

United Nations Environment Programme Finance Initiative (UNEP FI)

Principles for Sustainable Insurance (PSI) HSBC Life Progress Report 2024

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UNEP FI Principles for Sustainable Insurance Progress Report 2024

This document outlines the progress made by HSBC Insurance (Asia Pacific) Holdings Limited in 2024 towards implementing the PSI and how our sustainability commitments help shape the way we do business.

Unless the context specifies otherwise, 'we', 'our' and 'HSBC Life' refer to HSBC Insurance (Asia Pacific) Holdings Limited and all associated HSBC insurance entities. References to 'HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries. HSBC Insurance (Asia-Pacific) Holdings Limited is a subsidiary of HSBC Holdings plc. More detailed information regarding the HSBC Group ESG approach can be found on [HSBC.com](https://www.hsbc.com) including the [Annual Report and Accounts 2024](#): see pages 42-84 for ESG disclosures.

HSBC Life¹ was involved in the original drafting and development of the PSI Initiative which was launched at the UN Conference on Sustainable Development (Rio+20) in 2012 and became a signatory to the PSI on 23 April 2013. Progress updates on this initiative can be found in the subsequent annual reports, which are available on the [United Nations Environment Programme Finance Initiative website](#).

Whilst we are making progress, we are aware that we still have more to do in supporting the transition to a net zero economy and embedding sustainable insurance principles across our business. We recognise the need to further enhance our reporting capabilities and will continue to address these challenges and report on our progress.

HSBC Group engages with standard setters to support the development of transparent and consistent climate-related industry standards. In 2025, HSBC Group will continue to review and enhance the approach to disclosures.

The effective measurement, governance, and reporting of progress against the HSBC Group's climate ambition relies heavily on the availability and quality of both internal and external data. Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation.

The HSBC Group continues to invest in the development of data and analytics capabilities to support its net-zero transition. This includes sourcing more reliable data from external providers. The HSBC Group is also developing its processes, systems, controls, and governance to meet the demands of future ESG reporting.

HSBC Group continues to review and enhance implementation of sustainability risk policies as it applies them in practice. They are reviewed and, where appropriate, updated based on factors including risk materiality, implementation experience, evolving scientific guidance, updated climate scenarios, policy and regulatory requirements and evolving industry practices.

¹ Originally through the entity HSBC Insurance Holdings Limited but which has now been replaced as signatory entity by HSBC Insurance (Asia Pacific) Holdings Limited.

Our approach to sustainability








Who we are

HSBC Life is committed to helping customers embrace their future with confidence, leveraging the HSBC Group's expertise and international reach. We offer a comprehensive range of products and solutions to help customers meet their protection, education, retirement, wealth growth and legacy planning needs.



Our approach to sustainability

At HSBC Life, sustainability is a key aspect of our long-term business strategy. We are supporting the transition to a net zero economy and embedding sustainable insurance principles across our business including the products we design, the investments we make, the way we operate, and our people and culture, supported by key risk considerations and responding to sustainability-related regulations.

 Sustainable Investments	<ul style="list-style-type: none"> ◆ Aligned to HSBC Group's net zero ambition, work to transition our investment portfolio to net zero by 2050 ◆ Adopt a responsible investment approach, looking out for potential ESG opportunities and risks when investing our shareholders and policyholders' funds. We continue to increase sustainable investments across our insurance manufacturing entities in Asia, Europe, and Latin America ◆ Incorporate ESG principles into our investment governance, that includes restricting activities with high adverse impact on environment and society, in line with HSBC Group's sustainability risk policies ◆ Expand the availability of ESG investment fund options within our investment-linked products
 Sustainable Propositions	<ul style="list-style-type: none"> ◆ Create Health and Well-being propositions across our priority markets ◆ Enhance Financial Inclusion by reducing barriers and improving access to insurance propositions ◆ Drive Financial Capability through creation of educational content and simplification of customer tools
 Sustainable Operations	<ul style="list-style-type: none"> ◆ Aim to be a responsible consumer of natural resources ◆ Reduce business travel emissions against the 2019 baseline ◆ Aim to ensure fair customer outcomes are delivered by insurance products and services ◆ Aim to collaborate with our suppliers to deliver sustainable services
 People and Culture	<ul style="list-style-type: none"> ◆ Foster a diverse environment and inclusive culture in the workplace ◆ Equip colleagues with knowledge, resources, and experiences to support their well-being ◆ Embed sustainability into employee culture and upskill teams to help colleagues fulfil their potential
 Sustainability Risk Management and Compliance	<ul style="list-style-type: none"> ◆ Align with HSBC Group's sustainability risk policies and frameworks ◆ Integrate sustainability risk into business processes and controls ◆ Engage with industry bodies and regulators to support the development of standards for managing risks and respond to sustainability-related regulations

