidance that future global oil and gas demand can be met by existing known fields and assesses its exposure of listed issuers towards new field development inconsistent with this IEA scenario, **its continued corporate financing can still effectively finance a company's general activities associated with the development of new oil and gas fields.** HSBC has also not published any clear exit strategy for its oil and gas portfolio. This lack of ambitious commitment to stop providing all-purpose corporate finance to companies involved in the development of new oil and gas projects, means it can continue to provide financial support for companies like TotalEnergies, involved in the development of new gas projects and associated infrastructure like the Mozambique Liquified Natural Gas (LNG) project, Papua LNG or the East African Crude Oil Pipeline (EACOP). These projects not only have huge consequences in their contribution to the climate crisis and environmental destruction, but also huge human rights implications (see Tanzania section in Chapter 2for the EACOP case study).

Human rights

HSBC's human rights statement was last updated in February 2022. Analysis by BankTrack[84] finds that while the bank states a general commitment to human rights including through the provision of finance, its implementation falls short across its due diligence process and reporting, with no clear commitment on the provision or support in the remediation of human rights impacts to which it has caused or contributed. As such, there is considerable room for improvement on due diligence, reporting, remedy and response tracking.

HSBC's human rights policy framework does not require that its clients follow the principles of Free, Prior and Informed Consent (FPIC) except in relation to its agricultural commodities policy, stating it will not provide finance to costumers violating communities' right to FPIC. HSBC makes no further commitments or reference in its public disclosures to the rights of human rights defenders nor the risks of environmental impacts on human rights.

Disclosure and alignment with the Paris Agreement

HSBC reports Scope 1, 2 and 3 emissions for a limited group of sectors. These include oil and gas activities, power, and thermal coal mining, but **do not include agricultural activities**. It also does not include every part of the chain – for instance, for the oil and gas sector it only discloses emissions for its upstream and integrated companies and not midstream and downstream.[xv]

For 2022, HSBC calculated total emissions of 46.5 million tons of CO_2e, which **did not include thermal coal or industrial agriculture** and was based on HSBC's evaluation of materiality in each value chain on which it reported.[xvi]

An important conclusion is that these (incomplete numbers of) financed and facilitated emissions have already contributed more than 97% to HSBC's emissions, and only 3% came from its own operations.

xv. An "oil and gas integrated level" refers to a company that participates in multiple stages of the oil and gas production process, including both the "upstream" (exploration and extraction) and "downstream" (refining and marketing) segments.

HSBC has published financed emissions for its clients in the oil and gas, power and utilities, and thermal coal mining sectors and has set emission reduction targets that are aligned with the 1.5-degree scenario for these sectors.[85] However, HSBC does not disclose financed emissions nor targets for industrial agriculture (see Chapter 1 for detail on HSBC's reported financed emissions).[86]

HSBC does not require its fossil fuel and industrial agriculture clients to disclose their greenhouse gas emissions or reduction targets, although it engages with clients on their transition plans as a means to influence the decarbonisation of the energy sector. For both oil and gas and coal sector (including coal-fired power plants) clients, the bank assesses their plans for reducing emissions. However, no such assessment was mentioned for clients in oil- and gas-fired power generation or industrial agriculture.

In its transition plan, HSBC relies on carbon capture and storage (CCS) across financed emissions targets and sector transition approach across all sectors, including the oil and gas sector. It also refers to "the role of gas as a transition fuel, the mix of low-carbon fuels, the role of CCS, and the role of carbon removals post 2040".[87] Technology-based removals are a major cause of concern. These technologies, such as bioenergy with carbon capture and storage (BECCS) and direct air capture, are unproven, especially at scale. BECCS is especially dangerous because it requires significant land use for bioenergy production at huge scale, which would threaten farmers, food production, land rights and ecosystems, but all of these technologies would rely on pipelines and carbon storage. Allowing continuing present emissions with the assumption of future removals is a massive gamble, effectively with people's lives, compounding the injustice of climate change to vulnerable and marginalised communities who have done little to cause the crisis. This approach to "net zero" accounting enables actors to continue to pollute while using carbon offsetting to sound more ambitious than they really are. CCS technology permits the continuation of the fossil fuel sector, perpetuating extractivism and social and environmental harms at extraction sites.

