

# United Nations Environment Programme Finance Initiative (UNEP FI)

## Principles for Sustainable Insurance (PSI) HSBC Progress 2022

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# UNEP FI Principles for Sustainable Insurance (PSI) Progress Report 2022

This document outlines the commitments and progress made by HSBC Insurance Holdings Limited in 2022 towards implementing the Principles for Sustainable Insurance and how our sustainability commitments shape the way we do business. HSBC Insurance Holdings Limited is a subsidiary of HSBC Holdings plc, more detailed information regarding the HSBC Group Sustainability strategy can be found on [HSBC.com](https://www.hsbc.com) including the *Annual Report and Accounts 2022: see pages 43-96 for ESG disclosure*.

HSBC Insurance Holdings Limited 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 the initiative can be found in the subsequent annual reports, which are available on the [UNEP FI website](https://www.unepfi.org) and [HSBC.com](https://www.hsbc.com).

Our management team and Insurance Executive Committee are working to incorporate environmental, social and governance (ESG) initiatives throughout the business. We are also committed to disclosing on an annual basis our progress in implementing the Principles for Sustainable Insurance.

## Progress in 2022

Below is a summary of the progress that HSBC Insurance Holdings Limited made in 2022 against each of the four principles. Unless the context specifies otherwise, 'we', 'our' and 'HSBC Life' refer to HSBC Insurance Holdings Limited. References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries.

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

#### 1.1. Sustainability Risk Management

We have an ESG programme to support the identification and management of the ESG related risks. During 2022, we continued to strengthen our ESG governance. Our Group Insurance Sustainability policy, which focuses on investments, products and operations, is aligned with the HSBC Group's thermal coal phase-out policy published in 2021. We also implemented enhanced product governance and processes to review ESG related products and features. Assessments have been undertaken to review the control framework and risk and control profile with respect to greenwashing risks. In 2023, we will continue to enhance the framework for the management of greenwashing risks.

We are exposed to transition and physical climate risks within our life and health businesses, in particular wholesale credit risk in assets supporting investment guarantees and also mortality and morbidity risks. ESG risk appetites, including climate risk, have been updated as part of a regular review process. Previously in 2021, we developed and executed a high level methodology for climate stress testing focused on wholesale credit risk modelling. We followed up in 2022 by participating in an internal scenario analysis to assess the potential resilience of the current business model to financial risks from climate change.

#### 1.2. Investments

As a life insurer, our investment horizon is long-term and, as such, our investments should be made in a sustainable and responsible manner, looking out for potential ESG opportunities and risks when investing our shareholder and policyholders' funds.

We continue to embed our Group Insurance Sustainability policy, which incorporates ESG principles into our investment governance. The policy includes restricting certain investments that may have a high adverse impact on society and the environment in line with [HSBC's Sustainability Risk Policies](#).

We are building our sustainable investment portfolios to support the United Nations Sustainable Development Goals (UN SDGs) and the Paris Agreement.

During 2022, we continued to increase sustainable investments across our manufacturing entities in Asia, Europe and Latin-America. We aim to build on the work and grow the assets under management in line with our internally measured ambition aligned to the [HSBC Sustainable Financing and Sustainable Investment data dictionary](#).

While the majority of our sustainable investment activity continues to fall upon green, social and sustainability bonds, we also used new vehicles and products to increase and diversify our sustainable investment allocation:

- ◆ HSBC Life Hong Kong, Hang Seng Insurance, HSBC Life Singapore and HSBC Assurance Vie (France) diversified their sustainable investment allocation via investments into the Climate Asset Management's Natural Capital Fund (NCF). The NCF looks to invest in a diverse range of projects focused on nature, including sustainable forestry, regenerative and sustainable agriculture, and nature based projects that generate returns from reducing greenhouse emissions
- ◆ HSBC Life Hong Kong and Hang Seng Insurance changed the benchmark of their passive global equity holdings to track a Paris-aligned version of the MSCI World index in order to embed sustainability in their public equity portfolio management

- ◆ HSBC Life Hong Kong, Hang Seng Insurance, and HSBC Life Singapore increased allocations to sustainable infrastructure projects via investments that have positive environmental or social benefits
- ◆ Our insurance sites in the UK and Bermuda also invested into the new HSBC ESG Liquidity Fund range that was launched by HSBC Asset Management in 2022. This allowed us to invest some of our cash holdings in a dedicated sustainable investment strategy for the first time



### 1.3. Customer Propositions

In support of the Insurance Sustainability ambition, our customer proposition development is focused on the following four key pillars. Also detailed below are examples of the progress made in 2022.

