

Update on Corporate Bad Actors in Hong Kong

February 14, 2023

In October 2022, Hong Kong Democracy Council released the report, “Business NOT As Usual: International Companies in the New Authoritarian Hong Kong.” It emphasized the increased risks for international companies to operate in a Hong Kong that has rapidly descended into authoritarianism, and articulated guidelines for them to avoid complicity in the systematic human rights abuses committed by the Chinese Communist Party and Hong Kong government.

The report listed 32 “corporate bad actors:” international companies that were found to have violated the UN Guiding Principles on Business and Human Rights in Hong Kong. It identified five types of unacceptable corporate behavior: 1) enabling police violence, 2) taking action against dissidents, 3) aiding authoritarian governance, 4) endorsing the regime, and 5) amplifying propaganda.

We have now updated the database to include the following 22 entries:

- 1) **Motorola** for selling equipment to the Hong Kong Police Force
- 2) **Airbus** for selling equipment to the Hong Kong Police Force
- 3) **Mercedes-Benz** (already included but updated)
- 4) **HSBC** (already included) for participating in a Hong Kong government propaganda task force and for denying MPF payouts to BNO visa holders
- 5) **Standard Chartered** (already included) for participating in a Hong Kong government propaganda task force
- 6) **DZ Bank** for participating in a Hong Kong government propaganda task force
- 7) **American Chamber of Commerce in Hong Kong** (already included) for participating in a Hong Kong government propaganda task force and participating in a Hong Kong government propaganda campaign
- 8) **German Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda task force
- 9) **European Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda task force
- 10) **British Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 11) **Australian Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 12) **French Chamber and Industry in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 13) **Japanese Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 14) **Indian Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 15) **Singapore Chamber of Commerce in Hong Kong** for participating in a Hong Kong government propaganda campaign
- 16) **Apple** for using Tencent website blacklist it uses in China to block website in Hong Kong
- 17) **Issuu** for blocking the webpage of Sheep Village 2.0

- 18) **Twitter** for suspending the account of new online diaspora media outlet The Points
- 19) **Disney** for censoring its Disney+ streaming service in Hong Kong
- 20) **Manulife** for denying MPF payouts to BN(O) visa holders
- 21) **Fidelity International** for denying MPF payouts to BN(O) visa holders
- 22) **BDO** for participating in government efforts to drive Next Digital, parent company of Apple Daily, out of business

As we have noted in our report, international companies must understand the current political context and proactively articulate and implement due diligence processes specific to the Hong Kong context to ensure that they avoid complicity in human rights abuses committed by the regime.

Please see below for further information about these cases.

Sales to Hong Kong Police Force

HKDC calls on international companies to end all sales to HKPF

The Hong Kong Police Force has a well-documented record of indiscriminate and excessive force against protesters. In 2019 and 2020, it was deployed by the Chinese Communist Party and Hong Kong government to suppress protests of all kinds. In 2019, the United States passed the PROTECT Hong Kong Act, banning export of crowd control equipment, and the United Kingdom indefinitely suspended the issuance of export licenses for such equipment. The Parliament of the European Union passed a resolution calling on member countries to prohibit export of such equipment to Hong Kong. Since March 2020,

HKPF has authorized only one protest of a half-dozen people, effectively suspending citizens' right to freedom of assembly.

As stipulated in the Hong Kong national security law imposed by the CCP in June 2020, a National Security Department has been created within the HKPF to enforce the NSL. The United Nations Human Rights Committee in its review of Hong Kong called on the regime to repeal the NSL because the law severely curbs civil and political rights. Hundreds of people have been arrested by the NSD on suspicion of "endangering national security." The HKPF has, thus, become the regime's foremost tool in carrying out repression. Sales of any products to HKPF are almost certain to contribute in one way or another to human rights abuses. For this reason, HKDC calls on international companies to end all sales to HKPF.

