

Statement on principal adverse impacts of investment decisions on sustainability factors

June 2023 - Version 2 updated on the 25 June 2024



Financial market participant

HSBC Life Assurance (Malta) Ltd.

Legal Entity Identifier (LEI) code: 213800PHEXBQ72MHLW71

Summary

HSBC Life Assurance (Malta) Ltd. (hereinafter referred to as “**HSBC Life**” / the “**Company**” / “**we**”) (LEI: 213800PHEXBQ72MHLW71) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HSBC Life.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022 (the “**PAI Statement**”). This PAI statement is subject to changes and the [website](#) is to be accessed for any new updates.

Definitions:

- *Principal adverse impacts* or *PAIs* means negative, material, or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performance by the legal entity.
- *Sustainability factors* means environmental, social and employee matters, respect of human rights, anti-corruption and anti-bribery matters.
- *Sustainability risks* means environmental, social or governance events or conditions that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

In identifying and prioritising the PAIs of our investment decision-making on sustainability factors, HSBC Life is principally guided by the HSBC Insurance Sustainability Policy. This policy is set out at the level of HSBC Group Insurance, and in accordance with its terms, HSBC Life considers the PAIs of investment decisions on sustainability factors to the extent that it (or any entity acting on its behalf pursuant to an investment management agreement entered into for this purpose namely, HSBC Global Asset Management (Malta) Ltd (“**HSBC Asset Management**”) (LEI: 213800K5ZFNCMMGZHN18) is directly involved in the investment decision-making process. As for those instances where HSBC Life is directly investing in collective investment schemes (which are in turn administered by asset managers exercising exclusive discretion to invest in other underlying securities and/or funds), the Company is not in a position to actively consider PAIs, given that it cannot exercise any form of discretion over the investments being made at the level of the underlying funds. This notwithstanding, in such instances HSBC Life would carry out a due diligence exercise of the ESG credentials of the asset managers which it engages for this purpose.

Additionally, the HSBC Insurance Sustainability Policy also sets out specific restrictions prohibiting investments in those securities of companies or assets which do not meet its sustainability standards. The due diligence process and restrictions are explored in further detail in the '*Description of policies to identify and prioritise principal adverse impacts on sustainability factors*' section of this PAI Statement.

We recognize that sustainability risks can lead to outcomes that have adverse impacts on the value of our financial products and on society. Pursuant to Commission Delegated Regulation (EU) 2022/1288 ("**SFDR L2**"), this PAI Statement provides the relevant data (to the extent that we have been able to source said data from our third party service provider/s) vis-à-vis the mandatory indicators found in Table 1 of Annex I of the SFDR L2, as well as two, additional voluntary indicators from Tables 2 and 3 of the said annex which set out impacts related to carbon emissions (i.e., Table 2, PAI 4) and human rights (i.e., Table 3, PAI 9).

Description of the principal adverse impacts on sustainability factors

The information set out below covers the period of 1 January 2022 to 31 December 2022. Information in relation to impact/s compared to the previous reference period will first be reported within the HSBC Life PAI statement published by 30 June 2024, and thereafter on an annual basis. The following table also identifies the coverage of the data sourced by HSBC Life for each respective PAI. This is disclosed as a percentage (%) of the current value of the investments which may be attributed to each respective PAI, as set out in the '*Coverage*' section of the '*Explanation*' column.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]* <i>*refer to Historical Comparison section for further information</i>	Explanation	Actions taken, and actions planned and targets set for the next reference period
----------------------------------	--------	-------------	--	-------------	--

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Greenhouse (“GHG”) gas emissions	1. GHG emissions	Scope 1 GHG emissions	9476.37 tonnes	N/A	<p>Scope 1 Greenhouse Gas Emissions are emissions that issuers make directly, for example direct combustion of fuel as in a furnace or vehicle.</p> <p><i>Coverage: 74.70%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled ‘Description of policies to identify and prioritise principal adverse impacts on sustainability factors’.</i></p>	<p>In so far as direct investments being made by HSBC Life and/or HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned (thus excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life has restrictions in place on certain issuers involved in oil or gas projects in the Arctic, oil sands and certain issuers involved in thermal coal mining, thermal coal power generation and coal to gas/liquid conversion. Further information in this respect may be found in the ‘Description of the principal adverse impacts on sustainability factors’ section of this PAI Statement.</p> <p>Furthermore, the parent entity of HSBC Asset Management (i.e., HSBC Global Asset Management Ltd.) is a signatory to the Net Zero Asset Managers initiative, which supports the goal of net zero greenhouse gas emissions by 2050. HSBC Global Asset Management Ltd has set an interim target to reduce emissions intensity by 2030. This commitment covers Scope 1 and Scope 2 GHG emissions by intensity, and, to further support the mitigation of these PAIs, HSBC Global Asset Management Ltd has also adopted a climate implementation plan to embed climate transition into the investment value chain and are in the</p>
		Scope 2 GHG emissions	2008.54 tonnes	N/A	<p>These are the emissions that issuers make indirectly for example by the generation of electricity purchased by the company.</p> <p><i>Coverage: 74.70%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled ‘Description of policies to identify and prioritise principal adverse impacts on sustainability factors’.</i></p>	