#### ESG funds

Building on the work outlined in section 1.2, we also focused on ensuring customers have more access to ESG investment fund options aligned to their ESG preferences. Our customers are increasingly keen to create a positive impact with their investments; and by making ESG funds available in investment linked products we help ensure their evolving needs and appetite are catered for.

ESG funds invest only in companies with strong ESG credentials or in key ESG related areas such as clean energy, water security, healthcare and climate change. HSBC Global Manager Selection (GMS) review and assess ESG funds to ensure that they meet ESG

credentials and a consistent standard applies across HSBC.

We increased the availability of ESG investment fund options within our investment linked products during 2022. For example:

- ◆ Upon the successful launch of a new investment linked plan by HSBC Life Hong Kong in 2022, 3 ESG fund choices are now available to provide more comprehensive wealth saving options to customers. These 3 ESG funds focus on promoting environmental sustainability such as low carbon, clean energy, sustainable transport, environmental resources and energy efficiency
- ◆ HSBC Seguros Mexico launched its first ESG fund within the investment linked product, 'Retiro Protegido HSBC' in 2022. The ESG fund provides diversified exposure and delivers a better ESG rating for the fund versus its benchmark

As of the end of 2022, 8 markets, namely Hong Kong, Singapore, Taiwan, Philippines, United Arab Emirates, UK, France and Mexico, offer ESG fund options to customers through investment linked products.

For 2023, there is a plan to further expand the number of ESG fund options through investment linked products in line with our internally measured ambition.

## Health and Wellbeing

Supporting customer health and wellbeing is a key component of our strategy at HSBC Life. Our mission is to create a unique, inclusive and compelling Health and Wellbeing proposition which encompasses physical, mental and financial wellbeing. Below are examples of progress made in 2022:

- ◆ HSBC Life Hong Kong launched Well+ in 2022, to offer customers a rewarding and holistic wellbeing programme with a gamified design. The launch delivers HSBC's market leading digital and insurance capabilities in a fun, educational and interactive way to help unlock customers' wellness. Customers are incentivised and rewarded to complete designated tasks, achieving goals and unlocking 3 badges representing three key areas of holistic wellness – Body, Money and Mind

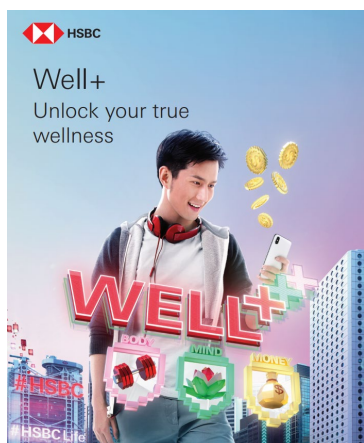


Figure 1: HSBC Life Hong Kong launched an online wellness platform in 2022 called 'Well+'.

- ◆ HSBC Life Hong Kong also launched its health scanner on Benefits+, Health Scan+, allowing users to check their health and mental status instantly on their phones. Furthermore, video medical consultations introduced in 2021 have recorded significantly increased adoption rates and maintained a consistently positive customer Net Promoter Score
- ◆ HSBC Pinnacle in mainland China launched a digital health solution via the Pinnacle River app, a one-stop professional wealth planning mobile tool. This solution provides health assessment tools and offers wearable devices in addition to allowing access to bespoke wellbeing services
- ◆ HSBC Life China launched an integrated chronic disease proposition by offering a total solution for higher age customers or those with chronic diseases. These customers can easily buy protection Whole of Life products (HSBC Hui Chuan Jia Whole Life Insurance and HSBC Hui Ying Man Tang Whole Life Insurance) with improved interactive underwriting questionnaires. Customers are encouraged to fight chronic disease through healthy living and health management with renewal loadings waived if the customer's health improves
- ◆ HSBC Life China launched a customer value added service package offering services such as cancer screening, gym memberships and fitness classes for customers who purchase medical products
- ◆ In Singapore, with the acquisition of AXA Insurance we have procured additional wellbeing services (through partnerships with Naluri and Classpass) for our HSBC Group Medical Customers (employee benefit members). These services are available seamlessly through our Employee Benefits member app, meaning members are empowered to better manage their physical and mental wellbeing through a wide variety of services from digital health coaching programmes, interactive webinars, support hotlines and thousands of fitness classes and wellbeing experiences at discounted rates, helping members make better, healthier choices for both their body and mind
- ◆ HSBC Life Singapore introduced an incentive into the HSBC Life Emerald Legacy Life II proposition encouraging customers to quit smoking by offering a refund of 5% of the premium to the policy owner upon meeting specified criteria
- ◆ HSBC Life UK ran a campaign to support male and female health through the UK Intermediary media outlet 'Cover' – this provided key awareness for breast, prostate and testicular cancers

