

Statement on principal adverse impacts of investment decisions on sustainability factors

June 2024 - Version 1 dated 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 2023 (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* mean 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 Procedures set out at the level of HSBC Group Insurance (the “**HSBC Life Group**”) which are reflected into the Company’s Investment Policy (the “**Investment Policy**”). 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) Limited (“**HSBC Asset Management**”) (LEI: 213800K5ZFNCCMMGZHN18)) 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 Environmental, Social and Governance (“**ESG**”) credentials of the asset managers which it engages for this purpose.

The Investment Policy also sets out specific restrictions prohibiting investments in 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 2023 to 31 December 2023 and also includes the impact/s of the previous reference period for comparison purposes. The following table also identifies the coverage of the data sourced 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.

Coverage

The current approach regarding coverage is assessed on a detailed level for direct investments. For indirect investments (such as Collective Investment Schemes), the third party data provider has implemented a binary methodology. This means that the presence of values within the sub-fund signifies full coverage of that particular sub-fund even though full coverage may not exist. Consequently, fluctuations in the underlying data inside these funds may exceed those represented in the coverage due to this approach. The third party provider will continue to revise and refine its approach on coverage in line with regulatory and market updates going forward. Coverage figures are outlined in the *'Explanation'* column below.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric		Impact 2023	Impact 2022	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	12,259.19 tonnes	9,476.37 tonnes	<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>The increase is mainly emanating from the investments in Collective Investment Schemes.</p> <p>Coverage 2023: 73.92% Coverage 2022: 74.7%</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 to exclude certain issuers involved in oil or gas projects in the Arctic, oil sands, Shale Energy and new large dams for hydro-electric projects. Also, HSBC Life has restrictions to exclude 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 lead entity of HSBC Asset Management (i.e., HSBC Global Asset Management Limited) is a signatory to the Net Zero Asset Managers initiative, which supports the goal of net zero greenhouse gas emissions by 2050. The global Thermal Coal Policy commits actively</p>

						<p>managed portfolios to phase out thermal coal by 2030 for European Union (“EU”)/ Organisation for Economic Co-operation and Development (“OECD”) and 2040 for non-OECD. The global Energy policy published in 2023 commits HSBC Asset Management to transition plan assessments for the largest oil & gas and utility emitters.</p> <p>Collective Investment Schemes</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 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.</p>
--	--	--	--	--	--	--

		Scope 2 GHG emissions	4,013.77 tonnes	2,008.54 tonnes	<p>These are the emissions that issuers make indirectly for example by the generation of electricity purchased by the company.</p> <p>The increase is mainly emanating from exposures in new securities.</p> <p>Coverage 2023: 73.92% Coverage 2022: 74.7%</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	86,509.12 tonnes	85,761.92 tonnes	<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>Coverage 2023: 74.97%</p>	

					<p>Coverage 2022: 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> <p>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.</p>	
		Total GHG emissions	102,782.08 tonnes	97,246.83 tonnes	<p>Total GHG Emissions is based on Scope 1, 2 and 3 GHG emissions.</p> <p>Coverage 2023: 75.09% Coverage 2022: 75.17%</p> <p><i>Data Limitation:</i> We do not have 100% coverage for this indicator due</p>	

					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 ' <i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i> '.	
	2. Carbon Footprint	Carbon Footprint	194.96 tonnes	190.69 tonnes	<p>This PAI is a measure of carbon emissions ownership, as it considers 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.</p> <p>Change in methodology in the interpretation on the "Current Value of all Investments": In the latter half of 2023, the data provider undertook methodological refinements in compliance with revised guidance from the European Securities and Markets Authority pertaining to PAI metric computations. A notable amendment involves the weighting mechanism applied to all PAIs adjusted to investment values vis-à-vis the</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 lead entity is a signatory to the Net Zero Asset Managers initiative, which supports the goal of net zero greenhouse gas emissions by 2050. The global Thermal Coal Policy commits actively managed portfolios to phase out thermal coal by 2030 for European Union ("EU")/ Organisation for Economic Co-operation and</p>