Motorola

According to Hong Kong government procurement documents, since June 9, 2019, when mass protests started in Hong Kong, Motorola Solutions Asia Pacific Limited has made five sales to the Hong Kong Police Force totaling HK\$105,663,824 (about US\$13.5 million) to supply equipment related to a "Terrestrial Trunked Radio System," "Optical Network Equipment," an "Automatic Radio Location System," and maintenance services. Just prior to the start of the 2019 protests, in May that year, Motorola sold a "digital transport network system" to the HKPF for HK\$46,019,998 (about US\$5.8 million).¹

In response to an inquiry from HKDC, Motorola refused to comment specifically on sales to HKPF,

1 <https://pcms2.gld.gov.hk/iprod/#!/scn00202?keyWords=Motorola&particulars=&-contractorName=&tenderNumber=&gazette-NoticeNumber=&departmentCode=&publicationYear=&publicationMonth=&contractAwardYear=&contractAwardMonth=&tenderProcedure=&advancedSearch=>

stating, “Motorola Solutions is a global leader in public safety and enterprise security with customers in more than 100 countries around the world, including governments, enterprises and non-governmental organizations. As a matter of company policy, we do not comment publicly on specific projects or customers without the customer’s consent. As a responsible corporate citizen, our global activities are conducted in accordance with U.S., local, country and other applicable laws, as well as our own code of business conduct. We have a comprehensive set of policies and procedures designed to promote socially responsible business, and to ensure our operations worldwide are conducted with the highest standards of integrity.”

Airbus

According to Hong Kong government procurement records, since June 9, 2019, when mass protests started in Hong Kong, Airbus Secure Land Communications Limited has made one sale to the Hong Kong Police Force totaling HK\$18,486,056.00 to supply “Terrestrial Trunked Radio cell site equipment.” Just prior to the start of mass protests, in March 2019, Airbus Secure Land Communications Limited made a sale totaling HK\$76,102,921.00 to the HKPF to supply an “encrypted covert radio communications system.”²

In response to an inquiry from HKDC, Airbus declined to comment specifically on sales to HKPF, stating, “Airbus is firmly committed to conducting business ethically, based on its company values and in compliance with all applicable laws and regulations. As part of this commitment,

² <https://pcms2.gld.gov.hk/iprod/#/scn00202?keyWords=airbus&advanced-Search=&particulars=&contractorName=&tenderNumber=&gazetteNoticeNumber=&departmentCode=&publicationYear=&publicationMonth=&contractAwardYear=&contractAwardMonth=&tenderProcedure=&enquiryResultspageNo=1>

Airbus supports the principles of the UN Global Compact which includes respect for human rights. In addition, Airbus constantly monitors changes to international law to ensure that all sales are in compliance with any applicable legal requirements with regard to transactions with countries under the UN, EU, UK and US sanctions. Airbus takes its commitment to sustainability seriously and respect for human rights has been prioritised as one of the four commitments of its sustainability strategy.”

Mercedes-Benz

In 2022, the Hong Kong Police Force was reported by local media to have purchased 50 extra-large police vans with state-of-the-art crowd control equipment.³ The first two were displayed publicly on June 19, 2022, both prominently featuring the Mercedes-Benz logo, and all 50 were to be delivered to HKPF before the end of 2022.

In response to an inquiry from HKDC, Mercedes-Benz said, “...there were no deliveries of Mercedes-Benz vans or Sprinters.”

In response to an inquiry from HKDC, the HKPF refused to comment on this specific matter, stating, “The Hong Kong Police Force has been procuring police vehicles through the Government Logistics Department and the Electrical and Mechanical Services Department in accordance with the established procedures of the Hong Kong Special Administrative Region Government. With regard to the procurement of Police Tactical Buses, the requested information involves police operation and tactics, which cannot be made public as their disclosure will affect the Police’s operational

³ [shorturl.at/fjGW5](https://www.thestandard.com.hk/breaking-news/section/4/186008/Police-get-two-new-tactical-coaches)
<https://www.thestandard.com.hk/breaking-news/section/4/186008/Police-get-two-new-tactical-coaches>
[shorturl.at/ntwTY](https://tinyurl.com/4tpd4cna)
<https://tinyurl.com/4tpd4cna>

capability.”

