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Ad Standards Limited  
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## Case Report

1. Case Number :	0265-21
2. Advertiser :	HSBC
3. Product :	Finance/Investment
4. Type of Advertisement/Media :	Internet - Social - Facebook
5. Date of Determination	13-Oct-2021
6. DETERMINATION :	Dismissed

### ISSUES RAISED

AANA Environmental Code\1 Truthful and Factual  
AANA Environmental Code\2 Genuine Environmental Benefit  
AANA Environmental Code\3 Substantiation

### DESCRIPTION OF ADVERTISEMENT

This Facebook post features the caption "Water quality is the second greatest risk to the Great Barrier Reef after #climatechange. HSBC is working with @GreenCollarGCS to help fix it." Learn more: <https://www.hsbc.com/news-and-media/hsbc-news/protecting-the-great-barrier-reef>" and a video of the HSBC logo showing coral and the text "Investing in the future of the Great Barrier Reef. A global first for a local wonder. Together we thrive".

### THE COMPLAINT

A sample of comments which the complainant/s made regarding this advertisement included the following:

- *This ad is deceptive in its implication that HSBC is "investing in the future of the Great Barrier Reef" in a way which would positively affect our natural wonder. HSBC is misleading the audience and greenwashing by omitting that the bank also has a negative effect on the Great Barrier Reef due to their large global investments in coal mining and fossil fuels e.g. investments which support the Adani Group's Carmichael coal project which will contribute to global warming which harms the Reef.*
- *The ad is deceptive by naming climate change as the biggest threat to the Reef followed by the sentence "HSBC is working with @GreenCollarGCS to help fix it." This implies that HSBC is working to fix the dual threats to the reef of climate change and water quality, when in fact through its investments in fossil fuels, including*



*investments in the Adani Group which is expanding its coal business, HSBC is working against fixing the biggest threat to the Reef, being climate change caused by the burning of coal and other fossil fuels.*

*- The ad links to a HSBC web page titled "Protecting the Great Barrier Reef" which quotes the CEO of HSBC Australia saying "Our participation in this global first reinforces our credentials as a sustainable finance pioneer in the Australian market, as well as our commitment to safeguarding natural assets like the Great Barrier Reef." It is misleading for the CEO to state that HSBC has a "commitment to safeguarding the Great Barrier Reef" when HSBC's investments in coal and fossil fuels are supporting industries which contribute to global warming and harm the Great Barrier Reef.*

*- The concluding text in the video stating "HSBC climate ambition" is misleading and deceptive as it conflates the Reef Credits program with action to address climate change. The program does not address climate change, it aims to address water quality which is a lesser threat to the reef than climate change. HSBC is not taking action on climate change or showing 'climate ambition' while it continues to invest in and finance fossil fuels, like the Adani Group's coal.*

*- Companies like HSBC who invest in fossil fuels which cause global warming shouldn't be allowed to run advertisements about their 'positive' impacts on the environment. The public should not be misled and financial institutions should be held accountable for their actions and impacts.*

## **THE ADVERTISER'S RESPONSE**

Comments which the advertiser made in response to the complainant/s regarding this advertisement include the following:

*This letter sets out HSBC's response to the Ad Standards complaint dated 20 September 2021 (case reference number 0265-21).*

*As we explain in detail below, we stand firmly behind our advertisement and the messages within it.*

*As a global organisation, we are committed to playing our part in the transition to a global net zero economy. In October 2020, we publicly announced our global climate strategy, which set forth our plans to become a net zero bank and to provide between US\$750bn and US\$1trn of financing and investment over the next decade to enable the net zero transition. The climate strategy also captures critical investments in climate innovation and a US\$100m philanthropic partnership investment to support climate innovation, natural capital and renewables.*

*Furthermore, HSBC does not support the Carmichael coalmine project. Indeed, in 2014 we announced that we will not finance the project, and this position has not changed.*

*At our 2021 Annual General Meeting, a special resolution on climate change – proposed by the HSBC Board – was backed by shareholders. The resolution provides further detail on our approach to the net zero transition, and how we will achieve the*



*climate ambition we announced in October. It includes a commitment to phase out the financing of coal-fired power and thermal coal mining by 2030 in markets in the European Union and Organisation for Economic Cooperation and Development (of which, Australia is part of), and by 2040 in other markets.*