Progress in 2024



Principle 1: We will embed in our decision-making environmental (E), social (S) and governance (G) issues relevant to our insurance business.

Sustainable Investments

Sustainable Investment Portfolios

As a life insurer, our investment horizon is long-term, looking out for potential ESG opportunities and risks when investing our shareholders and policyholders' funds.

We continue to incorporate ESG considerations into our investment governance and processes. This includes restricting certain investments that may have a high adverse impact on society and the environment in line with [HSBC Group's sustainability risk policies](#) and HSBC Group's ambition to align their financed emissions to net zero by 2050.

We continue to build sustainable investment portfolios. During 2024, we increased sustainable investments across our insurance manufacturing entities in Asia, Europe, and Latin America. The majority of these newly-deployed assets were green and sustainable bonds, followed by placements into sustainable private credit funds. We aim to build on this work and grow our assets under management in line with our internally measured ambition aligned to [HSBC Group's Sustainable Finance and Investment Data Dictionary 2024](#).

We recognise the need to continue our efforts to enhance our reporting capabilities and data quality controls around our ESG data sets together with our asset managers.

The financed emissions related to HSBC Life are partially captured within the disclosures of HSBC Asset Management, which manages the vast majority of our insurance assets. The Partnership for Carbon Accounting Financials ('PCAF') standard for insurance associated emissions (Part C) is not applicable to our

insurance business as HSBC Life focuses on the manufacturing of life insurance products.

ESG Funds

We continue to expand the availability of ESG fund options within our investment-linked products and enhance our capabilities including governance, processes, systems, and controls.

ESG funds are funds that seek to support and/or promote sustainable outcomes through the assessment of specific ESG criteria, whilst meeting HSBC Group internal standards for ESG and sustainable investing. Any ESG fund manufactured by third party asset managers follows their respective ESG policies and controls, which are assessed for alignment with HSBC Group's own internal standards for ESG and sustainable investing.

In 2024, two new ESG funds were introduced by HSBC Assurances Vie France with the aim to provide long-term capital growth and income by investing in shares issued by companies that actively contribute to United Nations Sustainable Development Goals, while promoting environmental, social and governance characteristics.

Sustainable Propositions

Health and Well-being

We aim to create Health and Well-being propositions across our priority markets. The following initiatives took place during 2024:

HSBC Life Singapore launched an indexed universal life plan that includes benefits and incentives linked to health improvements and positive habits. Smokers enjoy the advantage of non-smoker policy charges if they commit to quit smoking, and customers can receive a 1% discount on insurance charges for 10 years with satisfactory evidence showing health improvements by the end of policy year 3.

In Hong Kong, we continued to engage customers through our health and well-being focused digital apps. The HSBC Life Hong Kong Well+ proposition on the HSBC Hong Kong Mobile Banking app helps customers improve the health of their body, money, and mind by giving them rewards for completing a series of health and financial knowledge activities. Our Well+ customers have completed more than 235 billion steps and 271 million work out minutes since the proposition launched in 2022. Hang Seng launched the "Stamp &

Earn" FinFit Programme on the Olive Wellness App during 2024, where users are engaged in various financial fitness missions and can redeem rewards by collecting stamps upon mission completion. The programme is designed to help users understand and improve their financial wellness through gamification.

