10 September 2018

Head of Global NGO Engagement
HSBC Holdings plc
Group External Affairs, Level 41
8 Canada Square
London E14 5HQ

Dear [Name],

I am writing with regard to our ongoing discussions about HSBC’s business relationships with companies selling weapons and technology to Israel, used by the Israeli military in systematic violations of international law, and in some cases, war crimes.

We’ve already discussed how, as of June 2017, HSBC had business relationships either through direct shareholdings, holdings on behalf of clients, or as a managing or lending member for syndicated loans to at least 15 companies known to sell weapons and/or military technology to Israel. The list of 15 companies is in our ‘Deadly Investments’ report, published in June 2017, and in the correspondence I had with you in the months before.

You will recall from our meetings in September 2017 and March 2018 that my colleagues and I were particularly concerned by the business relationship HSBC maintains with Elbit Systems, Ltd. Elbit is one of Israel’s largest arms companies, manufacturing drones used in attacks on Palestinian civilians, as well as the banned chemical substance white phosphorous, which the Israeli military used in attacks on densely populated civilian areas in the Gaza Strip in 2009, according to Human Rights Watch.

According to a report in the Israeli newspaper Ha’aretz from August 2017, and an August 2018 report by Cluster Munitions Monitor, the Israeli military opted to buy an artillery system made by Elbit Systems instead of a German made system, as the latter included specifications that it could not be used for cluster munitions. Elbit Systems makes no such requirement of its buyers. Israel’s copious use of cluster munitions in Lebanon in 2006 is still having repercussions to this day. As HSBC itself has noted in its Defense Equipment Sector Policy, “These weapons can have an indiscriminate impact on civilian populations, sometimes killing and maiming people long after a conflict has ended.”
Elbit Systems Ltd. has been excluded from government of Norway’s pension fund since 2009 because it “constitutes an unacceptable risk of contribution to serious violations of fundamental ethical norms as a result of the company's integral involvement in Israel's construction of a separation barrier on occupied territory.” As of March 2018, Elbit Systems Ltd. was also excluded by Dutch bank ABN AMRO, the third largest bank in the Netherlands, over the company’s involvement in white phosphorous weapons.

Our research report revealed that HSBC was named as a shareholder for £3.6 million worth of shares in Elbit Systems, Ltd, and through many rounds of correspondence, HSBC has never contested this figure.

Given that HSBC’s business relationship with Elbit Systems is the source of increasing concern amongst War on Want’s supporters and members, as well as members of the public, will HSBC:

• Confirm the amount of HSBC’s shareholdings, held directly or on behalf of clients, in Elbit Systems?
• End its relationship with Elbit Systems because of its involvement in facilitating use of cluster munitions, other internationally banned weapons, and other violations of international law?

I look forward to a response to these questions in no later than 10 working days.

Regards,

Ryvka Barnard
Senior Militarism and Security Campaigns Officer
War on Want