				<p>broader portfolio. The revised approach deems uncovered instruments encompassing shorts, cash, and positions lacking coverage to hold a valuation of 0, departing from the prior methodology in which these instruments were not considered. This adjustment may consequently yield lower PAI values relative to the 2022 figures, where a more conservative stance was adopted, bypassing such instruments to uphold a balanced portfolio result. This change in methodology is to be attributed to other PAIs as disclosed below.</p> <p>Coverage 2023: 85.63% Coverage 2022: 74.23%</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>Development ("OECD") and 2040 for non-OECD. The global Energy policy published in 2023 commits HSBC Asset Management to transition plan assessments for the largest oil & gas and utility emitters.</p>
--	--	--	--	---	--

	3. GHG intensity of investee companies	GHG intensity of investee companies	356.78 tonnes	329.49 tonnes	<p>GHG intensity measures the total GHG emissions (Scope 1, 2 and 3) divided per million-euro revenue of an issuer of a financial investment. PAI value can fluctuate without a change in the GHG intensity of the investee company as a result of changes in investee company's revenue. Those companies with negative revenue, a value of 1 is taken as otherwise the GHG Intensity value of the respective company would result in a negative figure.</p> <p>The change in methodology on the "Current Value of all Investments" as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 75.44% Coverage 2022: 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 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors'.</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>Also, HSBC Asset Management lead entity is a signatory to the Net Zero Asset Managers initiative, which supports the goal of net zero greenhouse gas emissions by 2050. The global Thermal Coal Policy commits actively managed portfolios to phase out thermal coal by 2030 for European Union ("EU")/ Organisation for Economic Co-operation and Development ("OECD") and 2040 for non-OECD. The global Energy policy published in 2023 commits HSBC Asset Management to transition plan assessments for the largest oil & gas and utility emitters.</p>
--	--	-------------------------------------	---------------	---------------	---	--

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.06%	3.48%	<p>This metric includes companies that work on the extraction of fossil fuels: crude oil, coal, natural gas or heavy oils. Suppliers that provide products and/or services specifically for fossil fuel are also considered involved.</p> <p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 75.44% Coverage 2022: 75.59%</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 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 lead entity's net zero commitments will also involve divestment over time from companies which do not develop robust transition plans. HSBC Global Asset Management Limited Thermal Coal Policy commits actively managed portfolios to phase out thermal coal by 2030 for EU/OECD and 2040 for non-OECD. The global Thermal Coal Policy commits actively</p>
--	---	--	-------	-------	--	--

						<p>managed portfolios to phase out thermal coal by 2030 for European Union (“EU”)/ Organisation for Economic Co-operation and Development (“OECD”) and 2040 for non-OECD. The global Energy policy published in 2023 commits HSBC Asset Management to transition plan assessments for the largest oil & gas and utility emitters.</p> <p>The statement on <i>Collective Investment Schemes</i>, which is outlined in the last paragraph of the GHG emissions under <i>Actions taken, and actions planned and targets set for the next reference period</i> section, also applies here.</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	<p>Consumption : 25.37%</p> <p>Production: 0.17%</p>	<p>Consumption : 36.26%</p> <p>Production: N/A</p>	<p>Consumption: This PAI represents the percentage of the investee company's total energy consumption that is generated using non-renewable sources.</p> <p>Coverage 2023: 71.75% Coverage 2022: 72.71%</p> <p>Production: This PAI represents the percentage of the investee company's non-renewables energy production in the reporting year.</p> <p>Coverage 2023: 62.67% Coverage 2022: 0%</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 Limited net zero commitments.</p>

		to renewable energy sources, expressed as a percentage of total energy sources			<p>The change in methodology on the “Current Value of all Investments” as described in PAI 2 above under the Explanation column also applies here.</p> <p><i>Data Limitation:</i> We do not have 100% coverage for these indicators 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’.</p>	
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	<p>Agriculture: <0.01 GWh/M€</p> <p>Mining: <0.01 GWh/M€</p> <p>Manufacturing: 0.05 GWh/M€</p> <p>Electricity: <0.01 GWh/M€</p> <p>Water</p>	<p>Agriculture: <0.01 GWh/M€</p> <p>Mining: <0.01 GWh/M€</p> <p>Manufacturing: <0.01 GWh/M€</p> <p>Electricity: <0.01 GWh/M€</p> <p>Water</p>	<p>This PAI metric is the summation of direct energy (energy company uses itself in the manufacturing process) and indirect energy (energy used to manufacture inputs used by the main company) divided by net sales or Total revenue in Million USD, per high impact climate sector according to Regulation (EC) No 1893/2006. PAI value can fluctuate without a change in the energy consumption of the investee company as a result of changes in investee companies’ revenue. Those companies with negative revenue, a value of 1 is taken as otherwise the GHG Intensity value</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 lead 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.</p>	