*We do not consider that we have breached any section of the advertiser codes administered by Ad Standards and we would therefore ask the Community Panel to dismiss this case accordingly.*

#### *Background to advertisement and Reef Credit scheme*

*The advertisement was part of HSBC's social media posts in Australia in July 2021 to increase awareness of our global climate strategy and the announcement that HSBC is the first private sector buyer of Reef Credits.*

*The Reef Credit scheme was developed by environmental markets firm GreenCollar, in partnership with landholders, the Queensland government, natural resource management organisations, Terrain and NQ Dry Tropics.*

*Reef Credits pay farmers and graziers within the Great Barrier Reef catchment area for measurable reductions in sediment and nutrients flowing onto the reef as a result of on-farm actions. Reef Credits are a financial instrument which quantify and value improved farming practices, with each Reef Credit amounting to 1kg of dissolved inorganic nitrogen or 538kgs of sediment prevented from flowing onto the reef. Reef Credits are independently audited and verified to ensure water quality outcomes are real and tangible.*

*Reef Credits are designed to address water quality, which is the second greatest risk to the Great Barrier Reef after climate change, which is acknowledged in the posts in question. The Reef Credit scheme was designed in consultation with landholders, and scientists, to deliver quantified, independently audited and robust water quality results, which is integral to any environmental market mechanism.*

*HSBC understands that the transition to a low carbon economy and limiting global heating will take time, which is why we are committed to working with our clients to transition to net zero. Achieving the internationally recognised water quality targets for the Great Barrier Reef can be addressed with more immediacy. Improving on farm operations and water quality increases the resilience of the Great Barrier Reef, which leads to increased biodiversity and stronger coastal ecosystems. This means the reef is better equipped to withstand the threat of extreme climate events. Additionally, stronger coastal ecosystems provide increased potential for carbon sequestration, which directly impacts climate change.*

*In the 2020/21 year, HSBC together with the Queensland government purchased about AUD\$1 million in Reef Credits. The initial tranche of Reef Credits purchased by HSBC help farms in the Tully River Catchment south of Cairns to implement better*



*fertilizer management and prevented more than 3,000 kilograms of nitrogen from entering the Great Barrier Reef.*

*HSBC's investment in Reef Credits is directly related to our climate strategy, which aims to accelerate the transition to net zero emissions. This includes the HSBC Climate Solutions Partnership, a five-year US\$100m investment in partnership with WRI and WWF designed to help climate solutions become commercial reality and have real-world impact. The partnership is focused on three key pillars: climate innovation ventures, nature-based solutions, and the transition of the energy sector to renewables in Asia.*

*In Australia, HSBC has a long-standing history of investing in projects that support the scaling up of nature-based solutions in coastal areas to deliver biodiversity, climate change, and livelihood outcomes.*

#### *AANA Code of Ethics*

*We strongly believe we have not breached any section of the AANA Code of Ethics. Please see our responses to each individual section of Section 2 (Consumer Complaints) below:*

- *Section 2.1 - Discrimination or vilification:  
No discrimination or vilification was present in this advertisement.*

- *Section 2.2 - Exploitative or degrading  
No exploitive or degrading messaging or representation was present in this advertisement.*

- *Section 2.3 – Violence  
No violence was present in this advertisement.*

- *Section 2.4 - Sex, sexuality and nudity  
No sex, sexuality or nudity was present in this advertisement.*

- *Section 2.5 – Language  
No profane or inappropriate language was used in this advertisement.*

- *Section 2.6 - Health and Safety  
No health and safety issues or concerns were present in this advertisement.*

- *Section 2.7 - Distinguishable as advertising  
The advertisement was distinguishable and follows the appropriate advertising and marketing communication codes of Ad Standards.*

*Furthermore, we do not consider that the sections of the Code relating to “Advertising and Marketing Communications to Children” and “Food and Beverages Code” are relevant in this response.*



## *AANA Environmental Claims Code*

*We strongly believe we have not breached any section of the AANA Environmental Claims Code, please see individual responses to relevant sections raised in the complaint below:*

- *Section 1 – Truthful and Factual Presentation (Not misleading or deceptive)*  
*We do not consider that the average consumer in the target market would have been likely to have been misled or deceived from the advertisement. We consider that the advertising was clear, unambiguous and balanced. The use of any technical or scientific jargon was carefully considered.*