Financial Capability

Simplified language and inclusive design in our policy documentation and customer communication are key to improving customers' understanding of our products. In 2024, we continued our plain language initiative by embedding simplified language and icons in key product materials in Singapore and Malta.

We also strive to improve financial capability of our customers by educating them on the importance of protection. A series of Critical Illness product videos, aimed at explaining commonly misunderstood terms and exclusions were launched in Hong Kong and Singapore. HSBC Life Hong Kong also continued to enhance its customer education platform "HSBC Life Talk" by introducing an insurance mini game to make learning more fun and relatable.

Financial Inclusion

We aim to ensure there are no unnecessary barriers for our customers as well as supporting customers in closing the protection gap. The Insurance Diversity and Inclusion framework, which was added to the product approval process in 2020, continues to be applied to support us in developing products.

In 2024, we developed an internal social strategy which aims to make insurance more accessible. The strategy outlines the social impact we, as an insurer, want to drive. This includes a pillar on promoting inclusion through product design and underwriting. An example of this, implemented in 2024, was the launch of new underwriting rules for mental illness disclosures made during HSBC Life UK Life Cover and Critical Illness Cover product applications, meaning customers are more likely to receive cover at standard terms.

Sustainable Operations

HSBC Life is aligned to HSBC Group's ambition to achieve net zero carbon emissions in our own operations and supply chain by 2050. For details of HSBC Group's climate ambitions, see the [Annual Report and Accounts 2024](#).

Business Travel

HSBC Life aims to reduce business travel emissions against the 2019 baseline. We do this by setting local internal targets. In 2024, our actual emission levels were lower than the 2019 baseline, despite seeing an increase in travel from 2022 for business purposes. We leverage the impact of hybrid working and virtual meetings which result in a reduced need for business travel and therefore reduced travel emissions.

Paper Reduction

Aligned to HSBC Group, our aim is to be a responsible consumer of natural resources. We continue to develop paper free processes through automation, leveraging common platforms across markets, and driving digital transformation to enhance the customer journey.

Examples of initiatives in 2024 include:

HSBC Life Hong Kong extended e-Statement and e-Tax certificate functionality over a range of insurance products. This feature allows the majority of tax certificates to be delivered digitally. Overseas e-Claims submissions for Employee Benefits mean that overseas treatment claims can be processed without the need for paper form submissions. These enhancements allow for paperless journeys reducing our paper consumption footprint.

Fair and Transparent Customer Treatment

Our insurance entities continue to follow a clear conduct framework to help ensure fair customer outcomes. Customer complaints key performance indicators ('KPIs'), including the time taken to resolve complaints, are closely monitored and reported to help ensure they are within agreed targets. HSBC Life UK implemented Consumer Duty regulations in 2024, which introduced a new set of rules and guidance aimed at setting higher and clearer standards of consumer protection ensuring customers' needs are put first.

Engaging with our Supply Chain

We are aligned to HSBC Group, recognising that our supply chain is critical to achieving net zero in our own operations by 2050.

Our engagement with our suppliers is further supported by HSBC Group's supplier code of conduct which sets out ambitions and areas of focus on the environment, diversity and human rights, and outlines the minimum standards expected of suppliers on these issues.

People and Culture

Aligned to HSBC Group, we value diversity of thought, and we are building an inclusive environment that reflects our customers and communities. We energise our colleagues for growth and build resilience by equipping them with skills that they need today and preparing them to meet future challenges.

In 2024, HSBC Life continued delivery of the global inclusive leadership programme. Senior leaders and people managers attended workshops designed to help them integrate inclusive leadership into their day-to-day roles.