Participation in Hong Kong government propaganda initiatives

HKDC calls on international companies to refrain from collaborating with the regime on propaganda

On January 27, 2023, the Hong Kong government announced its new Task Force on Promoting and Branding Hong Kong.⁴ The purpose of the group is “devising narratives” to improve Hong Kong’s image — that is to say, propaganda. After the regime’s crackdown on human rights, implementation of the national security law, and closing down of Hong Kong in the name of pandemic prevention, its reputation is in tatters, and the government is making a major international propaganda effort to repair it. In effect, the new task force has a similar purpose to the government’s Finance Investment Summit in November 2022 in which many leaders of international finance companies participated. The regime is attempting to whitewash the human rights crisis in the city by depicting it as “open for business” with “new potentials and new opportunities in Hong Kong under its new development stage.” While 1,337 political prisoners remain behind bars, with hundreds more political trials on-going or yet to begin, and basic human rights of freedom of expression, assembly, association and political participation drastically infringed, it is unconscionable for international companies to participate in the regime’s propaganda offensive.

Many of task force members are government officials appointed in their official capacity. There are also 22 “non-official members.” While they presumably participate in their individual capacity,

4 <https://www.info.gov.hk/gia/general/202301/27/P2023012700689.htm>

several are leaders of international companies with major offices and operations in Hong Kong. Their prominent roles in these companies are clearly the reason they were asked to join the task force. These include:

- Two representatives from **HSBC**, a company already on the Corporate Bad Actors list: Samir Assaf, advisor; David Liao, Asia-Pacific Co-Chief Executive
- Peter Burnett, managing director of **Standard Chartered**, also already on the Corporate Bad Actors list
- Johannes Hack, managing director of local branch of **DZ Bank** and president of **German Chamber of Commerce in Hong Kong**
- Eden Woon Yi-teng, president of the **American Chamber of Commerce in Hong Kong**, also already on the Corporate Bad Actors list
- Frederick Gollob, chair of the **European Chamber of Commerce in Hong Kong**

On February 2, 2023, the Hong Kong government launched a new propaganda campaign, Hello Hong Kong.⁵ Seven leaders of foreign chambers of commerce in Hong Kong have participate in the campaign:

- Dr Anne Kerr, Chair, **British Chamber of Commerce in Hong Kong**
- Geoffrey Siebengartner, Chair, **American Chamber of Commerce in Hong Kong**

5 The seven leaders of the foreign chambers of commerce in Hong Kong appear after the 20-minute mark in the following video of the propaganda campaign’s launch ceremony: <https://www.youtube.com/live/IYIS9DQkAke?feature=share> They can also be seen in this separate video called “Why Hong Kong Is a Magnet for Global Businesses,” published by Brand Hong Kong, an initiative of the Hong Kong government: <https://youtu.be/1C-hcMvc8zk>

- Robert Quinlivan, Chair, **Australian Chamber of Commerce in Hong Kong**
- Hellen Teo Manning, Executive Director, **Singapore Chamber of Commerce in Hong Kong**
- Takeshi Iida, President, **Japanese Chamber of Commerce in Hong Kong**
- Raj Sital, Chairman, **Indian Chamber of Commerce in Hong Kong**
- Alain Li, President, **French Chamber of Commerce and Industry in Hong Kong**

They appear in a propaganda video alongside Dr YK Pang, Chair of the Hong Kong Tourism Board, a governmental entity. The video is part of a propaganda series fronted by Hong Kong Chief Executive, John Lee, who has been sanctioned by the US government for his role in stripping Hong Kong of its autonomy and human rights abuses.

Denial of online technical services

HKDC calls on international companies to refrain from denying technical services to those the regime considers political opponents

Through the national security law and other mechanisms, the Hong Kong government has expanded its capacity to censor political content on the internet. International companies must be aware of this and refrain from complying with government demands that threaten the freedom of speech. In December, the Hong Kong government attempted to persuade Google to change its search results for “Hong Kong national anthem” after discovering that some of the top search results are for “Glory to Hong Kong,” a protest anthem. Google’s refusal to do so sets an example for all international companies providing online technical and financial services. In cases where a

company has mistakenly taken an initial action of blocking, suspending, or terminating services, it must immediately reverse action after it is alerted to the problem.

