

BUSINESS *NOT* AS USUAL:

**International Companies in the New
Authoritarian Hong Kong**



**Hong Kong
Democracy Council**

Executive Summary

This report seeks to document the unacceptable corporate behavior of international companies conducting business in Hong Kong as the globally renowned financial hub descends further into authoritarianism under China's tightened control. The documentation serves as a means to galvanize a broader discussion on concrete guidelines and policy tools for ensuring corporate responsibility in Hong Kong. The trajectory of the intensifying government-business complicity should be slowed down with effective measures.

The report is written ahead of the November 2022 **Global Financial Leaders' Investment Summit (GFLIS)**, a whitewashing campaign organized by the Hong Kong government. Beyond the GFLIS, the regime continues to seek global businesses' endorsements and enlist corporates' cooperation in its ongoing political suppression. **The report lists 42 instances of business misconduct in Hong Kong on the International Corporate Bad Actors Database and provides a typology of dubious government-business interactions** in an attempt to monitor and facilitate discussion of international companies' behavior in the new authoritarian Hong Kong.



**Hong Kong
Democracy Council**

The Five Types of Unacceptable Corporate Behavior:

1. **Enabling Police Violence:** Selling equipment to the Hong Kong Police Force.
2. **Taking Action Against Dissidents:** Taking action against individuals or groups in Hong Kong that the government has targeted for repression.
3. **Aiding Authoritarian Governance:** Providing legal or other services to entities directly related to the carrying out of repressive measures.
4. **Endorsing the Regime:** Showing public support for the Hong Kong government, its Communist Party-appointed leader, John Lee, or the National Security Law (NSL).
5. **Amplifying Propaganda:** Echoing and complementing Hong Kong government propaganda.

The Hong Kong Democracy Council calls on:

1. **Global financial leaders and international businesses operating in Hong Kong** to boycott the GFLIS and implement Hong Kong-specific policies, guidelines, and due-diligence processes in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs).
2. The **Secretaries of State and the Treasury** to enforce all provisions of Executive Order 13936, first issued by President Donald Trump and subsequently extended by President Joe Biden.
3. The **U.S. Congress** to pass the Hong Kong Business Integrity and Transparency Act.
4. The **international community** to pursue stronger, globally coordinated measures that actively monitor business behavior and effectively hold complicit businesses accountable.

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HKDC is a Washington, DC-based nonpartisan, nonprofit organization dedicated to preserving Hong Kong’s basic freedoms, the rule of law, and autonomy as promised under the “one country two systems” model and enshrined in the Basic Law and the Sino-British Joint Declaration.

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Business *Not* As Usual:

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Hong Kong Democracy Council

October 25, 2022

Introduction

More than two years after the National Security Law (NSL)’s imposition, the human-rights situation in Hong Kong has worsened significantly. Political and personal freedoms have been drastically limited, with the city seeing a sharp rise in its number of political prisoners.

Despite these sweeping changes in the city’s political situation, many global corporations have not altered the way they operate in Hong Kong. In fact, by continuing to operate under business-as-usual standards, they have both knowingly and inadvertently violated their responsibilities as established in the United Nations Guiding Principles on Business and Human Rights (UNGPs).

This report, *Business Not as Usual: International Companies in the New Authoritarian Hong Kong*, intends to open a discussion about setting clearer operating standards for doing business in Hong Kong. The report uses the case of the Global Financial Leaders’ Investment Summit (GFLIS)—an event bringing together global financial leaders as part of a propaganda campaign to signal that Hong Kong is “open for business”—to examine problematic elements of the relationship

between foreign companies and the Hong Kong government.

In the report, HKDC calls on international companies to develop a set of Hong Kong-specific policies, guidelines, and due-diligence processes that will prevent them from endorsing or materially supporting the Hong Kong government’s repressive policies. HKDC further calls on both the executive and legislative branches of the U.S. government to enact measures that hold American businesses accountable for their complicity in human-rights abuses. This report also includes a detailed typology of problematic business activities in Hong Kong and examines 42 instances of corporate misconduct in Hong Kong through this framework.

For more information about HKDC’s work on this issue, please visit the International Corporate Bad Actors Database on HKDC’s website, which contains a regularly updated list of corporate bad actors in Hong Kong.

