

# Addendum with changes and updates – Retirement Pension Plan - Unit Linked

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The Key Features Document has been enhanced with the below updated clause.

## **Sustainable Finance Disclosure Regulation (SFDR)**

HSBC Life Assurance (Malta) Ltd. (hereafter to be referred to as 'HSBC Life').

HSBC Life as manufacturer of insurance-based investment products (IBIPs) qualifies as a financial market participant pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (hereinafter "SFDR"). Inter alia, the SFDR obliges financial market participants to publish, as part of its pre-contractual disclosures, information regarding the manner in which sustainability risks are integrated into their investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products which they make available.

The SFDR defines 'sustainability risks' as follows:

**'sustainability risk'** – an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

## **Integration of sustainability risks and the impacts of sustainability risks on the returns of the Plan.**

The following paragraphs describe the integration of sustainability into HSBC Life's investment decision-making where it has some influence over the choice of underlying fund/s and fund manager/s in relation to the Plan.

HSBC Life incorporates the sustainability standards and principles set out in the Sustainability Policy adopted at HSBC Group Insurance level in its product governance and approval process. In an effort to understand the sustainability risks and the likely impact of such risks on the Plan, HSBC Life's specialised due diligence team primarily, but not necessarily exclusively, works and engages with asset managers which are signatories to the Principles for Responsible Investment (PRI) and which integrate sustainability risks into their investment decision-making process.

To provide customers with a choice of investments which reflect their personal needs and preferences, HSBC Life Unit-Linked products offer access to a range of investments which are managed by external fund managers. For these products, the investments and associated returns and risks, including those relating to sustainability, result entirely from the bespoke portfolio of investments selected by each individual customer. The screening or due diligence of the sustainability risks relating to the investments are carried out by the respective fund manager. Refer to the HSBC Life Malta (HLM) Fund Fact Sheets for information about the fund manager and respective underlying funds. The HLM Fund Fact Sheets can be found on the HSBC Bank Malta p.l.c. website <https://www.hsbc.com.mt/insurance/forms/>.

The integration of sustainability risks in product design and/or proposition does not necessarily mean the financial performance of the product or of the underlying investment will be affected.

However, investments in funds that manage ESG issues well may better anticipate future sustainability risks and opportunities. This makes them more strategically resilient and therefore able to anticipate, and to adapt to, the risks and opportunities on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying investment and risks can materialize in various forms including:

1. reduced revenue due to shift in customer preferences, negative impact on workforce, social unrest and decreased production capacity;
2. increased operating/capital costs;
3. write-off and early retirement of existing assets; and
4. loss of reputation due to fines and judgements and loss of license to operate.

All these risks can potentially threaten the investment case and destroy shareholder's and bondholder's value.

With this in mind, asset managers which are signatories to the PRI conduct ESG assessment before taking any investment decision. The resultant ESG risk assessment emphasizes material risks and is adapted according to the nature of the strategy.

Currently, this plan and the HLM Funds do not promote environmental or social characteristics, or have sustainable investment as their objective and are thus classified as Article 6 products under the SFDR. In addition, these financial products do not have any explicit ESG strategy or objectives and therefore do not consider the Principle Adverse Impacts (PAIs) of investment decisions on sustainability factors.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

HSBC Life Assurance (Malta) Ltd. (Registered Office: 80, Mill Street, Qormi QRM 3101 Malta. Company No: C18814) is regulated and authorised by the MFSA (Malta Financial Services Authority, Triq I-Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010 Malta) to carry on long term business of insurance under the Insurance Business Act 1998. HSBC Bank Malta p.l.c. is enrolled as a Tied Insurance Intermediary for HSBC Life Assurance (Malta) Ltd. under the Insurance Distribution Act, (Cap 487 of the Laws of Malta). (Registered Office: 116, Archbishop Street, Valletta VLT 1444. Company No: C3177).

HSBC Insurance is a trading name used worldwide by the insurance businesses of the HSBC Group, including HSBC Life Assurance (Malta) Ltd. which has issued this document.

Approved and issued by HSBC Life Assurance (Malta) Ltd. 80, Mill Street, Qormi QRM 3101, Malta

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