

HSBC ETFs PLC

(THE "COMPANY")

REMUNERATION POLICY

1. Introduction

The Company, which is authorised as an "Undertaking for Collective Investment in Transferable Securities" under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and which operates in accordance with the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, is required to establish, implement and maintain a remuneration policy (the "**Remuneration Policy**") which is in accordance with the requirements of Articles 14a and 14b of the Regulations and the ESMA Guidelines.

This Remuneration Policy is aimed at ensuring that any relevant conflicts of interest can be managed appropriately at all times and sets out practices for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Company.

This Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company and the investors in the Company and includes measures to avoid conflicts of interest.

2. Definitions

The following definitions are deemed to apply for the purposes of this Policy:

"Board"	means the board of directors of the Company.
"Business Plan"	means the business plan of the Company which supports and formed part of the Company's application for authorisation as a UCITS under the Regulations, as may be amended or updated from time to time.
"ESMA Guidelines"	means the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).
"HSBC Group"	means collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices, and any member of the HSBC Group.
"Investment Manager"	means HSBC Global Asset Management (UK) Limited.
"Regulations"	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.
"UCITS"	means an "Undertaking for Collective Investment in Transferable Securities".

3. Identified staff

The Regulations require the Company to identify the categories of staff whose professional activities have a material impact on the risk profile of the Company.

The Company is controlled and managed by the Board, but does not currently have any staff. Accordingly, the identified staff for the purpose of this Remuneration Policy are the Board. As of the date of this document, the Board consists of Eimear Cowhey, Peter Blessing and Melissa McDonald.

4. **Variable remuneration**

The directors who are employees of HSBC Group do not receive any remuneration in respect of their services as directors of the Company. The other directors receive fixed remuneration in respect of their services which is set at a level determined by the Board as a whole and which is not performance related. None of the directors are currently in receipt of variable remuneration in respect of their services as directors of the Company. Accordingly, the detailed provisions of Article 14b of the Regulations and the related ESMA Guidelines in relation to variable remuneration are not applicable to the Company. None of the directors are currently in receipt of a pension from the Company.

The Company has determined that the fixed remuneration payable to the directors who are not employees of HSBC Group is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and the investors in the Company. The nature of the directors' remuneration, being fixed and not including any variable component and being determined by the Board as a whole, ensures that the Company appropriately manages any conflicts of interest in respect of remuneration.

5. **Remuneration committee**

The Regulations require self-managed investment companies that are significant in terms of their size, their internal organisation and the nature, scope and complexity of their activities to establish a remuneration committee. Having considered these criteria, the Company has determined, on advice of counsel, that it is not significant in these respects and has not established a remuneration committee.

6. **Delegation**

The Board has delegated certain activities, as specified in its Business Plan, in respect of the investment management and risk management of the Company, to the Investment Manager who may have identified staff whose professional activities could have a material impact on the risk profile of the Company. The Company is satisfied that the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the Regulations because the Investment Manager:

- as part of the HSBC group, is subject to remuneration principles under Directive 2013/36/EU (CRD IV); and
- is subject to remuneration principles applying under Directive 2009/65/EC and Directive 2011/61/EU.

7. **Annual review**

On an annual basis the Board will review the terms of this Remuneration Policy and assess whether its overall remuneration system operates as intended and is compliant with the obligations on remuneration policy as set out in the Regulations. The Remuneration Policy will be updated by the Board as and when required.

8. **Effective date**

The effective date of this Policy is 25 May 2017.