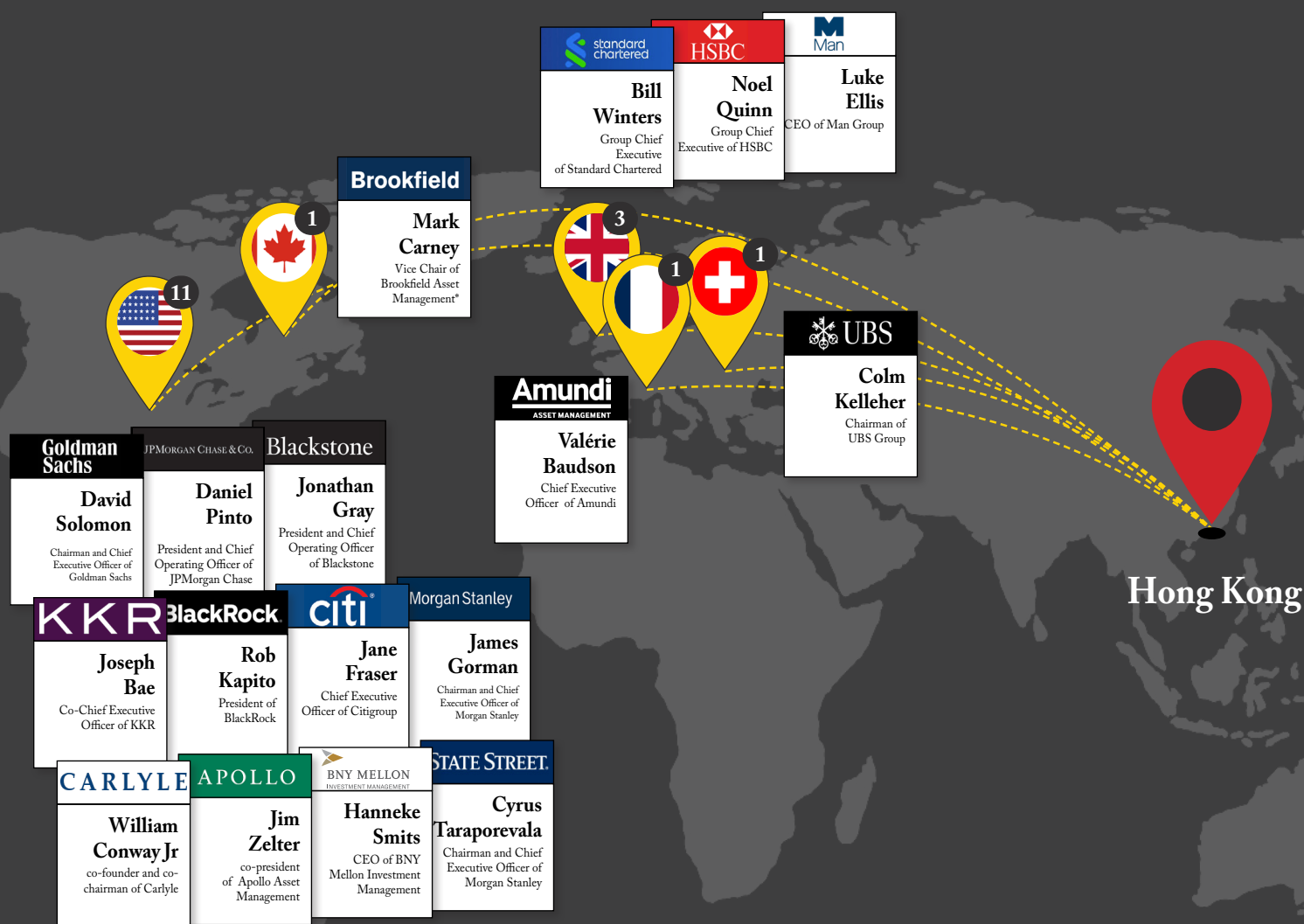


The Hong Kong Government's “Business As Usual” Financial Summit

On September 29, 2022, the Hong Kong Monetary Authority, Hong Kong's central banking institution, announced that it will hold a “Global Financial Leaders’ Investment Summit” (GFLIS) in Hong Kong on November 1 to 3.¹ According to HKMA, the GFLIS “will bring

together an eminent group of global finance leaders from over 100 major institutions including banks, securities firms, asset managers, private equity and venture capital firms, hedge funds, and insurers. More than 30 of these institutions are represented by their group chairmen or CEOs.”

A Sample of Panelists and Speakers for the GFLIS:



A sample of panelists and speakers for the GFLIS:

- James Gorman, Chairman and Chief Executive Officer of Morgan Stanley
- Jonathan Gray, President and Chief Operating Officer of Blackstone
- Colm Kelleher, Chairman of UBS Group AG
- David Solomon, Chairman and Chief Executive Officer of Goldman Sachs
- Joseph Bae, Co-Chief Executive Officer of KKR
- Valérie Baudson, Chief Executive Officer of Amundi
- Jane Fraser, Chief Executive Officer of Citigroup
- Rob Kapito, President of BlackRock
- Daniel Pinto, President and Chief Operating Officer of JPMorgan Chase
- Noel Quinn, Group Chief Executive of HSBC
- Bill Winters, Group Chief Executive of Standard Chartered
- Mark Carney, Vice Chair of Brookfield Asset Management and Head of ESG and Impact Fund Investing and United Nations Special Envoy on Climate Action and Finance²
- William Conway Jr, co-founder and co-chairman of Carlyle
- Luke Ellis, CEO of Man Group
- Jim Zelter, co-president of Apollo Asset Management
- Hanneke Smits, CEO of BNY Mellon Investment Management
- Cyrus Taraporevala, president and CEO of State Street Global Advisors³

The GFLIS will take place against a backdrop of society-wide, systematic human rights abuses by the Hong Kong government and the stripping of Hong Kong's autonomy by the Chinese Communist Party. In the past three years, freedom of expression has been greatly restricted, with many types of speech criminalized and prosecuted. Freedom of assembly has likewise suffered, with all protests banned and the right to assembly indefinitely suspended. Freedom of association has been sharply curtailed, with dozens of organizations, trade unions, student organizations, human rights groups, independent media, and many of Hong Kong's biggest and oldest nonprofits—forced to close. The right to political participation has essentially been abolished: the Hong Kong government has imprisoned opposition politicians on “national security”⁴ charges and “reformed” elections to ensure that only those who support the Communist Party can run. In all, the regime has locked up over 1,000 political prisoners, arresting citizens on political grounds at a rate exceeded only by the governments of Burma and Belarus. These human rights abuses have been widely reported and extensively documented.⁵ Together, they have transformed Hong Kong from a liberal society to an authoritarian one.