Apple

On December 30, 2022, a Hong Kong-based software engineer and former Apple employee reported that his Safari web browser had blocked access to GitLab, a popular repository for open-source code.⁶ The warning screen that appeared was from Tencent, the Chinese company that operates the “safe browsing” feature of Safari in China with use of a website blacklist. Apple and Tencent declined to comment. This is the first reported case of Apple blocking a website in Hong Kong. In 2019, it removed the HKmap.live app from its app store in Hong Kong.

Issuu

On October 17, 2022, 羊村 2.0 (Sheep Village 2.0) reported that Issuu had removed content from its page “for legal reasons,” the details of which have not been disclosed.⁷ No further explanation has been forthcoming. 羊村 2.0 made available three ebooks on Issuu’s platform that were originally published in Hong Kong by the General Union of Hong Kong Speech Therapists. The children’s books are allegories about Hong

6 <https://theintercept.com/2023/01/26/apple-china-censorship-hong-kong-gitlab/>

7 [https://www.facebook.com/permalink.php?story_fbid=pfbid0mNnonkJdjpwFo4w9EELx-MCniMTq3hR5EdrqSPXbZufWviuTnoCCqzG-DeiGHFfsA5l&id=100085943876354&cft_\[0\]=AZU4EFJvJMFaPfcNyDA9wk-cbTF3Z3att-gy-NvaWMNV72_T1UdsFz8i-207zEB7D1s7apnVpI3oiMjgg1FtWxyyI1WI-6l3iDvPrPUOJUoc0lemeum9aD9bLnjMcYE8o-UdNbKPyqODDbOJcb_76KQduGZuqcX2x-Pc1L8MQ3eVPuYr8s5bAg6wdcz-gFuTH-pf3c1x1qZQ3ISnY3wW6kl2QDwD9Y&tn_=%2CO%2CP-R](https://www.facebook.com/permalink.php?story_fbid=pfbid0mNnonkJdjpwFo4w9EELx-MCniMTq3hR5EdrqSPXbZufWviuTnoCCqzG-DeiGHFfsA5l&id=100085943876354&cft_[0]=AZU4EFJvJMFaPfcNyDA9wk-cbTF3Z3att-gy-NvaWMNV72_T1UdsFz8i-207zEB7D1s7apnVpI3oiMjgg1FtWxyyI1WI-6l3iDvPrPUOJUoc0lemeum9aD9bLnjMcYE8o-UdNbKPyqODDbOJcb_76KQduGZuqcX2x-Pc1L8MQ3eVPuYr8s5bAg6wdcz-gFuTH-pf3c1x1qZQ3ISnY3wW6kl2QDwD9Y&tn_=%2CO%2CP-R)

Kong's political situation. In a clear abuse of the right to freedom of expression, five union leaders were convicted of sedition for publishing the books and are currently serving 19-month prison sentences. Issuu's removal of content from 羊村 2.0's webpage compounds the human rights abuse and amounts to a form of political censorship. As of February 1, 2023, 羊村 2.0's page is still blank.

Twitter

On January 31, 2023, it was reported that Twitter has suspended @ThePointsGlobal account of the new Hong Kong diaspora news service The Points. Attempts to access the account result in the message, "Twitter suspends accounts that violate Twitter Rules," but there is no indication that the account's journalistic activities could possibly have violated such rules. Initial attempts to contact Twitter to address the matter were met with no response.