In 2025, HSBC pushed back its climate target on its own operations and supply chain by a shocking 20 years, backtracking on its ambition to achieve net zero by 2030.[88] Avoiding an overreliance on carbon offsets is the key stated reason for this. Offsets have long been proven to be a false solution strategy that lets companies delay necessary systematic changes required for deep decarbonisation and reliance on carbon offsets can lead to greenwashing and undermines real, ambitious targets. Offsets that rely on the land sector (e.g. large-scale biofuel/ bioenergy cultivation, tree plantations, and similar measures) lead to an increase in demand for land and thus major risks for land grabs, threatening land rights and food security especially in the Global South.[89] However, HSBC's decision to delay climate action in its operations and supply chains by a further two decades show a deep discord between the need to address the climate crisis with urgency, and the real consequences for communities bearing its effects on a daily basis.

Additionally, if HSBC wants to show a real commitment against reliance on carbon offsets to meet climate targets, it should require the exclusion of carbon offset credits in clients' carbon accounting towards climate targets. As an example, in 2021, Shell set out to offset 120 million tonnes of CO2 from its polluting activities by planting forests in order to reach its net zero emissions target by 2050. ActionAid's analysis found that this would need 12 million hectares of land by 2030 – the equivalent of three times the size of the Netherlands.[90] While Shell's 2024 Energy Transition Strategy does not include

xvi. Disclaimer: It is noted that HSBC has now included data for thermal coal for 2021 and 2022 in its 2024 annual report, however this data was not available at the time of conducting the analysis for this report.

specific numbers, it still relies on carbon credits to offset remaining emissions for its operations.[91] For consistency, HSBC should not be financing corporations such as Shell, which rely so heavily on carbon offsets in their transition plans to sound green.

With the exception of the oil and gas and thermal coal mining sectors, all other sectoral financed emission targets are set in intensity terms, meaning that they disclose the amount of emissions per unit of output – as a measure of efficiency regardless of scale-, instead of the total amount of greenhouse gases emitted over a period of time. Not only can intensity-based targets do little to deliver the steep emissions reductions that are needed and demanded by science, but they can also in fact lead to an increase of overall emissions. For example, businesses that slightly lower their GHG intensity while expanding operations will cause significant increases in GHG emissions overall. Yet they are still able to use confusing intensity-based metrics to falsely claim that they are addressing climate change.

While HSBC suggests that financing sustainable transformation of food and land systems is a key component of reaching net zero, the bank has not set a target for the "Food, forests and other land use" sector in its transition plan. As the second largest polluting industry, reform of the industrial agriculture sector is critical for climate action, but is complex and deeply connected to human rights, and requires special care and focus.[92] Agribusiness companies are also putting forward emissions intensity targets, where the emissions per pound of (for example) chicken or beef is lower, but expanding operations mean that absolute emissions continue to increase.

HSBC states it has included "just transition considerations" within its corporate customer transition plan assessments, however, it is unclear what these considerations entail. Similarly, it states it engages with communities as part of its implementation plan. Ensuring inclusiveness and participation and taking into account the perspectives of communities and sectors that will be involved in or affected by the transition, especially those that are marginalised, is key in the development of transition plans. For example, communities must have the right to reject new mining developments, and HSBC must implement red lines on its transition financing on FPIC and effective due diligence and remedy mechanisms.

In its latest annual report published in 2025, HSBC further states its intention to review its interim financed emissions targets and associated policies as it seeks to "balance being ambitious on net zero while recognising present near-term global challenges, and the associated impact of the transition playing out differently across the regions and sectors [it serves]". It remains critical that HSBC addresses its role in supporting highly polluting industries that contribute to more frequent climate disasters, destroy ecosystems and livelihoods of communities, particularly women and girls, in the Global South and threaten the future of life in our planet. Any backtracking of its targets and policies will be a blatant sign to the world, and particularly to affected communities, that lives are worth less than profit.

HSBC's weak and loophole-littered policies illustrate a fundamental problem with voluntary approaches to financial standards on climate change. Currently banks can pick and choose their own policies, how or whether to implement them (or not) and choose their own timelines for real action. To properly give the planet a chance of avoiding runaway climate breakdown, finance standards need to be ambitious, rigorous, clear, and - above all - obligatory.

Chapter 4: Gaps in UK Financial Sector Regulation

The UK regulatory landscape for sustainable finance is highly fragmented, lacking coordination between the various policy bodies and their mandates. Most of the regulations already in place are voluntary, and there does not seem to be a clear legislative hierarchy between these regulations. Ambitious plans to develop a green taxonomy and comprehensive ESG reporting requirements are facing numerous delays and have not been realised yet.