Scan the QR code to read our research report on Hong Kong political prisoners.

The erosion of Hong Kong's freedoms and autonomy have damaged the city's status as a global financial center. In order to salvage the city's plummeting reputation, the Hong Kong government is using the summit as part of a campaign to rebuild Hong Kong's image by announcing to the rest of the world that Hong Kong is “back in business.” Global finance leaders' attendance at the GFLIS is being used by the Hong Kong government to legitimize its authoritarian rule; in fact, HKMA asserts that the

global finance leaders who will attend are “staunch supporters of Hong Kong.”⁶

By attending the GFLIS, these global finance leaders are lending credibility not only to the government's whitewashing campaign, but also to Beijing's handpicked Chief Executive of Hong Kong, John Lee, who is scheduled to open the GFLIS with “welcoming remarks.”

Prior to becoming Chief Executive, John Lee served for three years as Hong Kong's Secretary for Security, during which he orchestrated a crackdown on protesters, political opposition and civil society marked by rampant police brutality and abuses of the law. Because of this involvement in human rights abuses, John Lee has been sanctioned by the U.S. government,⁷ putting him in the same category as sanctioned human rights violators such as Kim Jong-un of North Korea, Bashar al-Assad of Syria, Alexander Lukashenko of Belarus, Ali Khamenei of Iran, and Nicolas Maduro of Venezuela.⁸ It is difficult to imagine global finance leaders sharing a stage with any of these other sanctioned strongmen; in our view, John Lee should be treated no differently. In fact, in addition to his sanctioned status, John Lee has recently announced that the Hong Kong government will not abide by U.S. sanctions against Russia, declaring that

“ We will just laugh off the so-called sanctions. ”

While appearing with John Lee at the GFLIS is not expressly illegal, it certainly violates the spirit of the initial designation. At the very least, global



John Ka-Chiu Lee

Hong Kong Chief Executive

(Photo: Stand News)

finance leaders who appear at the summit are showing that they stand on the side of the rights-abusive Hong Kong government.⁹

Attendance at the GFLIS assists the Hong Kong government in whitewashing its human rights atrocities, effectively constituting support for the Hong Kong government. It is therefore unacceptable corporate behavior which runs counter to the UNGPs.

In light of the GFLIS and its implications, twenty Hong Kong advocacy organizations in the United States released a joint letter on October 17. The letter calls for U.S. government officials to take action regarding U.S. finance firms' participation in the summit.¹⁰ The joint letter pointed out that these firms' support of the Hong Kong government runs counter to U.S. government policy on Hong Kong's deteriorating human rights situation.



Scan the QR code to read the joint letter to US government officials calling for action in regard to US finance firms' participation in the summit.

Corporates Should Do No Harm in the New Authoritarian Reality of Hong Kong

The participation of global finance leaders in the Hong Kong government's finance summit brings into sharp relief two urgent questions: **how can international businesses avoid doing harm in Hong Kong's new authoritarian reality?** Additionally, how can governments, including the U.S. government, guide international businesses to refrain from adopting dubious business practices?

In light of increasing repression in Hong Kong, the ethical and legal risks for international businesses operating in the city have greatly increased. By failing to reassess their approach to Hong Kong, international businesses risk not only enabling human rights abuses, but also inadvertently putting their own employees in danger of running afoul of political persecutions under the National Security Law. International businesses must be aware of these risks and proactively address them.

For these reasons, we call on international businesses operating in Hong Kong to articulate Hong Kong-specific policies, guidelines and due diligence processes in line with the principles established in the UNGPs.¹¹ Businesses must ensure they do not enable or engage in any action or behavior abusive of human rights, whether directly or indirectly.

Additionally, to strengthen the incentives for businesses to avoid complicity in human rights abuses, we call on the U.S. Congress to pass the Hong Kong Business Integrity and Transparency Act, which would require businesses to publicly disclose demands for consumer data, content takedowns, or law-enforcement assistance from the Hong Kong government.

We also call on executive-branch authorities to strengthen regular close communication with

U.S.-based global companies that operate in Hong Kong for the purpose of keeping companies informed on any changes and developments in the direction of U.S. foreign policy, such that companies can formulate relevant and up-to-date guidelines based on an accurate assessment and reasonable expectations.

We direct the attention of businesses operating in Hong Kong and international governments particularly to Guiding Principles #13 and #15.

Guiding Principle #13 states,

“The responsibility to respect human rights requires that business enterprises:

- a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;
- b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”

Guiding Principle #15 states,

“In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

- a) A policy commitment to meet their responsibility to respect human rights;
- b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
- c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.”

(Guiding Principles 16 to 24 elaborate on the implementation of such policies and processes.)

Many international businesses already have human rights policies, many modeled after or inspired by the UNGPs. While these existing policies are important and often commendable, it is also important to stress that international businesses and governments must articulate and implement policies, guidelines and due diligence processes specific to the Hong Kong context.

Identifying Unacceptable Corporate Behavior as a Means to Determine Best Practices

To encourage businesses operating in Hong Kong to articulate and implement Hong Kong-specific policies, guidelines and due diligence processes, we list below instances from the past three years in which businesses have acted in ways that perpetuate the regime’s repression and in breach of business obligations to respect human rights.

