

HSBC Global Asset Management (France) Conflicts of Interest Policy

Issuer: HSBC Global Asset Management (France)

Date: 08/12/2017

HSBC Global Asset Management (France) Conflicts of Interest Policy

HSBC Global Asset Management (France)

We are HSBC Global Asset Management (France), the French asset management division of the HSBC Group. We develop and manage investment management products and services for clients around the world, from individual retail customers to major multinational corporate clients, sovereign wealth funds and financial institutions clients. We manage UCITS, AIFs and funds for institutional and retail clients, market UCITS and AIFs and provide investment advice. Given their scope and number, these business activities may give rise to potential or actual conflicts of interest that we must identify, manage and report.

Conflicts of Interest

A Conflict of Interest (“Conflict”) is a situation or arrangement where HSBC Global Asset Management (France), or a company with which it has an association, or any of its employees is subject to multiple influences, the competition of which might adversely affect decision-making or outcomes in the course of conducting business.

Conflicts of interest can potentially exist between HSBC Global Asset Management (France) and its clients where HSBC Global Asset Management (France) is incentivised to favour itself in its decisions rather than the client. Conflicts also exist between two or more sets of clients, or funds, by virtue of the fact HSBC Global Asset Management (France) is responsible for managing their assets across different investment strategies. Because it provides a wide range of services, HSBC Global Asset Management (France) may from time to time have interests that conflict with its clients’ interests or with duties that it owes to its clients.

Conflicts can arise between:

1. One client and another (client versus client);
2. HSBC Global Asset Management (France) and a client (HSBC Global Asset Management (France) versus client);
3. An employee and a client (employee versus client);
4. An employee and HSBC Global Asset Management (France) (employee versus HSBC Global Asset Management (France)); and/or
5. One part of HSBC and HSBC Global Asset Management (France) (HSBC versus HSBC Global Asset Management (France)).

HSBC Global Asset Management (France) has established procedures that are designed to identify, and prevent or manage Conflicts. These include arrangements to safeguard the interests of clients.

How HSBC Global Asset Management (France) deals with Conflicts

HSBC Global Asset Management (France)’s organisational structures are designed so that behaviour that could lead to Conflicts is not incentivised or rewarded.

Where necessary, HSBC Global Asset Management (France) restricts the flow of information to certain employees in order to protect its clients’ interests.

HSBC Global Asset Management (France) has procedures in place to:

- Identify all types of potential Conflicts that could reasonably arise in the context of its activities;
- Maintain registers of all potential Conflicts identifies;
- Prevent or manage Conflicts on an ongoing basis;
- Disclose Conflicts where appropriate; and
- Maintain evidence of all occurrences of Conflicts that cannot be managed.

HSBC Global Asset Management (France) Conflicts of Interest Policy

Identifying Conflicts

HSBC Global Asset Management (France) is required to consider the types of potential Conflict relevant to the specific services and activities they carry out.

For example, potential Conflicts are considered when;

- Developing a new product;
- Establishing or amending any cross-referral, revenue sharing or joint venture arrangements; or
- Transferring businesses, activities or operations (or parts thereof) to another part of the HSBC Group.

When potential Conflicts involve clients, the assessment also takes into account whether the HSBC Group and/or any employee:

- Is likely to make a financial gain or avoid a financial loss at the expense of any client;
- Has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- Has a financial, or other incentive to favour the interest of one client (or group of clients) over another; and/or
- Receives or will receive an inducement in relation to a service provided to the client from a person other than the client.

HSBC Global Asset Management (France) maintains internal register, documenting and evaluating all identified potential Conflicts. These register also records the mitigating controls in place to manage each type of Conflict.

Preventing or managing Conflicts

HSBC Global Asset Management (France) structures the remuneration, deployment and management of employees in a way that minimises Conflicts.

Conflicts clearing procedures ensure that Conflicts are escalated and managed before HSBC Global Asset Management (France) is committed to a transaction.

In some cases, HSBC Global Asset Management (France) will consider declining to act for one of more clients. For example, if:

- A Conflict is too great;
- Confidentiality obligations prevent adequate disclosure (see Disclosure, below); and/or
- Informed consent cannot be obtained, or is an insufficient control to manage a Conflict.

A dedicated Conflicts Management Office, reporting to the Regulatory Compliance department, is the point of escalation for significant Conflicts, and resolution of cross-business Conflicts brought to its attention. Written reports on the services and activities reflected in the Register of Conflicts are presented to senior management of the HSBC Global Asset Management (France) at least annually.

Disclosure

Where HSBC Global Asset Management (France) has used all reasonable efforts to manage a Conflict, but the risk of damage to a client, or third party's interest remains, a specific disclosure to the third party about the presence of a Conflict will be made.

Disclosures will be made prior to the conclusion of a contract, in a durable medium, and include sufficient detail, taking into account the nature of the Client, to enable that Client to taken an informed decision.

HSBC Global Asset Management (France) Conflicts of Interest Policy

Employees

HSBC Global Asset Management (France) requires its employees to apply good judgement and act with integrity, taking all appropriate steps to:

1. Avoid personal Conflicts (for example, in their personal account dealings); and
2. Proactively escalate personal Conflicts that do arise.

No employee is permitted to advise a Client on any matter in which they have a personal interest, nor take commercial decisions on behalf of the HSBC Group if those decisions are connected to their personal or external business affairs until steps have been taken to satisfactorily manage the Conflict.

HSBC Global Asset Management (France) will take all reasonable steps to identify, and prevent or manage, the Conflicts of Interest.