Addendum with changes and updates – With Profits Plan

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

Sustainable Finance Disclosure Regulation (SFDR)

HSBC Life Assurance (Malta) Ltd. (hereinafter "HSBC Life"), as a 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 With-Profits Plan.

The following paragraphs describe the integration of sustainability risks into HSBC Life's investment decision-making where it has influence over the investment policy and/or strategy of the With-Profits 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. The Sustainability Policy sets out restrictions that prohibit investment in the securities of companies or governments that do not meet HSBC Life's sustainability standards. In an effort to understand the sustainability risks and the likely impact of such risks on the With-Profits 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.

We consider the appraisal and assessment of such aspects as key components for our pre-investment analysis. As part of the due diligence process, where pre-investment analysis highlights any inadequate practices which contradict HSBC Life's and/or the asset managers' own sustainability standards, the risk and potential impact of those inadequacies are considered.

In an effort to understand the sustainability risk and impact of each investment decision, we encourage our asset managers to engage with the relevant investee companies. To that effect, HSBC Life carries out a sustainability analysis of potential investments within the product, indirectly via its asset managers. In the case of material sustainability risks being revealed during the analysis which cannot be managed through engagement with the investee company, HSBC Life may decide to exclude such investee company from the product proposition.

Finally, 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, investment in companies 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 adapt to, the risks and opportunities on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying company or the competitiveness of the country issuing government bonds.

HSBC Life

These risks can materialize in various forms for the companies we invest in 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 an ESG assessment before taking any investment decision. The resultant ESG risk assessment emphasizes material risks for the companies or governments and is adapted according to the nature of the strategy. This assessment aims to mitigate the potential impacts of sustainability risks on the returns of the product.

Currently, this With-Profits Plan does not promote environmental or social characteristics or have sustainable investment as its objective and is thus classified as an Article 6 product under the SFDR. In addition, this With Profits Plan does not have any explicit ESG strategy or objectives and does not consider 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 l-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

www.hsbc.com.mt

Customer Service: Premier: 2148 9100 / Advance: 2148 9101 / Other: 2380 2380

(Ref No. 38811.4 – 12/22)