- ◆ HSBC Seguros Argentina introduced a new complimentary benefit for eligible new customers providing access to healthcare and nutrition advice as part of their Whole of Life, Universal Life, Group Life and Annuities propositions
- ◆ HSBC Seguros Argentina in partnership with Zurich launched Mobility Equipment insurance encouraging customers to use more sustainable transport by covering the protection needs associated with them

## Financial Capability

Improving customer understanding of our products and the benefits of insurance leads to better customer outcomes. Plain language and inclusive design in our customer communications and tools is key. In 2022, we continued the plain language initiative to create global product material templates for 3 product types – Critical Illness insurance, Term Life insurance and Whole of Life & Non-linked savings insurance. HSBC Life Malta launched their new Critical Illness product with Plain Language and used QR codes in their marketing materials to further encourage the use of digital product literature. By redesigning the layout of product documents and simplifying the language used, we are improving customer understanding and making our products easier to understand.

To support this work, we also worked on creating a series of animated videos in the UK and Hong Kong to simplify the topic of Critical Illness insurance through people-centric storytelling. In 2023, we intend to launch these videos and support product material redesign across multiple markets.

As part of the wider HSBC Wealth and Personal Banking customer financial education initiative, we continued to publish insurance educational articles on 'Protect What Matters' under the HSBC website in Mexico and Singapore. These articles described different types of insurance and explained commonly used insurance terminology. Customer education tools or resources were also developed in local markets with key examples as follows:

In 2023, we intend to extend our Health and Wellbeing programmes to individuals as well as corporate customers in other markets. We will continue to pivot our insurance business towards Health and Wellbeing and invest further in developing new integrated propositions embedded across our banking and insurance business.

- ◆ HSBC Life Hong Kong launched a Health Proposition Sales booklet, 'Understanding Your Medical Protection Needs'. This booklet aims to convey complex concepts of medical insurance and critical illness by using plain language and infographics. An online engagement tool – Protection Linked Plan (PLP) simulator – was also launched in 2022 corresponding with the new protection linked proposition launch. The award-winning financial education platform LifeTalk has also been extended further into the Greater Bay Area with a successful launch into Macau SAR, symbolising a significant milestone for HSBC Life Hong Kong's dedication and reach around financial education<sup>1</sup>

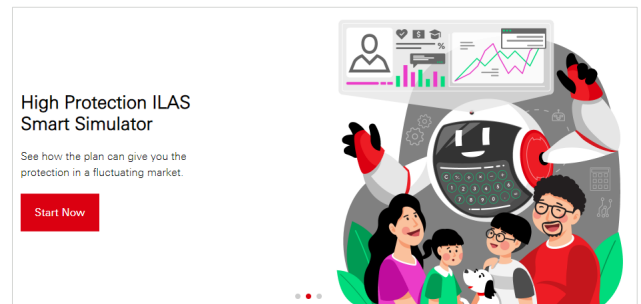


Figure 2: HSBC Life Hong Kong launched an online engagement tool High Protection ILAS Smart Simulator in 2022.

- ◆ HSBC Life is sponsoring the Hong Kong Lutheran Social Service to develop the Health Dollar Fun app. The aim is to drive digital inclusion and enhance the use of tech in caregiving, leading to a more humanised and adaptable technology solution for all ages

<sup>1</sup> Winner – Outstanding Financial Education Award at the Hong Kong Insurance Awards 2021, Winner – Corporate Award – LIFE TALK at the Investor and Financial Education Awards 2021.