The UK has made clear its ambition to become one of the global centres of sustainable finance ('the green finance capital of the world', as the 2024 Starmer Government has put it). However, in terms of introducing binding legislation which would ensure that the entire financial sector is aligned with this ambition, it is lagging behind the EU. Neither the UK Taxonomy nor the obligatory transition plans have yet been put forward, and no timeline is available on their finalization and rollout.

This regulatory landscape permits UK banks to continue financing fossil fuel and industrial agriculture sectors, fuelling the climate crisis, with harmful impacts on women and girls.

Key policymakers

The UK has a patchwork of regulatory, standard-setting and advisory bodies working on sustainable finance policy. Key players include both Governmental entities – HM Treasury, Financial Conduct Authority (FCA), the Bank of England - as well as independent advisory groups mandated to help the Government shape its sustainable finance regulations, including the Transition Plan Taskforce (TPT) and the Green Technical Advisory Group (GTAG) hosted by the Green Finance Institute.

These institutions have faced criticism for their slow pace in updating key financial regulations in line with climate and nature considerations, and UK Treasury currently only gives limited mandates to the regulators to achieve these goals. Thus, in a July 2024 opinion piece, BankTracker experts Richard Folland and Amy Owens noted that:

"The new approach must start from the top. UK Treasury needs a revised vision for its regulators. The Bank of England at present does not have climate change and sustainability embedded in its core mandate. Likewise, the Financial Conduct Authority (FCA) – while steadily updating its rules to improve its climate-related financial decision-making – still fails to prioritise climate as it should."[93]

Bank of England policies, supervisory expectations and prudential regulations

The Bank of England aims to green its Corporate Bond Purchase Scheme (CBPS) by supporting a transition to net zero emissions by 2050, while maintaining its primary monetary policy

xvii. A green taxonomy is a classification system that identifies and categorises economic activities as environmentally sustainable, helping investors and companies make informed decisions and direct capital towards sustainable projects, while also combating "greenwashing".

objectives. The approach includes setting climate-related eligibility criteria for purchasing bonds and tilting purchases towards stronger climate performers. Key actions include achieving a 25% reduction in the carbon intensity of the CBPS portfolio by 2025 and excluding issuers involved in coal mining or without credible emissions reduction plans. **However, the Bank of England has not put forward any restrictions on oil and gas companies. They are still eligible for the Corporate Bond Purchase Scheme, provided they publicly disclose their climate risks and have communicated their climate goals.**

ActionAid joins other NGOs in criticising the Bank of England for not excluding all fossil fuels from the CBPS, as this allows oil and gas companies to continue new fossil fuel projects. As suggested by David Barmes, senior economist at Positive Money: 'Bank of England's approach to oil and gas should be guided by the International Energy Agency, who call for no new fossil fuel projects beyond this year to meet net zero by 2050. Rather than taking them on their word, the Bank should act to exclude the worst polluters now – it can still incentivise companies to change by leaving the door open for inclusion once they have transformed their business models in line with net zero'.[94]

The Bank of England's Climate Biennial Exploratory Scenario (CBES) - evaluating the financial risks posed by climate change for the major banks and insurance companies in the UK - and their Supervisory Statement SS3/19 on Enhancing banks' and insurers' approaches to managing the financial risks from climate change, are both initiatives ultimately for the benefit of financial institutions, and do not aim to reduce the impact of banks on the climate crisis. The Bank of England should consider integrating the double materiality approach for future stress-testings in order to also assess banks' impact on climate change.

Transparency and reporting

Sustainability Disclosure Requirements (SDR) and Sustainability Reporting Standards (SRS) are closely linked, serving as crucial components of the UK's approach to transparent sustainability reporting, developed by the FCA. The SDR sets the overall framework for which companies need to disclose sustainability-related information, including corporate sustainability risks and impacts. The SRS, once they are developed, are expected to set more specific reporting standards and guidelines that companies must follow to comply with SDR requirements, ensuring that disclosures are consistent and comparable between entities and across industries.