We continued our collaboration with the wider HSBC Wealth and Personal Banking businesses to deliver an annual sustainability week in October. The week featured 16 live webinars with attendance from over 4,500 HSBC Group colleagues globally. As part of this week, HSBC Life hosted an industry panel event on 'driving inclusion and resilience' with speakers from the University of Oxford Wellbeing Research Centre and the UNEP Principles for Sustainable Insurance discussing what matters to our customer's wellbeing and how insurers can address these needs. HSBC Life's leaders also participated as panelists on webinars covering our sustainability strategy and the skills required for our transition to net zero.

We also continued our 'Teach In' webinar series in 2024 to educate our employees on sustainability-related topics. In November, mandatory anti-greenwashing training was added to all colleagues' training plans.

HSBC Assurances Vie France developed mandatory training to their colleagues to provide an overview of French and European extra-financial regulations. Employees learned about key standards such as the European Sustainable Finance Disclosure Regulation and the EU taxonomy, which guides companies towards responsible and transparent financial practices.

Sustainability Risk Management and Compliance

HSBC Life develops an annual plan to support the management of climate risk. In 2024, we enhanced our stress test modelling capabilities to assess the solvency resilience of our insurance entities under prescribed climate scenarios.

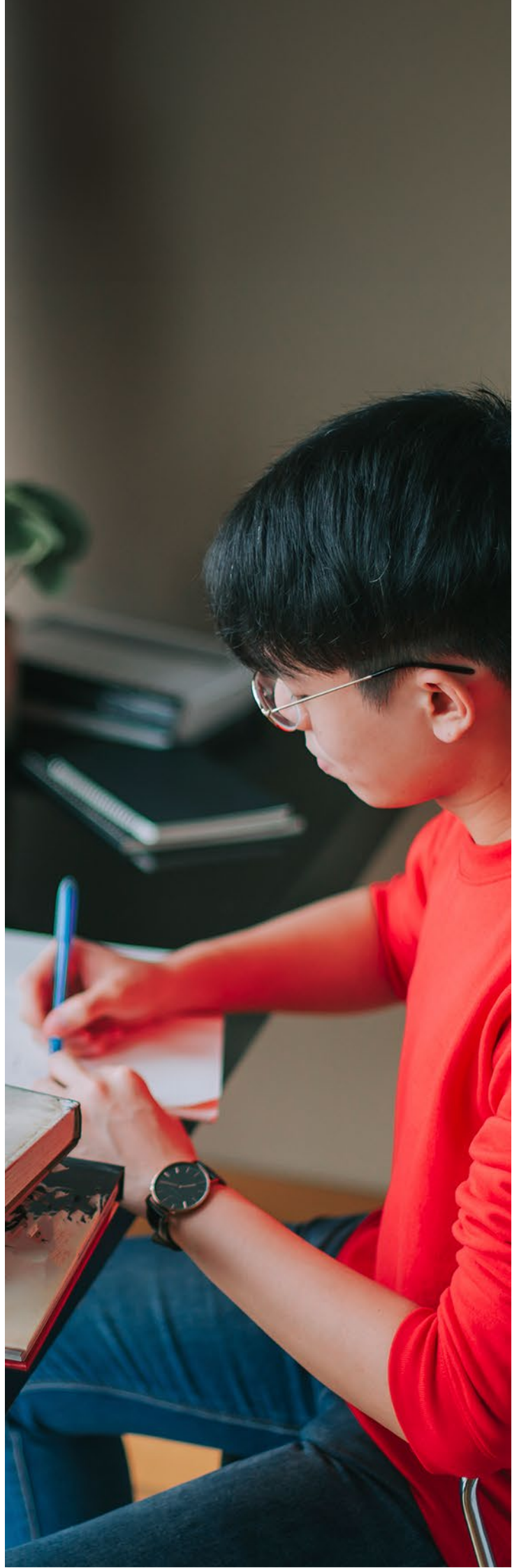
Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Community Engagement and Volunteering

Aligned to HSBC Group, we offer paid volunteering days, and encourage our people to offer their time, skills and knowledge to causes within their communities. We also work with charity partners around the world to strengthen the resilience of communities with below key examples of initiatives that took place during 2024.