- ◆ HSBC Pinnacle in mainland China regularly publishes information on financial planning, health and wellness and market insights on WeChat to promote financial education. Daily content posts, market analysis and in-app financial planning tools are also available through the Pinnacle River app to promote financial literacy for over 1 million registered users
- ◆ HSBC Pinnacle in mainland China also organised customer events and expert seminars in wealth management, children’s education, retirement and legacy planning. Pinnacle Wealth Planner staff volunteers hosted a financial education session to educate seniors on digital currency in Guangzhou in June 2022

- ◆ HSBC Life China launched the ‘Financial Knowledge to All Families’ campaign involving e-posters and advertisements in subways and office buildings to promote financial capability in major cities. A short film was shared on the HSBC Life China public video account with an online game created in the WeChat account and HSBC app to further promote basic financial knowledge to customers and the public. Senior management also featured in online customer education sessions aimed at building financial capability

## Financial Inclusion

We are committed to enhancing inclusivity through our product proposition to address the barriers people can face in accessing products and services 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, will continue to be applied to support us in developing products. We also continue to leverage the latest technology to make our products and services more accessible for our customers. Progress made in 2022 included:

- ◆ Now in its fourth year, HSBC Life Hong Kong continues to drive the award-winning Eldercare Programme to promote digital inclusivity among elderly citizens. Partnering with The Economist, HSBC Life Hong Kong conducted a thought leadership survey titled ‘Tech redefines ageing’ to generate insights about attitudes towards the role of technology in helping elderly citizens to remain productive. While over 95% of respondents think that COVID-19 has accelerated the popularisation of digital tools, the survey also highlighted barriers that impede older adults from effective consumption of digital services, with ‘trust’ being considered as the key hurdle to overcome
- ◆ HSBC Life UK launched a digital underwriting solution that enables medical screening referrals to be requested digitally via an Application Programming Interface (API) between HSBC Life and Square Health. This increases the speed of underwriting decisions, reduces the wait time for both customers and advisers, and improves

customer experience. This enhancement also widens the acceptance criteria in the digital underwriting rules allowing customers the potential to receive cover with HSBC where previously they would not have been eligible

- ◆ HSBC Life UK is now able to underwrite customers who are HIV positive (with conditions under control by treatment) no differently to any other customer who has a controlled medical condition (e.g., high blood pressure, high cholesterol). This means that HIV positive customers can now receive standard rates/small loadings, versus our previous position of excluding them from Critical Illness cover and imposing a high loading for life cover. This adjustment in underwriting philosophy vastly improves our protection customer experience for HIV positive customers and is another step-forward in improving the inclusivity of our propositions



Figure 3: HSBC Life Hong Kong conducted a thought leadership survey focused on how tech is enabling productive lives for older populations.



## 1.4. Operations

The operations sustainability strategy focused on five principal areas in 2022: fair and transparent customer treatment, customer journey enhancements, automation and paper reduction, collaboration with our suppliers to deliver sustainable services and other greenhouse gas reduction activities.

### Fair and transparent customer treatment

Our purpose is to be a life-long partner of our customers. We aim to know and understand our customers by providing products and services designed to deliver a balanced exchange of value. Throughout our sales and servicing, we target efficiency and transparency with a focus on our customers and addressing their needs.

Where customers are identified as having enhanced care needs, markets have processes in place to mitigate the risk arising from the products and services provided to these customers.

### Customer journey enhancements

We maintain a focus on improving the customer journey aiming to deliver products and services that result in our customers experiencing a positive interaction with us each day. We continue to capture a constant cycle of feedback via Net Promoter Scores (NPS) which will help drive improvements for our customers and colleagues. We aim to generate continuously positive NPS across our markets. As at December 2022 our NPS improvement was 41% against an ambition of 25%<sup>2</sup>. Examples of enhancements launched in 2022 include:

- ◆ HSBC Life Hong Kong launched in February Multi-currencies Direct Debit Authorisation for Premium payments. This allows customers the ability to directly settle non-HKD premiums from their foreign currency bank accounts
- ◆ Hang Seng Insurance launched their eAppointment service which has been extended to Prestige and Signature customers. This allows customers to submit online relationship manager call-back requests that enhances the customer experience with an alternative means of communication and reduces waiting times at the branch
- ◆ HSBC Pinnacle in mainland China delivered monthly technology releases throughout the year to enhance and streamline multiple customer journeys. The online self-service platform (E-service) was opened to both Policy Holders and the Insured from July. By logging onto the HSBC River app and registering for

E-service, the Policy Holder and the Insured can access multiple services such as policy enquiries, ID expiry date update, phone number update, Unit Linked account unit pricing enquiry and claims submission. They also launched enhancements for financial planning, customer relationship management, customer event management, as well as journeys on the Flex Benefit Platform and Health e-store based on user research and feedback