			<p>Supply: - Not Available</p> <p>Construction: <0.01 GWh/M€</p> <p>Wholesale: <0.01 GWh/M€</p> <p>Transportation: <0.01 GWh/M€</p> <p>Real Estate: <0.01 GWh/M€</p>	<p>Supply: Not Available</p> <p>Construction: <0.01 GWh/M€</p> <p>Wholesale: <0.01 GWh/M€</p> <p>Transportation: <0.01 GWh/M€</p> <p>Real Estate: <0.01 GWh/M€</p>	<p>of the respective company would result in a negative figure.</p> <p>The change in methodology on the “Current Value of all Investments” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 74.05% Coverage 2022: 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 ‘Description of policies to identify and prioritise principal adverse impacts on sustainability factors’.</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>	
--	--	--	---	---	---	--

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	3.57%	1.40%	<p>Company or any of its subsidiaries (if available) are checked against their presence in biodiversity-sensitive areas and/or having activities negatively affecting biodiversity-sensitive areas, for example activities leading to the deterioration of natural habitats, the habitats of species and disturbance of the species for which the protected area has been designated.</p> <p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 74.8% Coverage 2022: 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 to exclude 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 Limited 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 2023, HSBC Global Asset Management Limited continued to engage with companies on biodiversity impacts and included negative biodiversity impacts in the voting criteria; and selected a third party data provider to assess the investment exposure to biodiversity risk.</p>
--------------	---	--	-------	-------	---	--

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.03 tonnes/M€	0.53 tonnes/M€	<p>This metric includes value of emissions of priority substances, as well as nitrates, phosphates and pesticides, discharged to subsurface waters, surface water, or sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities and groundwater.</p> <p>Coverage 2023: 66.63% Coverage 2022: 65.67%</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 to exclude issuers' that have had frequent recurrence of incidents related to the disposal of tailings in rivers or shallow sea-water with severe impact on the environment and society. However, this does not include accidental spills where due to a tailings dam failure, tailings may enter rivers or shallow sea-water.</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 Limited investment process.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies	10.17 tonnes/M€	30.24 tonnes/M€	<p>This metric is the reported tonnage of hazardous and radioactive waste (according to Directive 2008/98/EC) generated annually by companies.</p> <p>The change in methodology on the "<i>Current Value of all Investments</i>" as</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 Limited 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</p>

		per million EUR invested, expressed as a weighted average			<p>described in PAI 2 above under the Explanation column also applies here.</p> <p>The decrease is mainly emanating from the change in methodology and definition in the <i>“Current Value of all Investments”</i>.</p> <p>Coverage 2023: 73.23% Coverage 2022: 72.83%</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>	investment process.
--	--	---	--	--	--	---------------------

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

<p>Social and employee matters</p>	<p>10. Violations of UN Global Compact ("UNGC") principles and Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>0.57%</p>	<p>0.59%</p>	<p>A violation flag is a designation given to companies that have been involved in significant controversies related to violations of international norms including the UNGC principles, OECD guidelines and International Labour Organisation ("ILO"). ESG controversies are assessed by researching and documenting answers to a series of qualitative and quantitative questions or inputs, such as legal proceedings (criminal and civil litigations), penalties, etc. The violations are assessed and graded based on the impact level of the violation itself, as well as violation management performance and the corrective action plans adopted by the company. The impact levels of controversies are measured using different variables and ranges depending on the type and number of controversies.</p> <p>The change in methodology on the "<i>Current Value of all Investments</i>" as</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 use a third party data provider to identify alleged violations of UN Global Compact and other international standards by issuers.</p>
------------------------------------	--	---	--------------	--------------	---	---

