

HSBC Private Bank (Suisse) SA

This FAQ supplements the Sustainability Preferences Questionnaire. It provides answers to queries that you may have in relation to the Questionnaire and its content. The document includes the following sections:

- I. General Questions
- II. Sustainability Preferences Questionnaire
- III. Glossary
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HSBC Private Bank (Suisse) SA sought alignment with selected European standards, in particular with the MIFID II regulation, to integrate sustainability into its advisory proposition and meet the Swiss Bankers Association's standards. Leveraging the European standards allows HSBC Private Bank (Suisse) SA to build on an internationally recognized regulatory framework.

General Questions

#	Question	Answer
1	What is the Sustainability Preferences Questionnaire?	The Questionnaire documents your choice and to what extent Environmental, Social and Governance ("ESG") matters shall be considered by the Bank in the selection of investment options when providing investment advice and / or recommending discretionary investment strategies (investment advisory services).
2	Which investment-related preferences does the Questionnaire ask me to confirm?	<p>You will be asked to confirm to what extent your overall portfolio should at least be invested in Sustainable Investments (including environmentally sustainable investments) and whether you wish to avoid companies violating United Nations Global Compact Principles, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and/or exposed to Controversial Weapons.</p> <p>Your Client Advisor will consider your responses when selecting suitable investment ideas and solutions when delivering advice (to note that sustainability will only be considered if it is deemed appropriate from an investment objective perspective in accordance with your Account Risk Profile).</p>
3	Why is HSBC asking me to complete the Questionnaire?	In order to meet Swiss industry standards issued by the Swiss Bankers Association, HSBC Private Bank (Suisse) SA is collecting Sustainability Preferences of all its clients accessing investment advisory services.

4	<p>Do I need to answer all the questions in the Sustainability Preferences Questionnaire?</p> <p>What happens if I do not answer some or any of the questions?</p>	<p>As a minimum, we will need you to answer the first question to help us understand your Sustainability Preferences.</p> <p>If you answer 'No' to question 1, the questionnaire ends there and in such circumstances the Bank will assume that you do not express any specific Sustainability Preferences and take a neutral stance on the integration of sustainability in your portfolio. If you answer "Yes" to question 1, further questions will be asked for us to better understand your Sustainability Preferences and which percentage of your portfolio you wish to allocate at least to sustainable investments over time.</p> <p>Please note that until we receive the questionnaire completed and signed, we will consider that you do not express any specific sustainability preferences and therefore take a neutral stance on the integration of sustainability in your portfolio.</p>
5	<p>How will HSBC use my answers to the Questionnaire?</p>	<p>When recommending investment advisory services or investment products, the Bank will assess whether the sustainability characteristics of such solutions are aligned with your Sustainability Preferences (matching process), while ensuring that such solutions remain suitable according to your overall Account Risk Profile and Investment Objectives in the first place.</p> <p>In cases where recommended investment advisory services or investment products do not align with your Sustainability Preferences, for example because of a lack of sustainable investment solutions, then your Client Advisor will inform you of such misalignment.</p>
6	<p>Do my answers to the Questionnaire apply to all my investments?</p>	<p>Your Sustainability Preferences are considered at the account level and take into consideration all your assets, with the exception of cash, cash equivalents and precious metals.</p> <p>When insufficient data or no data is available at all to determine whether such asset qualifies as Sustainable Investment, the Bank will not be able to match your investments with your Sustainability Preferences.</p>
7	<p>Can I change my answers to the Questionnaire?</p>	<p>Yes, you can change your Sustainability Preferences at any time. In order to do so, please contact your Client Advisor.</p>
8	<p>What Sustainable Investment Solutions are available?</p>	<p>HSBC Private Bank (Suisse) SA offers a range of investment solutions defined as sustainable – these will allow you to align your portfolio with your sustainability preferences over time while pursuing your investment objectives. The range of available sustainable solutions could, for example, include</p>

equities, fixed income instruments and collective investment schemes (mutual funds and exchange-traded funds). While the availability of sustainable solutions might be limited, we expect that the range of available sustainable solutions will evolve over time as industry and regulatory standards mature and data availability increases.