- ◆ HSBC Life UK streamlined their underwriting process. The new underwriting initiative enabled the utilisation of customer supplied medical history and therefore removed the need for customers to contact their GP. This has improved both the customer experience and removed any environmental impacts such as paper-based medical reports and letters. More than 70% of applicable cases are accepted solely on the information provided by the customer and greater than 80% of cases have an underwriting outcome in less than 30 days (versus medical reports with an average turnaround time of greater than 60 days)
- ◆ HSBC Seguros Argentina launched online and electronic upload for Group Life policies enabling corporate customers to provide staff details digitally for their Group policies. It expedites the end-to-end process ensuring accuracy and completeness of employee data and automating the registration at the back end

<sup>2</sup> The reporting boundary is within HSBC Global Insurance Transformation. Taking into consideration the different measurement metrics by different Sub Value Streams which align to their business needs (some report in improvement %'s and some are in absolute scores), the reported scores are aggregated up into an overall % term.

## Automation and paper reduction

We continue to develop paper-free processes and solutions aligned to our digital strategy. We utilise technology to streamline customer on-boarding, to support servicing of accounts, automating processes, leveraging common platforms across markets, and building operational sustainability.

Examples of initiatives implemented include the following:

- ◆ In June 2022, HSBC Life Hong Kong replaced customer's Annuity Distribution Notice paper correspondence for annuity products with email and mobile SMS thus enabling paperless communications. In addition, several digital policy servicing initiatives were launched to enhance the digital experience for customers, for example, new features enabling customers to update their contact and beneficiary details in mobile banking and the auto-selection for e-statement were launched in the second half of 2022
- ◆ Hang Seng Insurance introduced an E-Welcome pack allowing customers to receive a Digital copy of the Welcome pack for a new product called QuickReward. This encourages and supports paperless journeys reducing the need for hardcopies
- ◆ HSBC Life China launched an E-delivery initiative in May to proactively contact customers who had originally opted for paper-based correspondence for letters/annual statements and encourage them to change to email delivery. The campaign successfully resulted in circa 4,900 customers changing to email as a communication channel

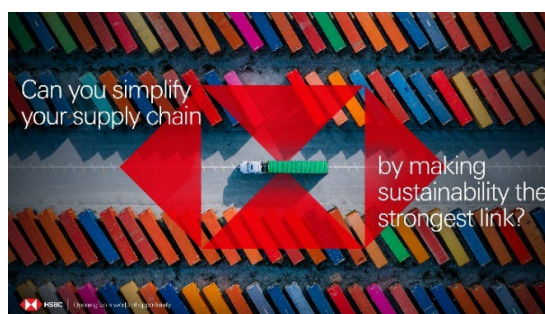
## Supply chain collaboration

HSBC Group aims to become net zero in its operations and supply chain by 2030 or sooner, and asks its suppliers to do the same. A large proportion of its total operational emissions come from its supply chain<sup>4</sup>. HSBC Group has signed up to the CDP (formerly Carbon Disclosure Project) supply chain programme and has identified its key partners and operationally critical suppliers. HSBC Life contributes to this group led programme and suppliers are encouraged to share their plans setting out their climate ambitions and details of

- ◆ HSBC Life Singapore successfully converted their paper-based Annual Bonus Statement for participating products to an eStatement and their Shield Renewal policy to eCOI ('Certificate of Insurance'). This resulted in a YoY 50% reduction in the printing of their Annual Bonus Statements
- ◆ HSBC Life Malta digitised customer forms through the Adobe Live Sign system. Branch staff and customers are now able to digitally raise and sign forms. Forms are digitally received by HSBC Life Malta. This has decreased the amount of paper being printed at branches, provides a better customer experience, and eliminates the risk of mishandling documentation
- ◆ HSBC Seguros Argentina implemented Web registration for Life Insured. It improved the customers digital journey by facilitating easier onboarding of employees of corporate customers by removing the need for paper registration. Insured are also able to use online self-service to designate beneficiaries and enjoy a seamless paperless experience

As a result of digital initiatives and a focus on reducing paper consumption, in aggregate a 2.4% YoY reduction in paper volumes was achieved despite business volume growth<sup>3</sup>.

how they plan to achieve their net zero targets, preferably in line with HSBC's ambitions.