		Scope 3 GHG emissions	85,761.92 tonnes	N/A	<p>These are the emissions associated, not with the issuer itself, but that the company is indirectly responsible for, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them. This can often be the largest source of emissions for companies.</p> <p><i>Coverage: 75.17%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'. Scope 1 and 2 GHG emissions are more directly under the control of the individual investee companies, whereas Scope 3 GHG emissions are more of an estimation of a company's interaction and the resulting GHG emissions of stakeholders up and down its value chain. Due to a lack of reported information, it is a great challenge to estimate and quantify company Scope 3 emissions.</i></p>	<p>course of establishing a transition plan analysis exercise for issuers with fossil fuel exposure. Additionally, the Thermal Coal Policy introduced in 2022 commits actively managed portfolios to phase out thermal coal by 2030 for EU/OECD and 2040 for non-OECD. Later in 2023, HSBC Global Asset Management Ltd expects to publish a policy covering investment in oil and gas.</p> <p>In so far as HSBC Life is investing directly in collective investment schemes (which are in turn administered by asset managers exercising exclusive discretion to invest in other underlying securities and/or funds) due diligence is carried out so as to ensure that those asset managers with sound sustainability standards and practices are identified. More information on this due diligence process may be found in the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors' below. This statement is to be attributed to each respective PAI below.</p>
--	--	-----------------------	------------------	-----	--	--

		Total GHG emissions	97,246.83 tonnes	N/A	<p>Total GHG Emissions is based on Scope 1, 2 and 3 GHG emissions.</p> <p><i>Coverage: 75.17%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data relating to the Scope 1, 2 and 3 GHG emissions. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	
2.	Carbon Footprint	Carbon Footprint	190.69 tonnes	N/A	<p>This PAI consists to sum of the carbon emissions (Scope 1, 2 and 3) of issuer divided by enterprise value, multiplied by the weight of the investment. It is a measure of carbon emissions ownership, as it takes into account the proportion of emissions per investment, relative to the total size of the issuer value. However, carbon footprint can fluctuate without a change in carbon emissions as a result of changes in issuer value. Total carbon footprint is the sum of all issuer carbon footprint, divided by the value of the portfolio.</p> <p><i>Coverage: 74.23%</i></p>	<p>In so far as direct investments being made by HSBC Life and/or HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned (thus excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life has restrictions in place on certain issuers involved in oil or gas projects in the Arctic, oil sands and certain issuers involved in thermal coal mining, thermal coal power generation and coal to gas/liquid conversion. Further information in this respect may be found in the '<i>Description of the principal adverse impacts on sustainability factors</i>' section of this PAI Statement.</p> <p>Also, HSBC Asset Management parent entity's interim 2030 emissions reduction target and 2050</p>

					<p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i>'.</p>	<p>net zero ambition will ensure a reduction in the carbon footprint. A climate implementation plan is set to support this commitment to embed climate transition into the investment value chain. Moreover, a transition plan analysis for issuers with fossil fuel exposure is being established. HSBC Global Asset Management Ltd. Thermal Coal Policy introduced in 2022 commits actively managed portfolios to phase out thermal coal by 2030 for EU/OECD and 2040 for non-OECD and later in 2023, a policy is expected to be published covering investment in oil and gas.</p>
3.	GHG intensity of investee companies	GHG intensity of investee companies	329.49 tonnes	N/A	<p>GHG intensity measures the quantity of GHG emissions (Scope 1, 2 and 3) per million-euro revenue of an issuer of a financial investment. It is a measure of environmental efficiency of an issuer, measuring issuer GHG emissions, relative to issuer economic output.</p> <p><i>Coverage:</i> 75.17%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i>'.</p>	
4.	Exposure to companies active in the fossil fuel	Share of investments in companies	3.48%	N/A	<p><i>Coverage:</i> 75.59%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing</p>	