In August, HSBC Life China launched the “Community for Children Financial Literacy” in Chengdu, mainland China to educate children how to manage money and achieve financial independence through their own effort. Our insurance business in mainland China has long supported community initiatives to enhance financial literacy. Since October 2022, financial literacy education has been provided in 21 communities in 10 cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, and Hangzhou, benefiting nearly 3,000 children, their parents, and community workers.

HSBC Life Hong Kong was a sponsor for the biennial industry event, East Asian Insurance Congress 2024, contributing to bringing together leaders, innovators, and emerging talents and fostering discussions on emerging trends and challenges within the insurance sector. As part of our ESG commitment to nurturing the next generation, we were also the Young Talent Sponsor for the congress to offer local university students majoring in insurance-related fields free day passes to the conference, driving positive change among youngsters. As part of the congress, HSBC Life Hong Kong also led a panel discussion on the topic of “The Pursuit of Happiness: The Power of Collaboration – East Asian Insurers Uniting to Drive Sustainability.”





Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

HSBC Group Research Fellowship with the University of Oxford

In June 2023, HSBC Group announced a two-year Research Fellowship with the University of Oxford's Wellbeing Research Centre that seeks to advance the understanding of the relationship between financial health and general well-being. The fellowship conducts interdisciplinary research on the role and impact that different themes such as financial fitness and mental well-being play on our overall quality of life.

During 2024 a series of thought leadership pieces and educational content were created to raise awareness of the holistic benefits of comprehensive financial planning, and how a proactive approach to wealth management can support positive well-being throughout different life stages. Additionally, the content has been leveraged to create internal training materials to provide our employees with valuable up-skilling opportunities as well as engage in customer conversations on topics of protection, international education, health and wealth.

Hong Kong Federation of Insurers ('HKFI') Climate Charter

In February, HSBC Life Hong Kong signed up to the Climate Charter developed by the HKFI. The Climate Charter is a collaborative commitment of the Hong Kong insurance industry to build a more sustainable future and demonstrate efforts in helping address climate change. The Charter encompasses a comprehensive range of climate principles and objectives that are specifically tailored to the local insurance sector, setting clear expectations for signatories to adhere to in order to better manage climate risks.

Partnership with the Foundation for Medical Research in France

During 2024, HSBC Assurances Vie France ran a 4-month campaign supporting the Foundation for Medical Research. For every purchase of HSBC Solution Family (term life product), the equivalent of the first monthly premium was donated to the Foundation for Medical Research.

Industry Recognition

We received external awards in recognition of our sustainability progress and achievement in 2024.

HSBC Life Hong Kong received the following awards:

- ◆ 'Bancassurance ESG Sustainability of the Year' at the 2024 Bloomberg Businessweek Financial Institution Awards.
- ◆ Bronze Award for 'Excellence in Corporate Social Responsibility' by Marketing Excellence. This award was in recognition of HSBC Life's collaboration with Dustykid, a popular local illustrator, to organise the "Sketch Your Promises, Stack Your Happiness" creative competition, enhancing public awareness of the mental health of children and teenagers.

HSBC Life UK was presented with:

- ◆ 'Outstanding Performance in Claims Handling' Prestige Award at the Protection Guru Awards. This accolade recognises exemplary processes and actions taken by advisers and insurers to achieve

outstanding client outcomes. The award also represents the significance of effective claims management in ensuring we continue to enhance client satisfaction and trust in the protection sector.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

This is our twelfth report since becoming a signatory on 23 April 2013 which demonstrates our continued commitment in communicating our progress in implementing the PSI in a transparent manner. We are participating in relevant disclosure and reporting frameworks including regular updates in the HSBC Group's ESG reporting.

Disclaimer

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