The purpose of listing these examples is to give businesses a clearer understanding of the myriad risks involved in conducting business in the new authoritarian reality of Hong Kong and to demonstrate their responsibilities while operating in that context. These examples also illustrate a developing trajectory of international companies’ complicity in creating the new authoritarian Hong Kong.

The actions on the list are categorized by type of principle-violating action or behavior:

1. Enabling Police Violence: *Selling equipment to the Hong Kong Police Force (HKPF) which may be used for repression*

Companies in this category include Mercedes Benz* (police vans), Piexon (pepper spray guns), Cellebrite (phone-hacking technology), and NonLethal Technologies (tear gas). There is widespread recognition among governments that

selling equipment and technology to the HKPF has a high probability of contributing to human rights abuses. In 2019, the United States passed the PROTECT Hong Kong Act, which bans export of a variety of munitions that may be used for repression to the HKPF. The United Kingdom indefinitely suspended all such export licenses as reports of police brutality and indiscriminate violence emerged during the 2019 protests. The European Parliament passed a resolution calling on European Union member states to stop export of such equipment to the HKPF.¹²

2. Taking Action Against Dissidents:

Taking action against individuals or groups in Hong Kong which the government has targeted for repression, especially in the absence of court orders to do so, or acceding to Hong Kong government demands in regard to its political enemies

This category includes internet and financial service providers such as PayPal, Stripe, Wix, and HSBC. Internet and financial service providers should not terminate services to lawful entities, such as legally registered organizations, or individuals acting lawfully and within their rights. If services to such groups or individuals are ever mistakenly or wrongfully terminated, they should be reinstated upon request of the group or individual.

3. Aiding Authoritarian Governance:

Providing legal or other services to entities directly related to the carrying out of repressive measures

This category includes law firms such as Mayer Brown, which helped the University of Hong Kong to remove the Pillar of Shame sculpture commemorating the Tiananmen Massacre from its campus. The removal was part of a campaign across all universities in Hong Kong to get rid of

any traces of commemoration of the Tiananmen Massacre and thus constituted an egregious abuse of the right to freedom of expression. On behalf of the university, Mayer Brown wrote a legal letter to the Hong Kong Alliance in Support of Patriotic Democratic Movements in China, an organization the Hong Kong government was persecuting and that it eventually shut down. Several of its leaders are currently on trial on national security law charges. If Mayer Brown had had a viable Hong Kong-specific human rights policy in place, it might have avoided participating in the erasure of history and public memory in Hong Kong and contributing to rights abuses.

4. Endorsing the Regime: Showing public support for the Hong Kong government, its Communist Party-appointed leader John Lee, and/or the national security law

This category includes finance companies, accounting companies, and a law firm: Brookfield Asset Management, JPMorgan Chase, BlackRock, Citigroup, Amundi, KKR, Goldman Sachs, UBS, Blackstone, Morgan Stanley, Carlyle, Man Group, Apollo Asset Management, BNY Mellon Investment Management, State Street Global Advisors, HSBC, Standard Chartered, Deloitte, Ernst & Young, KPMG, PwC, and Davis Polk & Wardwell.

5. Amplifying Propaganda: Echoing and complementing Hong Kong government propaganda

This category includes the American Chamber of Commerce in Hong Kong and the companies taking part in and/or sponsoring its series of events echoing and complementing government propaganda, Meta, AllianceBernstein, Citibank, Colgate, Google, Otis Pfizer, and Uber. The series is called “Onward Hong Kong: The Next 25 Years: Resilience, Rebound, Renewal: Writing a New Chapter for Hong Kong.” “Resilience, Rebound, Renewal,” “New Chapter,” and “25 Years” echo the Hong Kong government’s official propaganda

campaign of 2022 for the 25th anniversary of Communist Party rule, “A New Era: Stability, Prosperity, Opportunity.” Instead of encouraging U.S. companies to develop Hong Kong-specific policies to guard against complicity in rights abuses, AmCham appears to be encouraging companies to align with the government.

Dozens of other businesses plan to send at least 133 representatives to speak at FinTech Week (October 31 to November 4), another event organized by the Hong Kong government.¹³ Four senior Hong Kong government officials will also speak there. The large number of participants from the business sector attests to the traditionally close relationship between government and business in Hong Kong as well as the large role that government has played in commerce. Given the drastic political changes in Hong Kong in recent years, especially in the wake of the imposition of the national security law, it is incumbent upon businesses to reassess their relationship to the Hong Kong government. In general, in order to avoid situations of increased risk of complicity in human rights abuses, businesses are advised to avoid close relations with government and participation in government-sponsored, organized or hosted events. In cases where businesses may deem such participation difficult to avoid, businesses should ensure that their public role is not prominent and they do not endorse or support the government or its political initiatives.

Some of the companies in the list of corporate bad actors, including Cellebrite, Wix, Mayer Brown, and Davis Polk & Wardwell, changed their behavior after criticism. One, Piexon, denied taking the actions of which it was accused. Most have not taken any remedial action even after having been alerted by others.

Most companies in the list below have taken only one action in violation of business and human rights principles. Currently, HSBC and Standard Chartered are the only repeat offenders.

The 39 companies on the list are headquartered

in the following countries: United States (29), United Kingdom (3), Israel (2), Switzerland (2), Canada (1), France (1), Germany (1) and Ireland (1). (One company, Stripe, is headquartered in two countries, Ireland and the US.) The governments of most of the countries in question have unequivocally spoken out against the Communist Party’s stripping Hong Kong of autonomy and political freedoms. Those same governments must at the very least substantiate this criticism by holding their country’s companies accountable for effectively siding with the Hong Kong government. These governments must also in some cases determine whether or not the behavior or actions of the companies on the list are in violation of any laws, regulations or standards applicable in those countries.