3 As at Dec 2022. The reporting boundary is within HSBC Global Insurance Operations

4 The reporting boundary is within HSBC Global Sustainability Operations

## Greenhouse Gas Reduction

In alignment with the Group's commitment to be Net Zero in our Operations, examples of initiatives to achieve this include the following:

- ◆ To support HSBC Group's ambition to halve travel emissions by 2030, compared with pre-pandemic levels, for the full year of 2022 we contained travel to 21% of 2019 baseline, noting travel restrictions in some markets contributed to this reduction<sup>5</sup>. With hybrid working embedded across the organisation, the use of virtual working practices has reduced the need for our colleagues to travel to meet with other colleagues and customers
- ◆ HSBC Life Malta participated in a project led by HSBC Bank Malta to upgrade the local Head Office Premises to become more energy efficient and enhance the working environment for the employees, in line with our 'Net Zero' ambition. The office upgrade is expected to be completed during 2023 and includes a green travel plan and the installation of a solar farm serving a dual purpose. Cars will be sheltered by canopies fitted with solar panels to feedback electricity to the grid and those employees with electric cars can power their cars at the same time

In 2023, we will continue to focus on our supply chain, customer journey enhancements for our digital experience, responsible consumption which includes exploring all opportunities to reduce paper use, maintaining our business travel emissions within target to align with our 'Net Zero' goals.

<sup>5</sup> The reporting boundary is within HSBC Global Insurance Operations

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.

## 2.1. Societal Wellbeing

In 2022, our Insurance colleagues around the world collectively volunteered over 4,400 hours of their time. Some examples of local volunteering days organised by Insurance teams include:

- ◆ Global Insurance staff volunteered at London's Mudchute Park and Farm that aims to preserve the natural environment and provide education and recreation for young people. The team cleaned farm animal pens and helped with park maintenance
- ◆ HSBC Life Hong Kong staff volunteered in an organic farming day with the Produce Green Foundation. Produce harvested later in the year was donated to a local NGO to help feed the underprivileged
- ◆ HSBC Life Hong Kong partnered with the Hong Kong Society for Community Organisation through the 'Making Children Smile' campaign helping to realise circa 120 wishes for underprivileged children in Hong Kong. Through this partnership a staff workshop was also delivered inviting staff to team up with children and build model cars with recyclable materials, aiming to raise awareness of sustainability concepts amongst young people
- ◆ HSBC Pinnacle in mainland China organised 2 Corporate Social Responsibility volunteering summer camps delivering career enlightenment workshops and extracurricular activities for children in rural areas
- ◆ HSBC Life Singapore colleagues kayaked along the Kallang river to clean up the waterways and help protect the animals residing in them
- ◆ HSBC Life UK organised several outdoor litter and shrub clean-up operations at local nature reserves and beaches

- ◆ Canara HSBC Life Insurance supported the 'Jalashay' environmental project in partnership with the Ashray Social Welfare Foundation impacting more than 3,000 farmers from 10 villages. Activities included promoting food security and introducing farmers to the cultivation of high economic value aromatic plants. Financial literacy sessions were conducted by employees to help beneficiaries manage their money wisely and make informed decisions
- ◆ Canara HSBC Life Insurance also continued with the #EachOneTeachOne volunteering programme focused on educating and mentoring children from underprivileged sections of society assisting 90 children. With the help of 60 volunteers, 1,600 volunteering hours were provided

We are dedicated to supporting financial literacy projects in local communities:

- ◆ HSBC Life China commenced phase two of the 'HSBC Insurance Financial Literacy Plan for Migrant Children in China' in 2022. The programme aims to help 800 migrant children in China's urban communities to grasp basic financial knowledge by 1) continuing to organise financial education board game activities in 7 cities, 2) upskilling local social workers as activity trainers; 3) developing online financial education sessions themed on risk management and sustainable living



Figure 4: Children in mainland China learnt basic financial knowledge 'HSBC Insurance Financial Literacy Plan for Migrant Children in China'.

- ◆ HSBC Life China also launched three financial inclusion campaigns to support local communities. Guangzhou participated in financial and digital knowledge sessions aimed at the elderly population. Beijing held online and offline events sharing basic insurance knowledge and financial fraud prevention best practices supporting young students and migrant workers in Ningxia Province. Shanghai colleagues delivered seminars to young people in universities on employment and volunteers accompanied children in the local community to play financial education themed board games. Staff volunteers in Zhejiang, Shenzhen and other locations participated as judges in an online drawing competition on financial fraud prevention across 158 cities



Figure 5: Children in mainland China learnt basic financial knowledge through playing the financial literacy board game.