	sector	active in the fossil fuel sector			and/or a lack of data. For more information about data sources, please refer to the section titled ' <i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i> '. 	<p>are concerned (thus excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life has restrictions in place on certain issuers involved in oil or gas projects in the Arctic, oil sands and certain issuers involved in thermal coal mining, thermal coal power generation and coal to gas/liquid conversion. Further information in this respect may be found in the '<i>Description of the principal adverse impacts on sustainability factors</i>' section of this PAI Statement.</p> <p>Also, HSBC Asset Management believe that the most significant reduction in GHG emissions will be secured by companies active in the fossil fuel sector achieving a transition away from their dependency on fossil fuel. For that reason, engagement in support of robust transition plans over divestment from the sector is favored. HSBC Asset Management parent entity's net zero commitments will also involve divestment over time from companies which do not develop robust transition plans. HSBC Global Asset Management Ltd. have a Thermal Coal Policy to phase out thermal coal exposure from the actively managed portfolios by 2030 for EU/OECD and 2040 for all other markets and expect to publish a policy on other forms of energy during 2023.</p>
--	--------	----------------------------------	--	--	---	--

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption: 36.26% Production: -N/A	N/A	<p>Consumption: This PAI represents the percentage of the investee company's total energy consumption that is generated using non-renewable sources in the reporting year.</p> <p><i>Coverage: 72.71%</i></p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i>'.</p> <p>Production: This PAI represents the percentage of the investee company's non-renewables energy production in the reporting year.</p> <p><i>Coverage: 0%</i></p> <p><i>Data Limitation:</i> We do not have any coverage for this indicator due to missing and/or a lack of data. Should data become available in the future, this will be duly reported. For more information about data sources, please refer to the section titled '<i>Description of policies to identify</i></p>	<p>In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management engages with companies dependent upon non-renewable energy sources for the implementation of robust transition plans. Also investment opportunities are sought in renewable energy sources. Both will be necessary to meet HSBC Global Asset Management Ltd. net zero commitments.</p>
--	---	---	---	-----	--	--

					<i>and prioritise principal adverse impacts on sustainability factors'.</i>	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture: <0.01 GWh/M€ Mining: <0.01 GWh/M€ Manufacturing: <0.01 GWh/M€ Electricity: <0.01 GWh/M€ Water Supply: N/A Construction: <0.01 GWh/M€ Wholesale: <0.01 GWh/M€ Transportation: <0.01 GWh/M€ Real Estate:	N/A	<p>Coverage: 72.94%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p> <p>On the Water Supply Sector there is no coverage for this indicator due to missing or lack of data, therefore the PAI indicator could not be reported. Should data become available in the future, this will be duly reported.</p>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management parent entity's emission intensity reduction targets require a focus on the fossil fuel usage, including energy consumption, of issuers in sectors with a high climate impact. Also, HSBC Asset Management will engage with issuers in these sectors to aim in reducing fossil fuel-based energy consumption.	

			<0.01 GWh/M€			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.40%	N/A	<p>Coverage: 69.16%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i>'.</p>	<p>In so far as direct investments being made by HSBC Life and/or HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned (thus excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life has restrictions on certain issuers' failing to adhere to sustainable land use standards or failing to protect biodiversity and prevent habitat loss.</p> <p>Also, HSBC Global Asset Management Ltd has committed to work to protect and restore biodiversity through the investments by signing the Finance for Biodiversity Pledge. Current and future actions include: collaboration and knowledge sharing on assessment methodologies, impacts and targets; engaging with companies to reduce negative and increase positive impacts on biodiversity; assessing the impact of investments; setting targets to increase positive and reduce negative impacts on biodiversity; and to report annually on these activities. During 2022, HSBC Global Asset Management Ltd. continued to engage with companies on biodiversity impacts and included negative biodiversity impacts in the voting criteria.</p>

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.53 tonnes/M€	N/A	<p><i>Coverage: 65.67%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	<p>In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, water usage and emissions are amongst those factors included in third party ESG data which informs HSBC Global Asset Management Ltd investment process.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	30.24 tonnes/M€	N/A	<p><i>Coverage: 72.83%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	<p>In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Global Asset Management Ltd have assessed the availability of third party data on harmful waste for inclusion on their ESG data tools and expect to include these data where appropriate to their investment process.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact (" UNGC ") principles and Organisation for Economic Cooperation and Development (" OECD ") Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.59%	N/A	<p><i>Coverage: 74.47%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management use a third party data provider to identify alleged violations of UN Global Compact and other international standards by issuers.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD	32.58%	N/A	<p><i>Coverage: 75.59%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management use a third party data provider to identify alleged violations of UN Global Compact and other international standards by issuers. HSBC Asset Management have introduced human rights considerations into their voting guidelines, with votes against directors where there have been alleged breaches of human rights standards. HSBC Asset Management also typically vote for

	Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				shareholder resolutions seeking to hold companies to account on human rights issues.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	6.74%	N/A	<p>Coverage: 71.06%</p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management vote in support of shareholder resolutions calling for transparency on gender pay gaps. Gender pay is included in ESG data that informs the investment process. These data also inform their engagement with companies. HSBC Asset Management encourage measurement and

						transparency in gender pay to improve diversity, equity and inclusion.
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	20.23%	N/A	<i>Coverage: 74.34%</i> <i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, board gender diversity is an important issue in HSBC Asset Management engagement with issuers, where they engage on diversity within the executive team and senior management as well as the board. HSBC Asset Management participate in collaborative initiatives encouraging board diversity in certain key markets. It is an important theme in their voting.	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	<0.01%	N/A	<i>Coverage: 75.59%</i> <i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i>	In so far as direct investments being made by HSBC Life and/or HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned (thus excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life prohibits investments in companies that have a strong indication of involvement or proven involvement in the production of Anti-Personnel Mines and/or Cluster munitions or their key components. Furthermore, HSBC Life has restrictions in place on issuers that derive an element of revenue (subject to pre-determined thresholds) from manufacturing military weapon	

						<p>systems and/or integral, tailor-made components or these weapons, or from products and/or services that support these weapons.</p> <p>Also, HSBC Asset Management, exclude from active portfolios that they manage securities issued by companies involved with weapons banned by certain international conventions. These weapons include: anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions and non-detectable fragments.</p>
Indicators applicable to investments in sovereigns and supnationals						
Adverse sustainability indicator	Metric		Impact 2022	Impact [year n-1]*	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG Intensity	GHG intensity of investee countries	245.11 tonnes	N/A	<p>Coverage: 78.25%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled '<i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i>'.</p>	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, sovereign issuers form part of HSBC Asset Management parent entity's 2050 net zero ambition. Data on the emissions related to sovereign issuers are included in the third party ESG data available for inclusion in their investment process.

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0%	N/A	<p><i>Coverage: 78.25%</i></p> <p><i>Data Limitation: We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</i></p>	<p>In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management third party ESG data providers include social factors in their assessment of sovereign issuers which is available for inclusion in their investment process. HSBC Asset Management intend to develop the use of these data in the coming year as they establish a dedicated ESG framework for sovereign issuers.</p>
--------	---	--	----	-----	---	--

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric		Impact 2022	Impact [year n-1]*	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	<p><i>Coverage: 0%</i></p> <p><i>Data Limitation:</i> We do not have any coverage for this indicator due to missing and/or a lack of data. Should data become available in the future, this will be duly reported. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</p>	Impact data are not typically available on a consistent or comparable basis. For these reasons we have not made impact disclosures. Where investment exposure is through listed assets, emissions impact will be included in Greenhouse gas emissions indicators above.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	<p><i>Coverage: 0%</i></p> <p><i>Data Limitation:</i> We do not have any coverage for this indicator due to missing and/or a lack of data. Should data become available in the future, this will be duly reported. For more information about data sources, please refer to the section titled 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</p>	Impact data are not typically available on a consistent or comparable basis. For these reasons we have not made impact disclosures. Where investment exposure is through listed assets, emissions impact will be included in Greenhouse gas emissions indicators above.

**Other indicators for principal adverse impacts on sustainability factors
Additional PAI from Table 2 and Table 3**

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]*	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investing in companies without carbon emission reduction initiatives Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	1.27%	N/A	Coverage: 73.66% <i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled ' <i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i> '.	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, HSBC Asset Management believe that the most significant reduction in GHG emissions will be achieved by companies delivering a transition away from their dependency on fossil fuels. For that reason, HSBC Asset Management favour engagement in support of robust transition plans over divestment. HSBC Asset Management parent entity's net zero commitments will also involve divestment over time from companies which do not develop robust carbon emission reduction plans.
Human rights	9. Lack of a human rights policy Share of investments in entities without a human rights policy	15.21%	N/A	Coverage: 72.89% <i>Data Limitation:</i> We do not have 100% coverage for this indicator due to missing and/or a lack of data. For more information about data sources, please refer to the section titled ' <i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i> '.	In so far as direct investments being made by HSBC Asset Management (for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect) are concerned, potential human right violations are amongst the issues monitored by HSBC Asset Management's third party data provider to identify alleged breaches of the UN Global Compact and other international standards by issuers.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