9	What are the ESG-approaches that can be followed?	<p>A sustainable investment solution can use different approaches simultaneously to manage ESG-risks and achieve its ESG objectives. ESG approaches include for example:</p> <ul style="list-style-type: none"> ❖ ESG integration: refers to the inclusion of sustainability risks and opportunities in the traditional financial analysis and investment decision based on a systematic process and appropriate research sources; ❖ Exclusion strategies: refer to the deliberate exclusion of issuers from an investment product due to activities or business practices that violate given norms or values; ❖ Best-in-class strategies: select companies with above average ESG performance compared to its peers; ❖ Positive screening / positive tilt strategies: select companies with good sustainability credentials or with higher ESG ratings; ❖ Thematic investments: refer to investment solutions contributing to a specific environmental and/or social theme, for example renewable energy, clean technology, low-carbon, education, healthcare, etc.); ❖ Impact Investments: intend to generate a measurable, beneficial social and/or environmental impact alongside a financial return. Important differentiating factors from other forms of sustainable investments (namely thematic investing) are the intentionality of an investment in a sector or activity that has such a positive impact; ❖ Engagement (also known as active ownership): refers to an active dialogue between shareholders and management of investee companies or other relevant stakeholders with the aim of convincing them to consider environmental, social and governance criteria within their sphere of influence; ❖ Voting: actively exercising their voting rights based on ESG principles or an ESG policy.
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Above summary represents the most common and widely used approaches to ESG investing in the financial industry and is not an exhaustive list.

Investment solutions only referring to “ESG integration” or “exclusion strategies”, without using other ESG approaches, do not qualify as ESG or sustainable investment.

Depending on the sustainable objectives and ESG approaches applied, the level of sustainability may also differ from one sustainable investment to another.

Note, that there is no standardised definition of what Sustainable Investments are. Sustainable investing, the objective of generating long-term financial returns while advancing sustainable solutions & outcomes, is an evolving area and new regulations may come into effect, which may affect how an investment is categorised or labelled. An investment, which is considered to fulfil sustainable criteria today, may not meet those criteria at some point in the future.

10	ESG or sustainability criteria	ESG or Sustainability criteria provide further details how a specific sustainable investment approach is achieved. For example, ESG criteria would explain how an exclusion strategy is applied (for example, the exclusion of certain economic sectors) or the factors an investment solution to select best-in-class companies (for example, better than a specific benchmark)
11	ESG-Risks	ESG events or situations that are currently having a negative impact on economic, cost or reputation factors, for example, and thus also on the value of a company or the market price of financial instruments or could potentially do so in future.
12	Compatibility and / or contribution to a sustainable objective	<p>Compatibility (incl. transition) refers to an investment that is aligned with sustainability objectives without being required to have an active contribution to its achievement. For example, an investment solution could be compatible with the ambitions set out in the Paris Agreement to limit global warming.</p> <p>Contribution refers to an investment solution that positively contributes to a sustainable objective.</p>

I. Sustainability Preferences Questionnaire

#	Question	Answer
1	What is the purpose of Question 1?	<p>In Question 1, we are asking whether you are interested in considering Sustainable Preferences as part of your portfolio. You may only select one option.</p> <p>If you answer positively, we will proceed to ask you more detailed questions about the types of Sustainable Investments that you would like integrated into your portfolio.</p> <p>If you do not answer or answer negatively, we will consider you as ESG neutral. In such situation, our investment advice is provided based on your investment objectives, risk profile and investment knowledge and experience.</p>
2	What is the purpose of Question 2?	<p>NOTE: You are only asked to respond to Question 2 if you have stated in Question 1: 'Yes'.</p> <p>In Question 2, we are asking what minimum proportion of your overall investment portfolio, you would like to allocate in Sustainable Investments (please refer to the <i>Glossary</i> section for the definition of <i>Sustainable Investments</i> that we are applying). It is possible to select only one option.</p> <p>In the event the proportion of Sustainable Investments in your portfolio exceeds your minimum threshold, our investment advice will align with your overall investment objectives.</p> <p>If you answer: <i>"I do not necessarily require a minimum proportion of Sustainable Investments as part of my portfolio"</i>, you can go directly to Question 4.</p> <p>The percentage selected are based on industry practices and products availability.</p>
3	What is the purpose of Question 3?	<p>In Question 3, we are asking what minimum proportion of Sustainable Investments selected in Question 2, if any, you would specifically like to have in <u>Environmentally</u> Sustainable Investments (please refer to the <i>Glossary</i> section for the definition of <i>Environmentally Sustainable Investments</i> that we are applying). It is possible to select one option only.</p> <p>If you answer: <i>"Above or equal to 25%"</i> ($\geq 25\%$), the percentage threshold selected for an Environmentally Sustainable Investment is proportionate to the threshold selected for a Sustainable Investment in Question 2.</p>

If you answer: “I do not require my sustainable investment(s) to specifically align with Environmentally Sustainable Investments”, we will determine our advice for you without actively considering the proportion of Environmentally Sustainable Investments.

The percentage selected are based on industry practices and products availability.