INTERNATIONAL CORPORATE BAD ACTORS IN HONG KONG, 2019 TO 2022

Table 01. International businesses that have violated the UN Guiding Principles of Business and Human Rights (UNGPs) in Hong Kong, as of October 18, 2022

The entries are listed in roughly chronological order, from most recent to oldest.

(Sources listed in Appendix I)

Business / corporate headquarters	Action	Violation of principle
Brookfield Asset Management Canada	Vice-chair Mark Carney will participate in the Hong Kong government finance summit.	
JPMorgan Chase USA	President and COO Daniel Pinto will participate in the Hong Kong government finance summit.	
BlackRock USA	President Rob Kapito will participate in the Hong Kong government finance summit.	The summit is used by the Hong Kong government to legitimize its authoritarian regime and cover up its systematic human rights abuses. Participation constitutes support for the regime and collusion with it.
Citigroup USA	CEO Jane Fraser will participate in the Hong Kong government finance summit.	
Amundi France	CEO Valérie Baudson will participate in the Hong Kong government finance summit.	
KKR USA	Co-CEO Joseph Bae will participate in the Hong Kong government finance summit.	

Business / corporate headquarters	Action	Violation of principle
Goldman Sachs USA	Chair and CEO David Solomon will participate in the Hong Kong government finance summit.	The summit is used by the Hong Kong government to legitimize its authoritarian regime and cover up its systematic human rights abuses. Participation constitutes support for the regime and collusion with it.
UBS Switzerland	Chair Colm Kelleher will participate in the Hong Kong government finance summit.	
Blackstone USA	President and COO Jonathan Gray will participate in the Hong Kong government finance summit.	
Morgan Stanley USA	Chair and CEO James Gorman will participate in the Hong Kong government finance summit.	
Carlyle USA	Co-chair William Conway Jr will participate in day 3 of the Hong Kong government finance summit.	
Man Group UK	CEO Luke Ellis will participate in day 3 of the Hong Kong government finance summit.	
Apollo Asset Management USA	Co-president Jim Zelter will participate in day 3 of the Hong Kong government finance summit.	
BNY Mellon Investment Management USA	CEO Hanneke Smits will participate in day 3 of the Hong Kong government finance summit.	
State Street Global Advisors USA	President and CEO Cyrus Taraporevala will participate in day 3 of the Hong Kong government finance summit.	

Business / corporate headquarters	Action	Violation of principle
Stripe Ireland and US	Terminated services to three Hong Kong protesters crowdfunding to pay legal costs for a protest-related court case on grounds that they were “too high-risk” though they were acting lawfully and within their rights.	Stripe appears to have terminated services because it feared government opprobrium or may have even been warned by the government against providing services to dissidents; thus, its action appears politically motivated and has the effect of furthering the regime’s repression.
PayPal USA	Terminated the account of pro-democracy political party League of Social Democrats due to “excessive risks,” even though LSD is registered in Hong Kong as a legal entity in good standing.	LSD is the only pro-democracy political party still active in Hong Kong, and its members have been targeted by the government with repressive actions of various kinds such as arrests, imprisonments, and incessant harassment. Thus, PayPal’s action appears politically motivated and has the effect of furthering the regime’s repression.
Mercedes Benz* Germany	50 extra-large police vans with state-of-the-art crowd control equipment are reported to have been sold to the Hong Kong Police Force (HKPF). The first two were displayed publicly on June 19, 2022.	HKPF has been widely criticized by Hong Kong citizens and international human rights organizations for indiscriminate use of violence against protesters and its prominent role in enforcing the national security law. In 2019, the U.S. banned export licenses for certain crowd control equipment to HKPF, the UK suspended them, and the EU parliament called for such export controls in the EU.

*Mercedes-Benz has not publicly acknowledged the sale of police vans to HKPF, nor are there any notices of sales of police vans by Mercedes-Benz to HKPF in publicly available Hong Kong government procurement records. There are two reports from two different Hong Kong news organizations on the arrival and first public display of two police vans said to be made by Mercedes-Benz and prominently displaying the well-known Mercedes-Benz logo on the front of both. The same reports also mention that these two are part of a group of 50 which has been sold, but there are few other details.

Business / corporate headquarters	Action	Violation of principle
Mayer Brown USA	Assisted its client, University of Hong Kong, in efforts to remove the Pillar of Shame statue from campus. Under pressure, eventually said it would cease doing so.	The Pillar of Shame was one of several monuments on Hong Kong university campuses commemorating the Tiananmen Massacre. Its removal was part of coordinated efforts by universities to remove all signs of this history in order, supposedly, to avoid the risk of violating the national security law.
HSBC UK	<ol style="list-style-type: none"> 1. CEO of HSBC Asia Pacific Peter Wong expressed support for the national security law. 2. HSBC has frozen the accounts of protester aid group Spark Alliance, pro-democracy Good Neighbour North District Church, and former pro-democracy Legislative Council member Ted Hui. 3. CE Noel Quinn will participate in the Hong Kong government finance summit. 	<ol style="list-style-type: none"> 1. The UN Human Rights Committee has advised repeal of the national security law because it is intrinsically rights-abusing. 2. HSBC froze the accounts though the account holders in question were not convicted of any crime in relation to the accounts. 3. The summit is used by the Hong Kong government to legitimize its authoritarian regime and cover up its systematic human rights abuses. Participation constitutes support for the regime and collusion with it.
Standard Chartered UK	<ol style="list-style-type: none"> 1. Issued statement in June 2020 in support of the national security law while it was being drafted and before anyone outside of the CCP, including the bank, had seen a draft. 2. CE Bill Winters will participate in the Hong Kong government finance summit. 	<ol style="list-style-type: none"> 1. The UN Human Rights Committee has advised repeal of the national security law because it is intrinsically rights-abusing. 2. The summit is used by the Hong Kong government to legitimize its authoritarian regime and cover up its systematic human rights abuses. Participation constitutes support for the regime and collusion with it.