UK's Sustainability Disclosure Requirements (SDR)

The FCA's Sustainability Disclosure Requirements (SDR) and investment labels outline '*an anti-greenwashing rule for all authorised firms, 4 investment labels, and new rules and guidance for firms marketing investment funds on the basis of their sustainability characteristics*'.[95] The anti-greenwashing rule applies to all FCA-authorised firms, including banks, who make sustainability-related claims about their products and services.[96] However, this rule only applies to investments, and does not apply to UK banks' lending to overseas firms, meaning that banks are able to make sustainability claims about their lending to fossil fuel and industrial agriculture firms without scrutiny.[97]

The FCA's finalised guidance FG24/3 on the anti-greenwashing rule implies that the FCA has the authority to take action against firms that do not comply with the rule, however it does not explicitly detail specific sanctions or punishments for non-compliance. This in essence reduces the accountability of firms and financial institutions. This rule should have clear sanctions for non-compliance to ensure effective enforcement.

For example, in 2024 Barclays was accused of greenwashing [98] as it labelled financing to Italian oil firm Eni as 'sustainable finance', despite the company advancing on oil and gas expansion plans. The sustainability label was given because scope 3 emissions weren't taken into account. The FCA responded with a letter of concern, and there were no repercussions for Barclays. Barclays has committed to stop providing direct financing for oil and gas expansion projects, however indirect financing via 'sustainability-linked' loans could continue, which ultimately fuels the companies who are conducting harmful, climate-destructive projects.

UK's Sustainability Reporting Standards (SRS)

Following COP26 in Glasgow, the International Sustainability Standards Board (ISSB) was created to foster the development of internationally recognised sustainability disclosure frameworks and metrics. The ISSB's key objective is to '*provide standards that* ***deliver comparable and decision-useful information for investors'.*** [99] So far, two standards have been developed: *IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2: Climate-related Disclosures.*

The UK Government supports ISSB and is planning to assess whether IFRS S1 and IFRS S2 can be used as a basis for creating the UK's own sustainability reporting standards: *'The UK government aims to make endorsement decisions on the first two standards by Quarter 1 2025 and these standards will form part of a wider Sustainability Disclosure Reporting framework led by HM Treasury'.* [100]

The UK government, led by HM Treasury, should waste no time in endorsing the decision to move forward with sustainability reporting standards, however there are limitations to establishing such voluntary disclosure reporting frameworks. Restrictions should be enforced regarding investment into carbon-intensive and extractive companies.

Transition Plan Taskforce (TPT) Disclosure Framework

In 2024, the Transition Plan Taskforce (TPT) published its own Disclosure Framework. Unlike the SDR/SRS developed by FCA, which cover a broader array of sustainability topics, it focuses on climate transition plans only.[101/102]

Though the previous conservative Government expressed commitments to move towards making publication of transition plans mandatory, and despite the manifesto commitment of the current Labour Government to *'[mandate] UK-regulated financial institutions – including banks, asset managers, pension funds, and insurers – and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement'*,[103] currently, **there are no binding obligations for UK firms to publish their transition plans and report on their implementation**. Some UK banks have made use of the TPT Framework and voluntarily reported on their transition plans.[xviii]

We urge the UK government to live up to its manifesto commitment to make the publication of and reporting against transition plans mandatory for UK-regulated banks.

In addition to its general Disclosure Framework, the TPT also provides guidance for specific sectors, including asset managers and banks. Recognising the role banks play in financing the global economy, as well as their indirect impacts as financial intermediaries, the banking sector has been included by TPT in the priority list of sectors for which specific guidelines have been developed. The rationale behind TPT's guidance for both banks and asset managers is that companies should take into consideration both how the natural environment and social issues can impact their businesses, and also how their operations affect nature and society. Ultimately,

however, these remain guidance documents, not mandatory requirements, for banks to undertake and implement.

UK Green Taxonomy

Sustainable finance taxonomies are used to identify and classify sectors, activities, financial assets, products, and services which have positive social or environmental impacts, as well as harmful and unsustainable activities. Following its decision to leave the EU, it has been decided that the UK should develop and implement its own national green finance taxonomy. The Green Technical Advisory Group (GTAG) was established to advise the UK Government and provide input to the Government's taxonomy development process.[105]

The general consensus is that the future UK Taxonomy should be largely in line with the EU Taxonomy.[106] As of March 2024, the UK concluded a consultation on the value case for a green taxonomy. However, still no draft taxonomy document has been published, so it is impossible to assess in how far it will be aligned with the EU Taxonomy or deviate from it. **It is currently unclear when the Taxonomy draft may be published for public consultation and whether it will be voluntary or mandatory.**[107]