4 What is the purpose of Question 4?

In Question 4, we are asking what Principal Adverse Impacts on sustainability factors, if any, you would like to exclude in your portfolio (please refer to the *Glossary* section for the definitions of *Principal Adverse Impacts and Sustainability Factors* that we are applying). It is possible to select one or two adverse impacts, or none of these if you prefer.

If you answer applying exclusion to, “Violation of the United Nations Global Compact Principles or OECD Guidelines for Multinational Enterprises on Responsible Business Conduct”, we will seek to recommend investment products and / or solutions that are aligned with this preference (please refer to the *Glossary* section for more information on *UN Global Compact* or the *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*).

If you answer applying exclusion to “Exposure to Controversial Weapons”, we will seek to recommend products and / or solutions that are aligned with this preference (please refer to the *Glossary* section for more information on *Controversial Weapons*). To note that, as a principle, the Bank excludes controversial weapons as part of its investment universe. However, selecting this option will allow you to monitor the exposure of your portfolio against this controversy.

If you answer: “I do not require any specific considerations”, we will seek to recommend products that are aligned with this preference. Our advice to you will not actively consider either of these adverse impacts.

Currently, two Principle Adverse Impacts “PAIs” (i. UN Global Compact / OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ii. Controversial Weapons) are available for considerations. These were selected in view of some other Principle Adverse Impacts that could be more difficult to consider given data limitations.

II. Glossary

#	Term	Explanation
1	Adverse Impacts on Sustainability Factors	Material negative effects on sustainability factors that are caused, compounded by, or directly linked to, investment decision making or investment advice.
2	Exposure to Controversial Weapons	Investing in companies involved directly in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons banned by international convention. Controversial weapons include for example anti-personnel mines, biological weapons, weapons, chemical weapons, cluster munitions.
3	MiFID Delegated Regulation 2021	The “Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms” was published in 2021. It sets out requirements for investments firms within the European Economic Area to integrate sustainability factors, risks and clients’ preferences into aspects of their organisation and operations as an amendment to previously implemented laws.
4	Sustainability Factors	<p>This term refers to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.</p> <p>Note: This definition is derived from the European Sustainable Finance Disclosure Regulation.</p>
5	Sustainable Investing	The objective of generating long-term financial returns while advancing sustainable solutions & outcomes.
6	Sustainable Investments	<p>An investment in an economic activity that contributes to one of the following:</p> <ul style="list-style-type: none"> - an environmental objective (“E”), as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, and / or - a social objective (“S”), in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration, and labour relations, or human capital or economically or socially disadvantaged communities. <p>Additional conditions stipulate that such investments “Do Not Significantly Harm” any of those objectives and that the investee</p>

companies follow **“Good Governance”** (“G”) practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance (“G objective”).

Note: This definition is derived from the European Sustainable Finance Disclosure Regulation.

7 United Nations Sustainable Development Goals (UN SDGs)	<p>These are 17 objectives aimed at ending poverty, protecting the planet and improving the lives and prospects of everyone. All United Nations Member States adopted the Goals in September 2015 as part of the 2030 Agenda for Sustainable Development, setting out a 15-year plan to achieve the Goals and their related targets.</p> <p>The 17 Goals are interconnected; apply to all countries and stakeholders: governments, the private sector, civil society, the United Nations system and others.</p>
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III. Sources

Regulatory:

Swiss Bankers Association (SBA)

- Risks Involved in Trading Financial Instruments:
https://www.privatebanking.hsbc.com/content/dam/privatebanking/gpb/about-us/finsa/SBA_Risks_Involved_in_Trading_Financial_Instruments_2023.pdf
- Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks and the prevention of greenwashing in investment advice and portfolio management:
https://www.swissbanking.ch/Guidelines_for_the_financial_service_providers_on_the_integration_of_ESG-preferences_and_ESG-risks_and_the_prevention_of_greenwashing.pdf

European regulations

- Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms:
[Regulation - 2020/852 - EN - taxonomy regulation - EUR-Lex](#)
- European regulation “Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment:
[Regulation - 2020/852 - EN - taxonomy regulation - EUR-Lex \(europa.eu\)](#)

- European regulation “Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability - related disclosures in the financial services sector” , also known as “SFDR” :
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20240109>

Non-regulatory:

- **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct:**
 - <https://mneguidelines.oecd.org/mneguidelines/>
- **United Nations Global Compact:**
 - <https://www.unglobalcompact.org/>
 - <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- **United Nations Sustainable Development Goals:**
 - <https://sdgs.un.org/goals>
 - <https://www.un.org/en/exhibits/page/sdgs-17-goals-transform-world>

FAQ as at December 2025'