Business / corporate headquarters	Action	Violation of principle
Deloitte USA	Published ads in CCP-owned newspapers Ta Kung Pao & Wen Wei Po congratulating John Lee on becoming Chief Executive.	John Lee is sanctioned by the U.S. for his role in stripping HK of autonomy and political freedoms. As Secretary for Security, he led the crackdown on protests, political opposition and civil society. He was appointed to CE by the CCP without competition at a time when elections are not free and fair.
Ernst & Young USA	Published ads in CCP-owned newspapers Ta Kung Pao & Wen Wei Po congratulating John Lee on becoming Chief Executive.	John Lee is sanctioned by the U.S. for his role in stripping HK of autonomy and political freedoms. As Secretary for Security, he led the crackdown on protests, political opposition and civil society. He was appointed to CE by the CCP without competition at a time when elections are not free and fair.
KPMG USA	Published ads in CCP-owned newspapers Ta Kung Pao & Wen Wei Po congratulating John Lee on becoming Chief Executive.	John Lee is sanctioned by the U.S. for his role in stripping HK of autonomy and political freedoms. As Secretary for Security, he led the crackdown on protests, political opposition and civil society. He was appointed to CE by the CCP without competition at a time when elections are not free and fair.
PwC USA	Published ads in CCP-owned newspapers Ta Kung Pao & Wen Wei Po congratulating John Lee on becoming Chief Executive.	John Lee is sanctioned by the U.S. for his role in stripping HK of autonomy and political freedoms. As Secretary for Security, he led the crackdown on protests, political opposition and civil society. He was appointed to CE by the CCP without competition at a time when elections are not free and fair.
Davis Polk & Wardwell USA	Asia chairperson Martin Rogers, is an enthusiastic supporter of the national security law and has attended Hong Kong government-organized events promoting it. He decided not to attend one such event after criticism.	The UN Human Rights Committee has advised repeal of the national security law because it is intrinsically rights-abusing.

Business / corporate headquarters	Action	Violation of principle
American Chamber of Commerce Hong Kong	<p>Launched a series of events to promote Hong Kong, including a series of events called Onward Hong Kong, for which Meta is listed as a “presenting sponsor,” and AllianceBernstein, Citibank, Colgate, Google, Otis, Pfizer and Uber as “corporate champions.” Does not advertise participants or speakers at the events.</p>	<p>Its campaign echoes and complements a similar campaign by the Hong Kong government, which is widely regarded as propaganda intended to whitewash the regime’s crackdown and rights abuses and runs counter to many recent statements by the U.S. government condemning same crackdown and rights abuses. Instead of encouraging U.S. companies to develop Hong Kong-specific policies to guard against complicity in rights abuses, it appears to be encouraging companies to align with the government.</p>
Wix Israel	<p>Took down the website of Hong Kong Charter 2021 after receiving a letter from HKPF demanding the site be removed as it is “likely to constitute offences endangering national security.” When the matter went public, Wix apologized for the “error” and the website went back up.</p>	<p>This was the first known example of Hong Kong police invoking the “national security law” to threaten a company and also the first example of the police attempting to apply the law extraterritorially.</p>
Piexon Switzerland	<p>Accused of selling new pepper spray gun JPX6 to HKPF. Denies the allegation. The gun is manufactured by Piexon but was possibly acquired through China without Piexon’s authorization.</p>	<p>HKPF has been widely criticized by Hong Kong citizens and international human rights organizations for indiscriminate use of violence against protesters and its prominent role in enforcing the national security law. In 2019, the U.S. banned export licenses for such equipment to HKPF, the UK suspended them, and the EU parliament called for such export controls in the EU.</p>

Business / corporate headquarters	Action	Violation of principle
Cellebrite Israel	Sold technology to HKPF which was used to hack arrested protesters' mobile phones. Announced in Oct 2020 it stopped due to "changes in U.S. regulations."	HKPF has been widely criticized by Hong Kong citizens and international human rights organizations for indiscriminate use of violence against protesters and its prominent role in enforcing the national security law. In 2019, the U.S. banned export licenses for such equipment to HKPF, the UK suspended them, and the EU parliament called for such export controls in the EU.
NonLethal Technologies USA	Sold tear gas to HKPF. Spent tear gas canisters with company info were found at protest sites. After passage of PROTECT Hong Kong Act in November 2019, it became no longer possible to get an export license for such sales, but that prohibition expired in late 2020.	