- *Section 2 – Genuine Environmental Benefit (Relevant, specific and clearly defined).*  
*We strongly consider that any and all claims made in the advertisement were relevant, specific and clearly explained. We do not consider that the overall impression of the advertisement was misleading, vague or ambiguous.*

- *Section 3 – Substantiation*  
*We strongly believe we have a reasonable basis for making such claims – please see below regarding references to Queensland Government and Reef Credits websites.*

*The benefits of the Reef Credits scheme have been widely published since its inception, and those benefits have been backed by the Queensland government and other organisations.*

*Please also refer to the following websites to read more about the environmental benefits of the Reef Credit scheme, as well as details of the Queensland government and HSBC's involvement:*

- *Reef Credit scheme | Environment, land and water | Queensland government ([www.qld.gov.au](http://www.qld.gov.au))*
- *Reef Credits - Green Collar*

*Response to claims related to HSBC and the Adani Carmichael coalmine:*

*The assertions made in the complaint that HSBC supports and/or is involved in financing the Adani Carmichael coalmine is simply incorrect. HSBC does not support the Carmichael coalmine project. HSBC is not a direct investor in the Adani Group and in 2014, HSBC announced that it would not finance the project, and this has not changed.*

*To reiterate the aforementioned details of our coal policy from our 2021 climate resolution, HSBC has made commitments to prohibit the financing of new coal-fired power projects anywhere in the world. HSBC has committed to phase out all coal financing in the OECD and EU by 2030 and globally by 2040.*



*Response to greenwashing and HSBC's climate strategy:*

*As stated in the previous sections of this response, in October 2020, HSBC announced its climate strategy to become a net zero bank.*

*Key pillars of its strategy are outlined below:*

- We align our provision of finance to net zero by 2050 or sooner, in line with the Paris Agreement goals and timelines.*
- We are transforming our operations to net zero by 2030 or sooner – this includes moving to 100% renewable energy.*
- We expect to provide between US\$750bn and US\$1trn in financing and investment to enable the transition to net zero between 2020 and 2030 globally, and will work with customers in all sectors to support them on their individual decarbonisation journeys.*
- In April 2021, we proposed a special resolution on climate change at our Annual General Meeting. This passed with 99.7% of the vote and commits HSBC to:*
  - Set out, publish, and implement a strategy with short and medium term targets to align its provision of finance to the Paris Agreement goals.*
  - Phase out the financing of coal-fired power and thermal coal mining by 2040 globally, and 2030 in markets in the European Union and OECD.*

*Conclusion:*

*As we have detailed above, we do not consider that we have breached any section of the advertiser Codes administered by Ad Standards and we would ask the Community Panel to dismiss this case accordingly.*

*In summary, HSBC stands by the social media posts that have triggered the complaint, which we believe should be dismissed given the evidence provided. HSBC has clear policies that rule out lending to new thermal coal projects, and publicly documented lack of support for the Adani Carmichael coalmine. HSBC is committed to addressing climate change, and actively facilitating the transition to a low-carbon economy as referenced in our global climate strategy and net-zero commitments. This is further complimented by significant investment in scaling up the solutions that will help meet the goals of the Paris Climate Agreement which includes nature-based solutions, such as Reef Credits which are addressing the long-term resilience of the Great Barrier Reef by focusing on water quality as an area for immediate improvement, whilst also contributing to improved biodiversity and the reef's ability to withstand pressure from climate change related events.*

*References to substantiation:*

*<https://www.hsbc.com/who-we-are/our-climate-strategy/climate-solutions-partnership>*



<https://www.hsbc.com/news-and-media/hsbc-news/shareholders-back-hsbcs-net-zero-commitments>

<https://www.about.hsbc.com.au/news-and-media/hsbc-and-the-queensland-government-purchase-world-first-reef-credits>

<https://greencollar.com.au/reef-credits/>

<https://www.qld.gov.au/environment/coasts-waterways/reef/reef-credit-scheme>

<https://www.hsbc.com/who-we-are/our-climate-strategy>

## **THE DETERMINATION**

The Ad Standards Community Panel (the Panel) considered whether this advertisement breaches the AANA Environmental Claims in Advertising and Marketing Code (the Environmental Code).