In early 2025, HM Treasury ran a UK Taxonomy Consultation with the aim of understanding whether Green Taxonomy can be useful for its ambition to make the UK a leader in sustainable finance. This consultation paper, however, does not contain any details on the taxonomy composition, scope, and the TSC. At the time of publishing, the consultation has concluded however no details of the outcome have been released.[108]

Recognising the critical importance of the UK having a green taxonomy in place, and that the UK has been without one since leaving the EU, it is necessary that the UK develops its own green taxonomy so that it does not lag behind the EU on its climate ambition. The UK's Green Taxonomy must ensure rights-based and environmental considerations when developing the criteria for agriculture, including the exclusion of deforestation-causing and harmful industrial agriculture.

GTAG further suggested that the UK *'Government should legislate for the phaseout of harmful activities. The taxonomy should support this through taxonomy Do No Significant Harm (DNSH) criteria."* [109] In the mid-term, GTAG calls for adopting legislation requiring clear phase-out dates for harmful activities. ActionAid supports this assertion from GTAG and others who are calling for legislation for phaseout of harmful activities.

Financial sector and industry lobbyingThe future of the UK sustainability efforts, including on green finance and just transition, are also at risk of industry lobbying. In a 2024 study, Global Witness reported that UK governmental officials met with oil and gas lobbyists an average of 1.4 times per working day in 2023, with the Department for Energy Security and Net Zero (DESNZ) taking the lead with 214 meetings.

Financial sector lobbying is also putting sustainable finance at risk. InfluenceMap's assessment of HSBC's policy engagement shows how the bank has advocated against mandatory requirements for the financial sector when it comes to green finance. HSBC has urged the UK government to ensure that regulation is not 'overly prescriptive' or dominating, and cautioned against trying to define a 'credible net zero transition'.

xviii. HSBC published its 2024 Net Zero Transition Plan in October 2023, which started to take into consideration the final TPT framework, however this plan has some weaknesses. See section on HSBC policies for analysis of their transition plan.

How large-scale agriculture and fossil fuels are addressed

This section focuses specifically on how the financing of, and investing in, fossil fuels and industrial agriculture sectors is addressed in financial regulations in the UK.

Industrial agriculture

Currently, in the UK, large-scale agriculture is only superficially covered by sustainable finance regulations. There is no specific mandate to report agricultural exposure at the portfolio level for banks.

The UK Government's Green Finance Strategy developed in 2019 and updated in 2023 recognizes the importance of agriculture for the country's nature and climate change goals, but provides little detail on how HM Government is going to deal with it. The Land, Nature, and Adapted Systems Advisory Group (LNAS) was set up as a sub-group to the GTAG. As part of the UK Green Taxonomy process, agriculture is expected to be an eligible activity, and LNAS is tasked to develop the technical screening criteria (TSC) for the sector. GTAG further notices that *'agriculture is not a large sector for equity or debt investment but is relevant for emissions and biodiversity'*

Agriculture is also featured in the TPT reporting framework and sector-specific guidance for banks and asset managers, however, as transition plan disclosure is not currently mandatory, understanding and reducing the financial sector's actual exposure to agriculture (and related deforestation and climate impacts) remains challenging.

Fossil fuels

Fossil fuels appear to be addressed by the UK financial regulations and supervisory expectations in a more comprehensive way than industrial agriculture. Exposure to fossil fuels is assessed as part of Bank of England's climate stress-testing exercise, and the Bank itself includes relevant considerations in its monetary policy (for example, by excluding thermal coal – but not oil and gas – from its collateral framework). Reporting on fossil fuel exposure (including at sector and portfolio level), risks, and opportunities is also expected as part of the transition plans of financial institutions in the UK by the TPT Disclosure Framework. **However this is currently not mandatory.**

At the same time, **it is currently unclear if and when the relevant financial regulations are going to become binding,** and how strictly they are going to treat fossil fuels financing (for example, if natural gas will be included in the taxonomy, and if the taxonomy will allow transition activities).

Conclusions on the overall state and prospects of UK sustainable finance regulations

The UK Green Finance Taxonomy which is currently being developed is expected to be largely in line with the framework, principles, and objectives of the EU Sustainable Finance Framework, but may deviate in some aspects such as TSC thresholds and reporting scope. As the draft taxonomy has not been published yet, it is unclear whether the UK Taxonomy will include controversial activities like natural gas and nuclear energy (as the EU Taxonomy does).