POLICY RECOMMENDATIONS

RECOMMENDATIONS TO THE U.S. GOVERNMENT

1. **Strictly enforce all provisions of Executive Order 13936.** President Trump declared on July 14, 2020, a national emergency in response to the NSL in Hong Kong. Section 4 clearly stated that any property and interests held by a U.S. Person shall be blocked and may not be transferred if their actions undermined democratic processes or institutions in Hong Kong. President Biden continued that national emergency for one more year on July 11, 2022. Antony Blinken, the Secretary of State, and Janet Yellen, the Secretary of the Treasury, should implement this policy to its fullest extent.
2. **Pass the Hong Kong Business Integrity and Transparency Act of 2022 into law.** This bipartisan bill, authored by Congressmen John Curtis and Scott Peters, seeks to improve federal oversight on American companies operating in Hong Kong that may contribute to human-rights abuses there. It further directs the Secretary of Commerce to submit a semi-annual report on the requests made to American companies by the Hong Kong government for consumer data, content takedowns, or law-enforcement assistance.
3. **Reauthorize, amend, and expand the PROTECT Hong Kong Act of 2019.** The bill, which banned the sale of U.S.-made weapons to the Hong Kong Police Force, expired on November 27, 2020. It was subsequently extended once as part of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 but expired again on December 31, 2021. Its second extension was incorporated into the America COMPETES Act of 2022 that did not pass. As of the publication of this report, it remains inactive. Congress should, therefore,
 - 1) reauthorize it at the earliest possible time;
 - 2) amend its sunset clause so it does not expire unless actively repealed in the future; and
 - 3) expand it to cover surveillance and radio-communications equipment, as well as other technologies that may be used by the Hong Kong Police Force and other Hong Kong government entities.
4. **Pursue greater international coordination on targeted sanctions.** The Biden administration should embrace the premise that a successful sanction campaign against entities and individuals must be multilateral. To ensure that U.S. interests are safeguarded, it is imperative to expand international coordination on sanction development and implementation. The United States alone cannot effectively hold human rights abusers accountable if other countries fail to understand the gravity of the issue.
5. **Strengthen and expand private sector guidance to U.S. and foreign regulators and entities.** State, Treasury, and Commerce Department officials should work closely with the U.S. private sector and strengthen communication on their current policy vis-a-vis Hong Kong. Officials should also clarify and communicate the possible consequences for non-U.S. entities if they conduct businesses with individuals sanctioned by the U.S. government.
6. **Strengthen guidance for U.S. nationals working in Hong Kong.** The NSL creates legal risks for U.S. nationals working in Hong Kong who wish to exercise their basic rights. The U.S. Consulate in Hong Kong should provide more comprehensive information and resources for U.S. nationals to holistically

understand the potential political risks. It should also be prepared to respond to political arrests of U.S. nationals.

RECOMMENDATIONS TO INTERNATIONAL BUSINESSES OPERATING IN HONG KONG

1. **Articulate and implement Hong Kong-specific policies, guidelines and due diligence processes.** International companies conducting business in Hong Kong should follow the UNGPs in order to avoid complicity with or participation in human rights abuses.
2. **Carefully assess any demands from the Hong Kong government.** Rather than complying with Hong Kong government demands by default, companies should consider the legality of these demands, especially when they have a nonexistent or unclear legal basis.
3. **Publicize Hong Kong government's demands.** When asked to carry out repressive measures, international businesses should keep the public informed by releasing public statements detailing the Hong Kong government's demands.
4. **Strengthen communication with the government where the company is headquartered.** In the event that the Hong Kong government makes demands that are unreasonable or without lawful basis, international businesses should seek their home governments' support in protecting the freedoms and rights of the company and its employees.
5. **Refrain from conducting unacceptable business behavior:**
 - International businesses should refrain from selling crowd control

equipment, communications equipment, surveillance equipment or other items which could be used for repression.

- International businesses asked to unilaterally suspend or terminate services to individuals or groups in Hong Kong which the government has targeted for repression, especially in the absence of court orders to do so, should not comply by default.
- Professional services firms with existing agreements to represent or work for the Hong Kong government or its public affiliates should terminate these relationships at the earliest possible opportunity.
- International businesses operating in Hong Kong should avoid publicly expressing support for or congratulating leaders of the authoritarian Hong Kong government, the NSL, or the Chinese Communist Party.
- International businesses should decline invitations to events hosted or attended by sanctioned Hong Kong and Chinese government officials. Likewise, international businesses should decline any invitations to sign onto or co-host events complementing Hong Kong government propaganda campaigns.

RECOMMENDATIONS TO GOVERNMENTS OF COUNTRIES IN WHICH THE BUSINESSES ARE HEADQUARTERED

1. **Name and shame businesses complicit in repression.** When businesses become complicit in repression, governments should

speak out and criticize the businesses concerned for aligning with the regime and for failure to uphold the country's values.

2. **Enact legislation.** Governments should pass legislation or otherwise take action to prohibit the export of munitions, surveillance and radiocommunications equipment and technologies as well as any other items (vehicles, body armor, etc.) which can be used for repressive purposes by the Hong Kong Police Force and other Hong Kong government entities.
3. **Enforce laws and regulations.** Governments should take action to determine whether or not the behavior or actions of the companies on the list are in violation of any laws, regulations or standards applicable in their respective countries.

RECOMMENDATIONS TO THE INTERNATIONAL COMMUNITY

- **Facilitate closer communication and coordination on targeted sanctions.** The international community should recognize the necessity of coordination in fulfilling the goals of targeted sanctions. Governments around the world should broaden existing dialogues to foster effective implementation of sanctions.