The Panel noted the complainant's concern that the advertisement:

- It is misleading through the suggestion that they are investing in the future of the Great Barrier Reef while omitting that the bank also has a negative effect on the Great Barrier Reef due to their investments in coal mining and fossil fuels
- Implies that HSBC is working to fix the dual threats to the reef of climate change and water quality, when in fact through its investments in fossil fuels, including the Adani Group, they are working against this
- The concluding text in the video stating "HSBC climate ambition" is misleading and deceptive as it conflates the Reef Credits program with action to address climate change. The program does not address climate change, it aims to address water quality which is a lesser threat to the reef than climate change.

The Panel viewed the advertisement and noted the advertiser's response.

### **Is an environmental claim being made?**

The Panel considered whether the advertisement made an Environmental Claim.

The Environment Code applies to 'Environmental Claims' in advertising and marketing communications.

The Code defines Environmental Claims as "any express or implied representation that an aspect of a product or service as a whole, or a component or packaging of, or a quality relating to, a product or service, interacts with or influences (or has the capacity to interact with or influence) the Environment".





The Panel noted the complainant's concerns that the advertisement is deceptive by naming climate change as the biggest threat to the Reef followed by the sentence "HSBC is working with @GreenCollarGCS to help fix it" as being an implication that HSBC is working to fix the dual threats to the reef of climate change and water quality.

The Panel noted the caption to the post includes the wording, "Water quality is the second greatest risk to the Great Barrier Reef after #climatechange. HSBC is working with @GreenCollarGCS to help fix it." The Panel considered that the average consumer would understand this phrase to mean that HSBC is working to help fix water quality, and not climate change generally. The Panel considered that the advertisement is not making an environmental claim that the advertiser is helping fix climate change.

The Panel also noted the complainant's concern that the text at the end of the video stating, "HSBC climate ambition" is also misleading as it suggests that the reef credits program is related to action to address climate change.

The Panel noted that this was small text under the brand logo at the end of the video, and was next to a search bar. The Panel noted that this search term was different to the direct link provided in caption to the video. The Panel noted that the phrase used was 'climate ambition' not 'climate change' and there was no text or other indication that the reef credit program was related to climate change. The Panel considered that the text was an indication that people should search the phrase, and was not a specific or implied claim of an environmental impact. The Panel considered that the phrase "HSBC climate ambition" was not an environmental claim.

The Panel considered that the advertisement includes two environmental claims:

- HSBC is working with Green Collar GCS to help fix the water quality risk to the Great Barrier Reef.
- HSBC is investing in the future of the Great Barrier Reef.

### **1 a) Environmental Claims in Advertising or Marketing Communication...shall not be misleading or deceptive or be likely to mislead or deceive**

The Panel noted that the Practice Note for this Section includes:

*"It is not intended that legal tests be applied to determine whether advertisements are misleading or deceptive, or likely to mislead or deceive, in the areas of concern to this Code. Instead, consideration will be given as to whether the average consumer in the target market would be likely to be misled or deceived by the material.*

*Factors to consider include:*

- *An advertisement may be misleading or deceptive directly or by implication or through emphasis, comparisons, contrasts or omissions. It does not matter*





*whether the advertisement actually misled anyone, or whether the advertiser intended to mislead – if the advertisement is likely to mislead or deceive there will be a breach of the Code.*

- *The target market or likely audience of the advertising or marketing communication should be carefully considered when making environmental claims. Therefore all advertising should be clear, unambiguous and balanced, and the use of technical or scientific jargon carefully considered.”*

The Panel considered that the Environmental Claims in the advertisement are limited to HSBC having a positive impact on the future of the Great Barrier Reef through its investment in the reef credits program.

The Panel noted substantiation provided by the advertiser that they purchased reef credits which prevented more than 3,000 kilograms of nitrogen from entering the Great Barrier Reef.

Overall, the Panel considered that the average consumer in the target market would not be likely to be misled or deceived by the material.

### **Section 1 a) conclusion**

The Panel determined that the advertisement did not breach Section 1 a) of the Environmental Claims Code.