The Bank of England focuses on supporting an economy-wide transition to net zero emissions by 2050 while maintaining its primary monetary policy objectives. This includes setting climate-related eligibility criteria and tilting purchases towards stronger climate performers as part of its corporate bond purchasing programme. However, no specific restrictions on oil and gas are currently in place.

Currently, in the UK, large-scale agriculture is only superficially covered by sustainable finance regulations, and there are no requirements for banks and investors to report on their exposure to this sector and set specific time-bound transition commitments, including on agriculture-driven deforestation.

Fossil fuels are addressed by the UK financial regulations and supervisory expectations in a more comprehensive way. Financing of, and investment in, fossil fuels is expected to be discussed as part of the (still voluntary) transition plans reporting. However, the legislation and regulatory practice are still lacking any binding regulations to restrict and phase-out financing of, and investment in, fossil fuels by the UK financial sector. The only exception is the thermal coal restrictions in the Bank of England's corporate bond purchase programme.

The financial sector continues to advocate and lobby against adequate green finance regulation, while the UK government welcomes their inputs, contributing to the voluntary nature of the regulatory landscape.

Conclusion

Not only is the UK one of the largest polluting economies globally today, and has a historical responsibility for contributing to the climate crisis, it is also home to the largest banks globally contributing significantly to the climate crisis through their financed and facilitated emissions. This report has highlighted how one bank, HSBC, headquartered in the UK and regulated by the UK government, has caused insurmountable environmental and human rights damages in just three years of financing fossil fuel and industrial agriculture companies.

HSBC's climates damages of £128 billion in the period 2021-2023 outweighs the UK's International Climate Finance commitment of £11.6 billion by more than tenfold. The £128 billion caused by HSBC in climate damages is almost equivalent (97.3%) to HSBC's total market value in October 2024, and is almost three times (294.7%) of HSBC's accumulated net profit in the three years 2021-2023.11

It must be acknowledged that the finding of £128 billion in societal costs of carbon covers primarily economic damages, and does not include the unquantifiable impacts of the climate crisis communities are experiencing around the world. These include increased gender-based violence, girls missing out on education, cultural losses as a result of loss of land of cultural importance, loss of social cohesion and deterioration of physical and mental health. Therefore we should consider the £128 billion as a low-end estimate.

We have seen communities in Bangladesh, Brazil and Tanzania losing their lands, livelihoods, suffering sickness from polluted air and waters, and subjected to exploitation and abuse, resulting from a model of harmful extraction. The impacts of emissions and environmental destruction will be felt for decades to come by countries and communities in the Global South, increasing development and humanitarian needs significantly. The irony of this is clear, and the harms need to be stopped at the root.

HSBC, as well as other banks in the UK and abroad, should pay up for the climate damages they are causing, the costs for which are currently being burdened by communities, women and girls in the Global South. The Polluters Pay principle should be extended to include banks from which the financing of climate destruction originates. Similar, the UK government must not delay on implementing strong legislation and regulation of its financial sector, for which it is ultimately responsible for, to stop the root causes of the climate crisis.

The UK as a global financial power has a responsibility to enforce significant changes to our financial systems to accelerate the transition to just and clean economies and societies where the rights of humans and the environment are upheld.

Recommendations

Recommendations to UK Government

1) Prohibit financing of fossil fuel expansion projects and harmful industrial agriculture

a) Prohibit the UK financial sector from financing of and investments in fossil fuel and harmful industrial agriculture expansion, as well as financing of the companies behind the expansion.

b) Mandate for the phase out all fossil fuel and harmful industrial agriculture financing in line with 1.5C.

2) Introduce a gender-responsive Business, Human Rights and Environment Act (BHREA)

a) Introduce a gender-responsive mandatory BHREA requiring financial institutions to conduct robust due diligence to identify and address environmental harms and human rights abuses, including gender-specific harms.

b) Include civil liability provisions to ensure communities, particularly women, harmed by financial sector activities can seek and obtain fair compensation.

3) Make banks pay their fair share for the damages they cause

a) Levy a polluters pay tax on banks that fairly reflects their responsibility for financing and causing climate harm, and which serves to discourage irresponsible climate-destructive financing.