					<p>described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 72.21% Coverage 2022: 74.47%</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>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multination</p>	<p>21.74%</p>	<p>32.58%</p>	<p>This metric includes companies that has not committed to following the UNGC or OECD principles and has not displayed any mechanisms to address violations of the guidelines.</p> <p>The change in methodology on the "<i>Current Value of all Investments</i>" as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 75.44% Coverage 2022: 75.59%</p> <p><i>Data Limitation:</i> We do not have 100%</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 use a third party data provider to identify the lack of policies in regard to UN Global Compact and other international standards by issuers, though any due diligence undertaken is based upon alleged violations under 10 above. The consideration of human rights has been included in HSBC Asset Management stewardship activities (voting and engagement guidelines).</p>

		al Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			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> '.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	6.08%	6.74%	<p>This metric shows the difference between average gross hourly earnings of male and female employees as a percentage of male gross earnings.</p> <p>The change in methodology on the "<i>Current Value of all Investments</i>" as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 72.44% Coverage 2022: 71.06%</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, equality and inclusion, through engagement and exercise of voting rights.

					<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>	
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	15.77%	20.23%	<p>This metric shows the reported gender balance of board of directors, per women and men.</p> <p>The change in methodology on the "Current Value of all Investments" as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 74.52% Coverage 2022: 74.34%</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, 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.</p>	

	<p>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0.03%</p>	<p><0.01%</p>	<p>This metric includes the companies involved in the manufacturing or selling of anti-personnel mines, cluster munitions, chemical weapons and biological weapons.</p> <p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 75.44% Coverage 2022: 75.59%</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 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 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> <p>Collective Investment Schemes</p> <p>In so far as HSBC Life is investing directly in collective investment schemes (which are in turn administered by asset managers exercising</p>
--	---	---	--------------	------------------	--	--

						<p>exclusive discretion to invest in other underlying securities and/or funds) due diligence is carried out 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.</p>
--	--	--	--	--	--	---

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator	Metric		Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG Intensity	GHG intensity of investee countries	31.40 tonnes	245.11 tonnes	<p>This metric is measured as the level of Territorial CO2 Emissions/ Country GDP (€mn). Territorial CO2 Emissions are used as a proxy for GHG, given the high dominance of CO2 in GHG emissions. Territorial Emissions refer to Carbon dioxide emissions attributed to the country in which they physically occur.</p> <p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>The decrease is mainly emanating from the change in methodology and definition in the “<i>Current Value of all Investments</i>”.</p> <p>Coverage 2023: 76.93% Coverage 2022: 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</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, sovereign issuers form part of HSBC Asset Management lead 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.</p>

					about data sources, please refer to the section titled ' <i>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</i> '.	
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	0.32%	0%	<p>This metric includes the countries on the sanctioned list issued by the UN, OFAC, and/or EU that are in violation of human rights and weapons treaties.</p> <p>The change in methodology on the "<i>Current Value of all Investments</i>" as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 76.93% Coverage 2022: 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, 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. They are also exploring the scope to develop the use of these data within a dedicated ESG framework for sovereign issuers.

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric		Impact 2023	Impact 2022	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	Not Available	Not Available	Coverage 2023: 0% Coverage 2022: 0% <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'.	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	Not Available	Not Available	Coverage 2023: 0% Coverage 2022: 0% <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'.	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 2023	Impact 2022	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	11.18%	1.27%	<p>This metric includes those companies that lack announced relevant and reliable emissions reduction targets in line with the Paris agreement.</p> <p>A methodology change for this metric was made as follows:</p> <p><i>Previous definition:</i> The metric was including companies that has stated a plan to reduce emissions.</p> <p><i>New definition:</i> The metric is now including companies that has stated a net zero or zero emissions target by the latest 2050 or has already achieved net zero. This is a more conservative approach where the companies need to display a clear ambition to reach to such target and clearly align carbon emissions reductions with the Paris agreement. As a result of this, less companies will qualify as having a carbon emissions reduction initiative, leading to higher percentages of this metric.</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 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 lead entity's net zero commitments will also involve divestment over time from companies which do not develop robust carbon emission reduction plans. As per the global Energy Policy, HSBC Asset Management is committed to assess the transition plans of the largest oil & gas and utility issuers held in the portfolios.</p>