### **2 a) Environmental Claims must... be relevant, specific and clearly explain the significance of the claim**

The Panel noted that the Practice Note for this Section includes:

*“Environmental claims should only be made where there is a genuine benefit or advantage. Environmental benefits should not be advertised if they are irrelevant, insignificant or simply advertise the observance of existing law. Advertising and marketing communication should adequately explain the environmental benefits of the advertised product or service to its target audience. It is not the intent of the advertiser making the claim that will determine whether it is considered misleading; it is the overall impression given to the consumer that is important. Advertising therefore should not inadvertently mislead consumers through vague or ambiguous wording. Providing only partial information to consumers risks misleading them. Generally a claim should refer to a specific part of a product or its production process such as extraction, transportation, manufacture, use, packaging or disposal.”*

The Panel noted that the caption to the post was clear in limiting the environmental benefit to the improvement of water quality in the Great Barrier Reef through the advertiser’s partnership with Green Collar GCS. The Panel noted that the post does not detail how HSBC is achieving this, however the caption to the post includes a direct link to a webpage with further information about the Reef Credit Scheme.



The Panel considered that the inclusion of this link to further information meant that the target audience of Facebook users had access to information to the specific environmental benefit.

### **Section 2 a) conclusion**

The Panel determined that the advertisement did not breach Section 2 a) of the Environmental Claims Code.

### **2 b) Environmental Claims must...not overstate the claim expressly or by implication**

The Panel noted that the Practice Note for this Section includes:

*“Advertisers and marketers should avoid making claims that expressly or impliedly overstate an environmental benefit. Consideration should be given to whether there is sufficient disclosure of any negative impacts. For example, whether negative impacts have been withheld which, if known, would diminish the positive attribute.”*

The Panel noted the complainant’s concern that the advertisement omits the negative impacts the bank is having on the Great Barrier Reef through investments in coal mining and fossil fuels, including the Carmichael Adani coalmine project.

The Panel noted the advertiser’s response that it has no direct investment in the Carmichael Adani coalmine project and has made a public commitment to phase out the financing of all coal-fired power and thermal coal mining in Australia by 2030.

The Panel noted that the advertiser may currently fund some coal-mining projects, however this did not mean the Environmental Claims that HSBC is making in this advertisement were overstated. The Panel noted that HSBC had substantiated their claim of purchasing reef credits and having a positive impact on water quality, and therefore the future of the Great Barrier Reef.

The Panel considered that the advertisement did not overstate the claim expressly or by implication.

### **Section 2 b) conclusion**

The Panel determined that the advertisement did not breach Section 2 b) of the Environmental Claims Code.

### **3 a) Environmental Claims...shall be able to be substantiated and verifiable. Supporting information shall include sufficient detail to allow evaluation of a claim**

The Panel noted that the Practice Note for this Section includes:

*Advertisers and marketers should have a reasonable basis for making a claim and therefore should hold appropriate, balanced, comprehensive and credible evidence to*



*substantiate all express and implied claims. Information to support a claim may include, but is not limited to, documentary evidence or data evidencing conformity with an identified standard, research, studies, or an expert independent audit. There is no requirement to use third party verification or certification before an environmental claim is made. An advertiser's own internal procedures may be able to provide the necessary substantiation.*

*In testing the validity of any claim the Community Panel will only rely on information/material provided by the advertiser and the complainant. The Community Panel may seek expert advice to assist in the consideration of material provided in relation to the complaint. It is not the intent for the Community Panel to act as an arbiter of scientific fact, or of philosophical approaches to understanding or addressing environmental concerns.*

The Panel noted the complainant's concerns that the advertiser had a negative impact on the great barrier reef through its funding of coalmines including the Carmichael Adani project. The Panel noted the complainant had provided no evidence to show that the advertiser had a negative impact on the Great Barrier Reef, or that the Environmental Claims being made in the advertisement were false.

The Panel noted the advertiser's response that it is committed to reaching net-zero carbon emissions, had partnered with the Queensland Government to participate in the Reef Credit Scheme, did not fund the Carmichael Adani coalmine project, and had a commitment to phase out the financing of all coal-fired power and thermal coal mining in Australia by 2030.

In particular, the Panel noted in testing the validity of the Environmental Claims it was entitled to rely on the information provided by the advertiser and the complainant.

The Panel noted that the information provided by the advertiser meant that the Environmental Claims in the advertisement were substantiated and verifiable.

### **Section 3 a) conclusion**

The Panel determined that the advertisement did not breach Section 3 a) of the Environmental Claims Code.

### **Conclusion**

Finding that the advertisement did not breach the Environmental Claims Code on any other grounds the Panel dismissed the complaint.