

## HSBC Sanctions Policy Statement

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HSBC is committed to complying with the sanctions laws and regulations of the European Union, Hong Kong, the United Kingdom, the United Nations, and the United States, as well as applicable sanctions laws and regulations in the jurisdictions in which HSBC operates.

HSBC's Global Sanctions Policy defines the minimum standards which all HSBC Group entities must comply with, including:

- Screening customers/clients and transactions globally against the sanctions lists issued by the United Nations (UN), the European Union (EU), the United Kingdom (HMT), the United States (OFAC) and Hong Kong (HKMA).
- Screening locally against other sanctions lists that apply to HSBC's operations in a particular jurisdiction.
- Prohibiting business activity, including prohibitions on commencing or continuing customer relationships or providing products or services or facilitating transactions that HSBC believes may violate applicable sanctions laws or HSBC's Global Sanctions Policy. This includes prohibitions on business activity with individuals or entities named on a sanctions list or activity, directly or indirectly, involving countries or territories subject to comprehensive sanctions. As of January 2018, these countries and territories include Cuba, Iran, North Korea, Syria and the Crimea region.
- Restricting certain business activity involving, directly or indirectly, countries or persons subject to more selective or targeted sanctions programmes. These sanctions apply restrictions on some types of products or services or target certain industry sectors. As of January 2018, the selective country programmes prohibit transactions and services relating to:
  - the provision of funding to the Government of Belarus or Government of Zimbabwe;
  - a donation from the Government of Sudan to a U.S. Person;
  - certain debt or equity of, and certain other transactions and services involving, the Government of Venezuela<sup>1</sup>; and
  - certain debt or equity of, and certain other transactions and services involving, the Russian financial, energy and defence sectors.
- Investigating all customer/client alerts or transactions that are stopped in HSBC's screening systems. While HSBC seeks to investigate these alerts and transactions in a reasonable timeframe, compliance with applicable sanctions laws or HSBC's Global Sanctions Policy may result in delays to the processing of customer transactions while additional due diligence is conducted and information obtained on the nature of the underlying transaction or the parties involved.
- Blocking or rejecting transactions where HSBC is required to do so under applicable sanctions laws or regulations or HSBC's Global Sanctions Policy. Transactions may also be returned by HSBC where they fall outside of HSBC's risk appetite.

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<sup>1</sup> The term "Government of Venezuela" means the Government of Venezuela, any political subdivision, agency or instrumentality thereof, including the Central Bank of Venezuela and Petroleos de Venezuela, S.A. ("PdVSA"), and any individual or entity owned or controlled by or acting for or on behalf of the Government of Venezuela.

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- Reporting breaches of sanctions laws to the relevant regulatory authority. This can include any attempt by a customer to evade sanctions laws.

HSBC may agree to process certain transactions with a sanctions nexus, in its sole discretion, such as those which relate to humanitarian aid or which are otherwise permitted by a licence from an appropriate authority. These transactions will be considered on a case-by-case basis and must be submitted in advance to HSBC for consideration and approval.

HSBC may, in its sole discretion, also decide not to process transactions, provide products or services or otherwise facilitate transactions even where permitted by applicable sanctions laws and regulations where these activities fall outside of HSBC's risk appetite.