



HSBC statement on conduct

Date: September 2017

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Background

The HSBC approach to conduct is designed to ensure that through our actions and behaviours we deliver fair outcomes for our customers and do not disrupt the orderly and transparent operation of financial markets. Conduct is the critical component within all business activities including, for example, the Group's strategy, business models and planning, our culture and behaviours including staff recruitment/performance management, our interaction with customers, our products and services, our financial markets operations, and our governance and oversight processes.

Our approach to conduct is key to winning and retaining our customers' trust and loyalty. Focus on conduct is integral to HSBC's values and business principles and supports the Group strategy for sustainable growth and streamlining of business processes and procedures.

HSBC has defined global outcomes relating to conduct which must be delivered by global businesses, global functions, and HSBC Operations, Services and Technology. Our global businesses, global functions, and HSBC Operations, Services and Technology are each responsible for conduct within the scope of their activities, and must develop and maintain approaches, tailored to their markets and operations, which deliver the required global conduct outcomes.

Global conduct outcomes

The global conduct outcomes are organised around 5 pillars which categorise where conduct issues may crystallise. The pillars and global conduct outcomes are:

Pillar: Strategy and Business Models

1. Our strategy, business models, and the decisions we make deliver fair treatment of customers and do not disrupt market integrity.

Pillar: Culture and Behaviours

2. Our culture supports our people and empowers them to consistently do the right thing for our customers and markets in which we operate.
3. Our people are competent and committed to the fair treatment of customers and not disrupting the integrity of markets.
4. We are open to challenge, we acknowledge when things go wrong, we fix things and we learn from our mistakes.
5. We reward and incentivise performance, behaviours and attitudes which deliver the fair treatment of customers and uphold market integrity.

Pillar: Customer

6. We know our customers and understand their needs – we actively listen to them and ask the right questions.
7. Our products are designed to meet the different needs of our customers, to be competitive and to be understandable.
8. Our products and services provide a balanced exchange of value between HSBC and our customers.
9. Throughout our sales and servicing we are efficient, transparent and customer-focused.
10. We manage our products and services so that our customers' experience is in line with the expectations we set.

Pillar: Markets

11. We seek to prevent and will proactively identify actions and behaviours that constitute market misconduct, and respond appropriately.
12. Trades are executed in a timely, clear and controlled manner ensuring that optimal execution is achieved for our customers and that HSBC trades are not manipulative.
13. We manage conflicts of interest and appropriately handle information to reduce the opportunity for misuse

Pillar: Governance and Oversight

14. Our governance framework provides effective oversight of how we fairly treat customers and uphold market integrity.
15. We engage with regulatory bodies in a timely, open and transparent manner.

Activity and decision making within each global business, global function, and HSBC Operations, Services and Technology is expected to provide positive contribution to the global conduct outcomes, to ensure appropriate delivery of these outcomes.

Complaints handling

Our commitment to the highest standards of conduct and their embedding within our day to day activities is illustrated for example by our policy relating to complaints handling, which supports outcome 4:

We are open to challenge, we acknowledge when things go wrong, we fix things and we learn from our mistakes

Our global complaints policy sets out clear standards for:

- ◆ The processes by which we investigate and resolve complaints in a timely, unbiased, and effective manner
- ◆ Providing appropriate training to staff on our complaints processes, emphasising the need for empathy with customers
- ◆ Ensuring customers are aware of how to make a complaint via a variety of channels (for example via relationship managers, face to face, telephone, on-line, in writing)
- ◆ Resolving complaints at first point of contact wherever possible, and where this is not possible, providing an acknowledgement to the customer clearly setting out next steps

- ◆ Ensuring customers are kept regularly informed of progress to resolve the complaint
- ◆ Providing responses to customers upon completion of an investigation, clearly detailing the outcome and including, where appropriate, details of remedial action and any redress
- ◆ Notification to customers of any available rights of referral or appeal if the customer is dissatisfied with the handling of, or response to, the complaint
- ◆ Regular review of any “root causes” of complaints received to identify and address any systemic issues, and to inform process improvements where applicable
- ◆ Monitoring the quality and efficiency of our complaints handling, including adherence to relevant local regulatory requirements

Product governance and sales

This conduct commitment is further illustrated by our policy and procedures in respect of product governance and sales which support the customer pillar outcomes, and encompass standards for:

- ◆ The design, approval and ongoing maintenance of appropriate products/services, matched to customer needs, knowledge and experience
- ◆ Customer communications that are clear, fair and not misleading – for example highlighting risks and benefits in equal proportion
- ◆ Procedures where advice is provided and where advice is not provided
- ◆ Ongoing services for customers, post-sale
- ◆ Regular reviews of products to ensure they remain fit for purpose, and comply with applicable laws and regulatory requirements
- ◆ Sensitivity to, and support for, customers who are, or may become, vulnerable by reason for example of illness, disability, bereavement, or other changes in life circumstances
- ◆ Fair treatment of customers during account closure or product withdrawal/maturity, for example in terms of communication of what is happening and what alternatives are available
- ◆ Oversight of any third party manufacturers or distributors of our products
- ◆ Development and maintenance of our peoples’ training and competency, and applicable licences and regulatory approvals

Our Charter

Our Charter makes clear that if our staff have concerns that the standards contained in our policies and procedures, or any other aspects of our conduct are not being adhered to, they can speak up – for example:

- ◆ Direct to their line manager, HR or Regulatory Compliance, or
- ◆ Anonymously through HSBC Confidential our multi-channel, confidential, disclosure and follow-up investigation service