In identifying and prioritising principal adverse impacts on sustainability factors, HSBC Life is principally guided by the HSBC Insurance Sustainability Policy dated August 2022, as well as (to a broader extent), the principles set out under the UNEP PSI as adopted by the wider HSBC Group in April 2013.

In so far as direct investments are being made by HSBC Life and/or HSBC Asset Management for and on behalf of HSBC Life pursuant to an investment management agreement entered into to this effect (thereby excluding mutual funds, or passive strategies replicating an index, etc.), HSBC Life follows the aforementioned HSBC Insurance Sustainability Policy, which sets out the approach for taking sustainability factors into consideration during the investment decision making process, including via the mitigation or outright elimination of certain PAIs by applying specific investment restrictions. These restrictions effectively prohibit an investment in selected securities where these do not meet the sustainability standards set out in the HSBC Insurance Sustainability Policy. These restrictions in turn align with the HSBC Group's stand-alone Sustainability Risk Policies (available at: [Sustainability risk | HSBC Holdings plc](#)) as well as HSBC Life's commitments under the UNEP PSI, specifically Principle 1 thereto pursuant to which HSBC Life (as part of the wider HSBC Group) has committed to embedding in its decision making ESG issues which are relevant to its insurance business.

HSBC Group focuses its policies on sectors which may have a high adverse impact on people or the environment. In developing these policies, HSBC Group consults industry experts, shareholders and non-governmental organisations (NGOs). The overarching objective is to seek a balance of economic, social and environmental factors by following good international practice on environmental and social risks.

HSBC Group's Sustainability Risk Policies include: Agricultural Commodities, Chemicals Industry, Energy, Forestry, Mining and Metals, Thermal Coal Phase Out, World Heritage Sites and Ramsar Wetlands and Defence Equipment Policies.

Furthermore, HSBC Asset Management supports the UN Global Compact principles, and has developed stand-alone policies and statements on Banned Weapons, Biodiversity, Climate Change and Thermal Coal (alongside its Responsible Investment Policy (available at: [Policies and Disclosures | HSBC Asset Management](#))), that further outline its approach on integrating associated risks and opportunities, engagement focus and collaborative activities.

The aforementioned investment restrictions (which emanate from each of the above HSBC Group's Sustainability Risk Policies) are in turn based on the satisfaction of specific data thresholds established by the data provider for the purpose of assessing the severity (or otherwise) of any given investee company's effect on sustainability factors (including, for instance, the recurrence of incidents having an adverse impact on the environment).

As for those instances where HSBC Life is directly investing in collective investment schemes (which are in turn administered by asset managers exercising exclusive discretion to invest in other underlying securities and/or funds) due diligence is carried out to identify asset managers with sound sustainability standards and practices. As

part of this due diligence process, the asset managers' own sustainability standards and practices would be identified and reviewed, including *inter alia* ESG considerations and aspects of the fund/s managed which might give rise to certain PAIs.

The HSBC Insurance Sustainability Policy has been approved through the HSBC Group Insurance governance structure. In its own internal policies (including its Investment Policy and its Product Oversight and Governance Policy), HSBC Life cross refers to the HSBC Insurance Sustainability Policy as being directly applicable to its own operations. The Investment and the Product Oversight and Governance Policy were last approved by the Company's governing body in March and May 2023 respectively and are reviewed on a periodic basis. The HSBC Life Risk Management Meeting (which meets on a periodic basis), monitors through the Risk Appetite Framework the Company's adherence to the investment restrictions previously referred to. The Assets and Liability Committee and the Investment Forum are the internal channels responsible for the oversight and discussion of investment management actions.

