

Email from Forest Peoples Programme to HSBC

To: simon.c.martin@hsbc.com
Cc: francissullivan@hsbc.com; johnlaidlow@hsbc.com; jonwilliams@hsbc.com
Sent: Thursday, 31 May, 2007 8:51:51 AM
Subject: response to your email

Dear Simon Martin,

Following the positive meetings we had in London on 26 April with Jon Williams, John Laidlow and Francis Sullivan and the follow up meeting with Simon Harris in Kuala Lumpur on 21st May, we are very disillusioned by your email concerning HSBC's involvement with Samling, dated 24th May 2006, titled 'Update on Samling'.

At the meeting we had on 26th of April, confirmed and amplified by the meeting on 21st May, we understood that HSBC was to come out with a public statement (checked by all your legal departments, and agreeable to Samling), clarifying the basis for HSBC's decision to support the public listing of Samling Global Limited based on a review of the due diligence carried out in that case with a view to also seeing what improvements needed be made to the due diligence procedures in general with respect to HSBC's support for both forestry and palm oil companies to ensure that HSBC's clients are compliant with the HSBC forest policy. We agreed to refrain from public action on the case until this statement was released.

If your email is indeed this 'public statement' we would like to state that on the basis of the information provided we have to conclude that HSBC is not willing to address its inadequate due diligence procedures for assessing its clients, has not developed clear benchmarks for accepting or rejecting clients and is operating in clear violation its own forest policy.

We hope, however, that your email message is not the 'public statement' we were waiting for and that such a statement is still forthcoming. If this is the case, please could you inform us immediately when we can expect such a statement, which, we would hope, would acknowledge the failings in your due diligence process, clarify your position towards Samling and suggest improvements to the due diligence process to prevent further such problems.

We note that in your email message you state that "*remaining engaged in order to be able to influence and monitor progress is the most effective course of action, for as long as we feel progress continues to be made towards compliance with our forestry guidelines*".

Indeed, if the relationship HSBC has with Samling will lead Samling to halt its logging practices in primary forests, respect indigenous peoples' rights, and only log legally (in short if it would meet the main requirements laid down in HSBC's forest policy), we would strongly encourage the relationship. For this, however, we would need to see evidence of progress towards compliance with your forestry guidelines. To date we have not noticed any progress in the practices of Samling operations in Malaysia or Guyana nor is it clear that HSBC has made any clear recommendations to Samling on how its operations should be improved to meet the exigencies of your policy.

We would therefore very much welcome an immediate clarification about the status of your email and if, and if so when, we can expect a more detailed statement that truly addresses the concerns raised both in terms of your due diligence process as well as your position towards Samling.

Yours sincerely,

Saskia Ozinga
Coordinator
FERN

Marcus Colchester
Director
Forest Peoples Programme

Helen Leake
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Forest Peoples Programme