4) Establish and implement a rights-based, gender responsive UK Green Taxonomy

a) Introduce a UK Green Taxonomy, ensuring rights-based, gender and environmental considerations, and develops the criteria for agriculture as well as for fossil fuels, including the exclusion of deforestation-causing and harmful industrial agriculture. Harmful 'red' activities should include those threatening the rights of women and other groups at risk of marginalisation.

b) Legislate for the mandatory phaseout of activities categorised as harmful according to the new UK Green Taxonomy, including the adoption of clear phase out dates.

5) Address harmful industrial agriculture in sustainable finance regulations

a) Present a detailed plan on how the UK Government will address agriculture in its Green Finance Strategy, and how it will include harmful industrial agriculture in its transition and phase out strategies.

6) Introduce robust disclosure and reporting requirements for greater transparency

a) Mandate UK-regulated financial institutions to report on and publicly disclose their financed emissions annually and ensure disclosure compliance through enforceable penalties for non-adherence. This must include all Scope 3 emissions, emissions from industrial agriculture, and emissions from investments in midstream and downstream fossil fuel companies.

b) Require all UK-regulated financial institutions to publish transition plans, including i) Paris-aligned reduction targets of financed emissions, ii) criteria to end the financing of fossil fuel and harmful industrial agriculture expansion and phase out of all

financing to these sectors in line with 1.5C, and iii) mechanisms to ensure the adoption and implementation of this criteria.

c) Require the Treasury to submit an annual report to UK Parliament detailing changes in the financed emissions of UK-regulated financial institutions and their progress toward decarbonisation goals and commitments of the UK government.

d) Strengthen transparency of the UK's lobbying register by requiring detailed disclosures on whether registered financial institutions have climate and sustainability policies that align with their lobbying activities.

Recommendations to HSBC and other UK-regulated banks

1) Stop financing fossil fuel expansion:

a) Exclude financing of and investments in companies engaged in coal expansion without exceptions, without a Paris-aligned coal phase-out plan, and companies engaged in coal expansion without exceptions.

b) Exclude financing of and investments in expanding oil and gas producers and service companies that are involved in expansion of oil and gas production.

c) Halt all loans and underwriting in new bonds in companies engaged in expansion of pipelines, Liquified Natural Gas (LNG) terminals and gas power plants.

2) Stop financing of harmful industrial agriculture:

a) Publish a holistic deforestation policy as well as baseline financed emissions and targets for agriculture. This should include an end to lending and underwriting to industrial agribusiness corporations proven to be driving deforestation and land grabs across general corporate financing and project financing, and must apply to the whole corporate group.

b) Improve standards for agricultural commodities through enhanced due diligence and supply chain checks, and alignment with the EU's deforestation-free value chain legislation.

c) Ensure compliance with the EUDR, ensuring compliance throughout the supply chain of the companies it invests in.

3) Strengthen human rights and gender due diligence, and ensure access to remedy:

a) Develop red lines on harmful industrial agribusiness and fossil fuel financing, taking into account climate impacts, gender impacts, risks of deforestation, chemical and health impacts, human rights and labour abuses, biodiversity erosion, and corporate concentration.

b) Strengthen policies against human rights abuses, and ensure Free, Prior and Informed consent (FPIC) across all sectors.

c) Include gender-sensitive assessments in due diligence processes for all major investments in fossil fuels and industrial agriculture. This would involve evaluating how these projects could affect women's access to land, livelihoods, health, and safety.

d) Implement a grievance mechanism, where complainants, whistleblowers and women human rights defenders can express grievances safely, without fear of repercussion, through a confidential and

anonymous alert system. Banks must also require their clients to implement effective grievance mechanisms.

e) Commit to publishing detailed reports on the gendered impacts of its investments, including how it ensures that women's voices are included in decision-making processes.

4) Ensure alignment with the Paris Agreement:

a) Publish transition plans that are aligned to a 1.5C pathway without the use of carbon offset credits, tree plantations and speculative and unproven carbon removal technologies such as Carbon Capture and Storage (CCS), Bioenergy with Carbon Capture and Storage (BECCS), and Direct Air Capture (DAC) from carbon accounting towards climate targets.

b) Require transition plans from their clients including fossil fuel companies, companies involved in the midstream and downstream fossil fuel value chain, and industrial agriculture such as meat, dairy and feed production.

c) Adopt a portfolio-wide and science-based 2030 absolute emissions reduction targets and concrete pathways, aligned with 1.5C, covering scopes 1, 2 and 3 emissions of banks and their clients.

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