The approach employed in reporting PAI indicators is contingent upon the availability and reliability of data, which may vary across industries, regions, and companies. In order to maximize coverage, a third-party data provider was appointed to access diverse data sources. These data sources include: (i) data reported publicly by the investee companies, (ii) estimates based on investee company data and/or other data elements, or (iii) data derived from information in the public domain. The nature of the data collected from these sources consists in a comprehensive array of quantitative and qualitative markers, encompassing values, financial positions, scores, and weights at the issuer level for both investee companies and sovereigns; with each indicator having a dedicated source. While publicly reported data constitutes the preferred methodology for HSBC Life's data collection, it does not at present constitute the majority of the data sourced from the data provider. Even though the data provider endeavours to provide full coverage for the entire universe of holdings, gaps do remain owing to, for instance, the investee companies failing to report / publish the relevant data (including where data is only reported at the level of the parent company and the investment/s would have been made in its subsidiary/ies) or limitation on the part of the data provider to source exhaustive data. We consider it inappropriate (and potentially misleading to estimate non-reported data for niche asset classes (e.g.: Small Caps, High Yield or emerging markets issuers) or sub-industries.

While we aim to continue enhancing our data coverage through our data provider, limitations pertaining to data availability and comprehensiveness are inherent. Hence, while we strive to ensure the accuracy and completeness of the disclosures made herein, it is important to acknowledge the inherent challenges associated with sustainability data, metrics, and the evolving nature of the regulatory landscape. As a result, we make our disclosures on a best-efforts basis, exerting every reasonable effort to provide reliable and meaningful information via the methods abovementioned, including where necessary by carrying out additional research and making reasonable assumptions in so far as this is considered necessary.

Engagement policies

In so far as HSBC Life delegates the investment management to HSBC Asset Management, and to the extent that the latter entity has underlying investment discretion (thus excluding mutual funds, or passive strategies replicating an index, etc.), the Engagement Policy applicable to HSBC Asset Management is adhered to. Further details in relation to the Engagement Policy can be found on our [Insurance Forms](#) page under the 'General Information' section within the 'Shareholder Rights Directive II' link.

The Engagement Policy includes information on how HSBC Asset Management monitors and engages with issuers, and applicable voting guidelines / restrictions implemented. It recognises the impact and effectiveness of engagement to encourage improvement in corporate practices and therefore actively engage with the companies in which they invest. If companies present sustainability risks, they may apply selective exclusions. HSBC Asset Management engages directly with company management teams to raise areas of concern. They engage with board members, executive management, and responsible officers to ensure issuers have long term financial sustainability. HSBC Asset Management leverage voting rights to reward positive corporate development, drive behavioural change, and hold company directors accountable when they fail to meet expectations. They draw upon the full range of internal and external data on adverse impacts to inform their engagement approach. HSBC Asset Management have a well-established escalation procedure with a range of engagement tools where issuers do not respond sufficiently or adverse impacts are not reduced. The stewardship plan, which also details HSBC Asset Management's approach to prioritisation of engagement topics and a number of the indicators for adverse impacts considered in their engagement is published annually. These include: greenhouse gas emissions, labour and social impacts of climate transition, biodiversity loss, potential human rights violations, gender inequality, and economic inequality.

As for those instances where HSBC Life is directly investing in collective investment schemes (which are in turn administered by asset managers exercising exclusive discretion to invest in other underlying securities and/or funds), their respective Engagement Policy applies.

References to international standards

As part of the HSBC Group, HSBC Life has committed to the UNEP PSI. Progress updates in this respect are published as part of an annual report which is published on the [ESG Reporting and Policies page](#) and the UN Environment Programme's Finance Initiative [external website](#). Given the broad nature of the UNEP PSI, indicators reported in this PAI Statement may be used to measure the Company's alignment with this standard.

In relation to the Paris Agreement, HSBC Asset Management has committed to the Net Zero Asset Managers initiative, which supports the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius, and to supporting investments aligned with net zero emissions by 2050 or sooner. Additionally, the HSBC Insurance Sustainability Policy adhered to by HSBC Life is aligned with the HSBC Group's Energy Policy and Thermal Coal Phase Out Policy which use science-based pathways and targets geared towards meeting the ambitions of the Paris Agreement. Indicators related to greenhouse gas emissions are used to measure the Company's alignment with these standards / policies.

HSBC Asset Management is committed to the application and promotion of global standards and believe in collaborative action to address the sustainability challenges globally. The Responsible Investment Policy includes a full list of the sustainability related memberships and standards – some of which are directly linked to PAIs. Amongst these standards is the United Nations Sustainable Development Goals. Indicators related to climate and certain social matters are used to measure the Company's alignment with this standard.

HSBC Asset Management has not included a forward-looking climate scenario as it is still assessing which methodologies to deploy in its investment process.

Historical comparison

A historical comparison of the reference period reported on with the previous reference period will be made for the first time as of 30 June 2024.