					<p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 73.84% Coverage 2022: 73.66%</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>	
Human rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	3.47%	15.21%	<p>This PAI is disclosing the investments in companies which lack a certain Human Rights policy. Having an anti-discrimination policy does not count for this metric.</p> <p>The change in methodology on the “<i>Current Value of all Investments</i>” as described in PAI 2 above under the Explanation column also applies here.</p> <p>Coverage 2023: 73.84% Coverage 2022: 69.04%</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, 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.

					<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>	
--	--	--	--	--	--	--

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 Procedures set out at the level of HSBC Life Group which are reflected into the Investment Policy dated March 2024, as well as (to a broader extent), the principles set out under the United Nations Environment Programme Principles for Sustainable Insurance (“UNEP PSI”) as adopted by HSBC Life 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 Investment 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 Procedures. These restrictions in turn align with the HSBC Holdings plc (“**HSBC Group**”) stand-alone Sustainability Risk Policies (available at: [Sustainability risk | HSBC Holdings plc](#)) and HSBC Group Defence Equipment Sector Policy (available at: [Defence Equipment Policy](#)) 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 Life Group) has committed to embedding in its decision making ESG issues which are relevant to its insurance business.

These investment restrictions are in turn based on the satisfaction of specific data thresholds established by the third party 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).

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

HSBC Group’s Sustainability risk policies focus on mitigating the negative impact of specific sectors on people and the environment, targeting geographies where HSBC have a high concentration of clients in these sectors. In developing these policies, HSBC Group consults with clients, investors, wider industry bodies, shareholders, non-government organisations (“NGOs”), as well as certain governments, to both inform the approach and better understand potential impacts. The overarching objective is to seek a balance economic, social and environmental factors by following good international practice on environmental and social risks.

Furthermore, HSBC Asset Management supports the UN Global Compact principles, and has developed stand-alone policies and statements on Banned Weapons (dated June 2023), Thermal Coal (dated November 2023) and Energy (dated November 2023) 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.

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.

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 Procedures 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 June 2024 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 recognise 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.

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. HSBC Life adheres to the HSBC Insurance Sustainability Procedures which are aligning 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. To support the criteria mentioned within these policies, HSBC Life has restrictions in place on certain issuers involved in oil and gas in the Arctic, oil sands and shale energy. Also, HSBC Life has restrictions to exclude certain issuers involved in thermal coal mining, thermal coal power generation and coal to gas/liquid conversion.

In relation to the Paris Agreement, HSBC Asset Management lead entity's ambition under its commitment to the Net Zero Asset Managers initiative aligns to a 1.5 degree objective as sought in the Agreement and indicators related to greenhouse gas emissions above are used to measure this alignment. HSBC Asset Management lead entity uses a range of data sources to inform the integration of ESG factors into its investment process and assessment of principal adverse impacts.

HSBC Asset Management is committed to the application and promotion of global standards and believe in collaborative action to address the sustainability challenges globally. HSBC Asset Management's policies and statements reference a list of sustainability related memberships and standards, some of which are directly linked to PAIs.

Amongst these standards are:

- Finance for Biodiversity pledge
- International Labour Organisation's labour standards
- UN Global Compact
- UN Principles for Responsible Investment
- Universal Declaration of Human Rights

Indicators related to climate and certain social matters are used to measure the alignment with these standards.

HSBC Life has not included a forward-looking climate scenario since it is very difficult to apply such scenarios for indirect investments (in particular Collective Investment Schemes) and as a result it would be a very complex process to assess the impact and identification of the relevant actions.

Historical comparison

Direct comparison between the 2023 and 2022 figures can be made as per above columns titled '*Impact 2023*' and '*Impact 2022*'. PAI Indicators may change due to increase or decrease in adverse impacts by the investee companies. Indicators however may also change due to availability of data, changes in methodology by the respective data provider, changes in sources etc. The '*Explanation*' column provides further details on such changes for each respective PAI indicator and further insight will be provided on any relevant subsequent changes year on year.

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 mentioned above.