Disney

On February 6, 2023, it was reported that Disney removed an episode of "The Simpsons" containing a reference to forced labor camps in Xinjiang from its Disney+ streaming service in Hong Kong.⁸ This is the second instance of Disney self-censorship in Hong Kong: on November 29, 2021, it was reported that Disney had removed an episode of "The Simpsons" containing a reference to the Tiananmen Massacre from its Disney+ streaming service in Hong Kong.⁹ Disney did not respond to media requests for comment in either instance. In October 2021, a new law was enacted in Hong Kong allowing censorship of films deemed to be "contrary to national security," but the Hong Kong government itself has stated that the film censorship law does not apply to streaming

8 <https://www.ft.com/content/05d7df58-fc9a-4278-a0d7-3af5e34bc0c2>

9 <https://hongkongfp.com/2021/11/29/disney-appears-to-censor-episode-of-the-simpsons-in-hong-kong-referencing-tiananmen-masacre/>

services. Thus, in removing "The Simpsons" episodes, Disney is most likely practicing self-censorship in order to protect its extensive business interests in Hong Kong and China.

Denial of Mandatory Provident Fund payouts to BN(O) visa holders

HKDC calls on banks and other financial institutions to respect international human rights law and return to people who have permanently left Hong Kong the funds which are rightfully theirs.

On February 8, 2023, the United Kingdom's All-Party Parliamentary Group on Hong Kong published a report based on its "Inquiry into British banks operating in Hong Kong." The inquiry found that certain banks and financial institutions have been denying Mandatory Provident Fund payouts to Hong Kongers who have permanently left Hong Kong.

The MPF is a compulsory scheme regulated by the Hong Kong government. According to MPF regulations, Hong Kong residents who have permanently departed Hong Kong are entitled to withdraw money from the scheme before their retirement. Last year, the MPF Authority (MPFA) issued a statement that the BN(O) visa cannot be used as proof of permanent departure to withdraw funds from MPF accounts. The APPG has found that the following international companies, all administrators of the MPF, have denied MPF payouts to Hong Kongers who used BN(O) visas as proof of permanent departure:¹⁰

- **HSBC**
- **Manulife**
- **Fidelity International**

HKDC concurs with the APPG's findings that these actions are a gross violation of the

10 <https://www.hkinquiry.org/banking-report>

freedom of movement, freedom of expression, freedom of assembly and association, and the right to own property as well as the UN Guiding Principles on Business and Human Rights. The United Kingdom's BN(O) visa scheme is an internationally recognized and legally constituted immigration pathway. Regardless of whatever political views the Chinese Communist Party and Hong Kong government may have of the visa scheme, a BN(O) visa is sufficient legal documentation of having permanently left Hong Kong and must be recognized as such by MPF-administering corporations under international human rights law. To fail to do so is to unjustifiably deny to Hong Kongers their own money on what are essentially political grounds.

Playing a key role in regime efforts to shut down Apple Daily

HKDC calls on international companies to avoid any formal cooperation with the Hong Kong government, especially as directly related to its repression and human rights abuses

Clement Chan, the managing director of **BDO**, a global accounting firm, participated in the regime's effort to forcibly shut down Next Digital, the parent company of the pro-democracy newspaper *Apple Daily*.¹¹ He was appointed by the Financial Secretary Paul Chan as "special inspector" in an investigation into Next Digital on the dubious grounds of "fraud". The power of the government to appoint a special inspector to look into the dealings of a private firm had not been

invoked since 1998 and was made unnecessary by subsequent powers granted in 2003 to the Securities and Futures Commission to conduct such investigations. The investigation led by Clement Chan was a gratuitous stunt aimed at sustaining the government's high-profile attacks on *Apple Daily*. Chan knowingly took on a role whose purpose was to ensure that *Apple Daily* could not recover from political persecution.

BDO is the fifth international accounting firm in the Corporate Bad Actors list, joining Deloitte, Ernst & Young, KPMG and PwC, which all published ads in CCP-owned *Ta Kung Pao* and *Wen Wei Po* congratulating John Lee on being appointed Chief Executive, even though he is sanctioned by the US government for his role in human rights abuses and stripping Hong Kong of its autonomy.

11 According to evidence presented by The Committee for Freedom in Hong Kong to the UK All-Party Parliamentary Group on Hong Kong as part of its inquiry into British banks in Hong Kong. See pp.35-41. <https://www.hkinquiry.org/banking-report>