- ◆ In 2022 HSBC Life China supported the launch of the 'Empowering the Rural Women Artist' programme involving training sessions for 12 rural mountain women to learn Folk Art-Small Bonsai,

enabling them to form the first Bonsai Women Artists Group in China. The programme will provide marketing and sales training to support them in selling their Bonsai products providing a financial income

- ◆ HSBC Life Malta continued with their contribution to the 'GEMMA Mental Health and Financial Capability Programme' aimed at underprivileged citizens, hosting the fifth set of financial literacy education sessions

We continued to collaborate with our strategic charity partners to support local communities:

- ◆ As a response to Shanghai's Covid-19 lockdown, HSBC Fintech Services Company and HSBC Life China jointly donated CNY1m to provide pandemic prevention materials and daily necessities to support those in quarantine; as well as participating in the co-insurance program to provide free Covid coverage to first line volunteers and workers; and delivered food and health packages to 1,800 customers and all Shanghai Pinnacle based staff
- ◆ In 2022, HSBC UK donated £20 to Shelter for every new Home insurance policy sold, supporting their charitable ambitions to reduce homelessness in the UK. Overall the initiative saw c.£25k donated to Shelter
- ◆ For the fourth consecutive year, HSBC Assurances Vie (France) donated to the 'Fondation pour la Recherche Medicale' (FRM), where the first premium of each policy subscription of the HSBC Solution Famille will be redirected to fund the medical research conducted by FRM

## 2.2. Education and Awareness

We recognise the importance of raising awareness and educating our employees and customers on the scope and applicability of sustainability. During 2022, we provided employees with even more educational sustainability resources. The Global Sustainability Academy launched as a central hub for sustainability learning across HSBC which includes the learning pathway to the Sustainable Insurance Academy that launched in 2021.

For the fourth consecutive year we delivered a sustainability awareness campaign which included a

Sustainability Awareness Month implemented in July, this involved sharing communications on our sustainability progress within the different areas of business and the promotion of learning resources. It was also the first time the Global CEO of HSBC Life came together with key stakeholders to deliver a staff webinar specifically on sustainability. We also ran a Global Employee Sustainability Survey to assess employee's understanding on the topic, which showed improved awareness of our Sustainability ambition compared with the survey ran the previous year. During the Sustainability Awareness Month, we successfully

ran an employee engagement campaign where completion of sustainability-related activities resulted in 5,000 trees planted in key projects across Asia, Europe and Latin America, through the organisation One Tree Planted.

In 2022, we continued our 'Teach In' webinar series delivering 8 episodes covering topics including Sustainable Propositions, Financial Capability and Sustainability Risk. These webinars provide useful insight on how sustainability is applied in the day-to-day work of employees across different business areas. Climate Risk Training was also delivered to Board members of our insurance entities in Hong Kong, China, Singapore and the UK.

Sustainability has been embedded as part of training and education priorities in local markets, examples include:

- ◆ We launched an internal HSBC Life Sustainability video to support colleague understanding of our

ambition and approach for embedding sustainability into our business

- ◆ HSBC Life China set up a Green Finance Committee in 2022 to provide strategic direction on matters related to Climate Change. Amongst its objectives, the Committee oversees education and trainings on Climate Change through internal and external communications. The committee is chaired by the HSBC Life China CEO with involvement from customer propositions, risk, investment and operations
- ◆ HSBC Assurance Vie (France) trained the administrators of the Executive Committee on ESG, responsible investment and sustainable finance as well as ESG regulation and how this is applied to the France business. The Executive Committee also completed a 2-day sustainability training programme in 2022 in partnership with Earthwatch

### 2.3. Employee Diversity and Inclusion (D&I)

We aim to inspire a dynamic and open culture where our people want to work and bring their whole selves. This means encouraging an inclusive environment that fosters diversity reflecting the customers and communities we serve. Examples of how we progressed this in 2022 include:

- ◆ Building on knowledge shared in an educational webinar on imposter syndrome in 2021, we continued our collaboration with Aesara Partners providing additional interactive workshops on this topic. Four workshops were delivered enabling participants to actively work through key areas of focus and apply skills to their day to day roles alongside sharing follow up materials providing additional support promoting a safe and inclusive workplace

