

HSBC Sanctions Policy Statement

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 Venezuela¹; 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.
- 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.

¹ 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.

HSBC Sanctions Policy Statement – HSBC Canada Supplement

This is the HSBC Canada (which is defined as HSBC Bank Canada and its subsidiaries) Supplement to the global HSBC Sanctions Policy Statement. This Supplement sets out additional HSBC Canada sanctions policy requirements and should be read in conjunction with the global HSBC Sanctions Policy Statement.

As outlined in the global HSBC Sanctions Policy Statement, HSBC Canada must comply with the sanctions laws and regulations of Canada and the United Nations, as well as any applicable sanctions laws and regulations of other jurisdictions.

In particular, HSBC Canada must comply with Canadian economic sanctions and export controls contained in the *Special Economic Measures Act*, the *United Nations Act*, the *Freezing Assets of Corrupt Foreign Officials Act*, the *Criminal Code*, the *Export and Import Permits Act*, the *Justice for Victims of Corrupt Foreign Officials Act*, and the regulations issued under the foregoing.

In addition to requirements set out in the global HSBC Sanctions Policy Statement, HSBC Canada must:

- Screen customers/clients and transactions against sanctions lists issued by Canada.
- Prohibit or restrict business activity directly or indirectly involving countries or territories subject to sanctions measures or individuals or entities named on a sanctions list. This can include prohibitions on commencing or continuing customer relationships or providing products or services or facilitating transactions that HSBC Canada believes may violate applicable sanctions laws or HSBC Global Sanctions Policy. This can also include restrictions that impact not only the types of products or services that HSBC Canada may make available, but also the types of transactions HSBC Canada may process.
 - Countries and territories that are subject to such prohibitions or restrictions include Central African Republic, the Crimea Region of Ukraine, Cuba, Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Libya, Myanmar, North Korea, Russia, South Sudan, Somalia, Sudan, Syria, Tunisia, Ukraine, Venezuela, Yemen and Zimbabwe.

Also, please note that HSBC Canada uses service providers in the United States and elsewhere that are subject to economic sanctions laws that have broad restrictions/prohibitions with respect to certain countries. As such, HSBC Canada prohibits business activity with countries and territories such as Iran, North Korea, Syria, the Crimea Region and Cuba for transactions (whether direct or indirect) in any currency.

Please contact your Relationship Manager should you have any questions or have business operations in or financial ties to any of the countries outlined above.