APPENDIX I: Sources for Entries in the Table 01

- For **Brookfield Asset Management, JPMorgan Chase, BlackRock, Citigroup, Amundi, KKR, Goldman Sachs, UBS, Blackstone, Morgan Stanley, HSBC, and Standard Chartered**, see: Hong Kong Monetary Authority schedule of Global Financial Leaders' Investment Summit, <https://www.hkma.gov.hk/media/eng/doc/key-information/insight/inSight-on-Investment-Summit-Summit-Programme.pdf>.
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APPENDIX II: Notes

- 1 Eddie Yue on Global Financial Leaders' Investment Summit, Hong Kong Monetary Authority, September 29, 2022, <https://www.hkma.gov.hk/eng/news-and-media/insight/2022/09/20220929/>
- 2 Hong Kong Monetary Authority schedule of Global Financial Leaders' Investment Summit, <https://www.hkma.gov.hk/media/eng/doc/key-information/insight/inSight-on-Investment-Summit-Summit-Programme.pdf>
- 3 "Carlyle, Apollo, BNY Mellon and State Street executives to take part in HKMA seminar at Hong Kong finance summit," *South China Morning Post*, October 18, 2022, <https://www.scmp.com/business/article/3196418/carlyle-apollo-bny-mellon-and-state-street-executives-take-part-hkma-seminar-hong-kong-finance>
- 4 The full, official name of the national security law is Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region. It is commonly referred to as the "national security law" and that will also be its designation in this report.
- 5 The evidence of systematic human rights abuses is overwhelming and comes from many different sources. In regard to freedom of expression, see Article 19's annual global report which singles out Hong Kong as the place in the world where freedom of expression has deteriorated most rapidly. (<https://www.article19.org/wp-content/uploads/2022/06/A19-GxR-Report-22.pdf>) In regard to the silencing of independent media, see "The Story That Won't Be Silenced: Hong Kong Freedom of Expression Report 2022" by International Federation of Journalists. (<https://www.ifj.org/media-centre/news/detail/category/press-releases/article/hong-kong-new-hong-kong-report-calls-china-to-account-for-gutting-media.html>) In regard to freedom of association, see the Congressional-Executive Commission on China's report, "Hong Kong's Civil Society: From an Open City to a City of Fear." (<https://www.cecc.gov/sites/chinacommission.house.gov/files/documents/Hong%20Kong%20Civil%20Society%20Report.pdf>) In regard to the crackdown on labor unions in particular, see "Hong Kong Trade Union Movement under the National Security Law: Two years into the authoritarian rule" by Hong Kong Labour Rights Monitor (<https://hklabourrights.org/hong-kong-trade-union-movement-decimated-under-repressive-national-security-law/>.) In regard to the negative effects of the national security law and sedition law and recommendations to repeal them, see the United Nations Human Rights Committee's concluding observations on the periodic review of Hong Kong. (https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CCPR%2fC%2fCHN-HK-G%2fCO%2f4&Lang=en) In regard to the many problematic legal and human rights aspects of the national security law, see "Hong Kong's National Security Law: A Human Rights and Rule of Law Analysis," Georgetown Center for Asian Law (<https://www.law.georgetown.edu/law-asia/wp-content/uploads/sites/31/2021/02/GT-HK-Report-Accessible.pdf>). In regard to political prisoners in Hong Kong, see Hong Kong Democracy Council's report, "Hong Kong Reaches a Grim Milestone: 1,000 Political Prisoners." (<https://www.hkdc.us/hong-kong-political-prisoners>) Amnesty International (<https://www.amnes->

[ty.org/en/location/asia-and-the-pacific/east-asia/hong-kong/](https://www.hrw.org/location/asia-and-the-pacific/east-asia/hong-kong/)) and Human Rights Watch (<https://www.hrw.org/tag/hong-kong>) have regularly reported on the deteriorating human rights situation in Hong Kong.

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- 8 “Fact-checking Jen Psaki’s claim that there ‘have not been sanctions put in place’ on foreign leaders even in recent past,” *CNN*, March 1, 2021, <https://www.cnn.com/2021/03/01/politics/fact-check-psaki-sanctions-saudi-crown-prince/index.html>
- 9 International businesses face additional legal risks stemming from the Hong Kong government’s refusal to comply with U.S. sanctions. Currently, the Hong Kong government refuses to take action against a yacht suspected of belonging to a sanctioned Russian oligarch entering Hong Kong waters. It is possible that in the near term, Hong Kong could become a key nexus of sanctions evasion. Indeed, a U.S. State Department spokesman has noted that the “possible use of Hong Kong as a safe haven by individuals evading sanctions from multiple jurisdictions further calls into question the transparency of the business environment. Hong Kong’s reputation as a financial center depends on adherence to international laws and standards.” See “Hong Kong’s

John Lee ‘laughs off’ U.S. sanctions, says they have ‘no legal basis’ in city,” *AFP*, October 11, 2022, <https://hongkongfp.com/2022/10/11/hong-kongs-john-lee-laughs-off-us-sanctions-says-they-have-no-legal-basis-in-city/>; “Hong Kong risks reputation over superyacht linked to ally of Russia’s President Putin, U.S. says,” *AFP*, October 10, 2022, <https://hongkongfp.com/2022/10/10/hong-kong-risks-reputation-over-superyacht-linked-to-ally-of-russias-president-putin-us-says/>

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