#### What does your critical voice say?

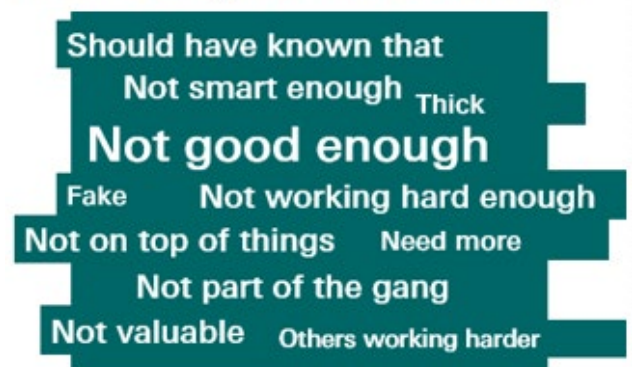


Figure 6: Interactive workshops were delivered for colleagues on the topic of imposter syndrome enabling colleagues to overcome any negative feelings they may have.

- ◆ We are committed to supporting our employees to develop skills to help them adapt to the changing world of work. We continue to promote the Insurance Sales Academy and Wealth and Personal Banking Critical Skills – Insurance learning platforms to help colleagues understand how critical skills apply to the insurance business and expand skills that support interaction with our clients. In 2022, additional content was created and shared demonstrating how colleagues are already applying key skills in their day-to-day roles providing knowledge on different areas of the business
- ◆ To further support the development of critical skills for the future world of work, three workshops were facilitated with Insurance Sales teams across all markets. Workshops explored the future of work in the context of insurance, crafted future roles using personas for insurance and identified critical skills and the target skill level ratings
- ◆ In 2022, a new platform called ‘Talent Marketplace’ was rolled out to Hong Kong, Singapore, United Kingdom, Mexico and Argentina to help match the supply and demand of skills by aligning employees’ career and development goals with business needs. It enables employees to work on projects outside

their current work area/location and create networking connections with diverse colleagues across the organisation to promote an exchange of expertise, insights, best practices and build critical skills. In 2023, this platform will be made available to China, France and Malta

- ◆ Feeling able to share ideas, concerns and different perspectives is a vital component of an engaged workforce. In 2022, a HSBC Life Speak Up guide was designed and cascaded highlighting options available for colleagues to raise their views in a safe environment. We also continued to raise awareness of the training available on the behavioural science of unconscious bias and how to become an active bystander
- ◆ Through regular communications and engagement initiatives in 2022, we continued to raise awareness of the key resources available at HSBC to support colleagues as well as wider Employee Resource Group activities. Specific activities included mentoring and career development webinars for specific areas of the business as well as various networking events encouraging colleagues to connect with different parts of the business to be explored further in 2023

## 2.4. Employee Wellbeing

Progress continues to be made to encourage employees to prioritise their own mental, physical and financial wellbeing, for example:

- ◆ We continued to deliver wellbeing focused initiatives including webinars, communications and exchanges addressing key topics such as cancer, financial wellbeing, mental health and hybrid working with active participation from senior leaders to reiterate key messages and share personal experiences
- ◆ Four 15-minute global webinars were delivered educating colleagues on the importance of taking a break and sharing deep breathing techniques in support of stress management. Sessions were delivered live in Mandarin, English and Spanish in order to make the content as inclusive and accessible to as many colleagues as possible

- ◆ HSBC Pinnacle in mainland China arranged aerobic exercise and dance classes in the office whilst HSBC Life Singapore offered weekly badminton classes to further promote wellbeing encouraging colleagues to connect with one another



Figure 7: To support employee wellbeing colleagues in Singapore attended weekly badminton classes.

- ◆ HSBC Assurances Vie (France) designed and cascaded fact sheets on specific wellbeing topics such as epilepsy and diabetes to educate colleagues and increase awareness
- ◆ Other wellbeing support for employees included promoting the resources available on the HSBC online learning platform and via the Headspace app specifically supporting mental health

- ◆ We continue to implement flexible working practices to support employees as part of hybrid ways of working

Employee health and wellbeing will continue to be a key priority in 2023 building on the initiatives launched in 2022.



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.

### 3.1. External requests

HSBC's Insurance businesses provide support as required and where relevant by Governments, Regulators and other key stakeholders on Corporate and Business Sustainability initiatives. Details of HSBC Holdings Plc's sustainability programmes can be found on [HSBC.com](https://www.hsbc.com).

Throughout 2022, HSBC Group has responded to multiple requests from our regulators or governments with respect to industry calls for evidence, regulatory

queries, consultations and feedback on policy statements related to Sustainability with HSBC Insurance providing input where relevant and appropriate. This includes interactions relating to regulatory developments, especially as regulatory authorities develop relevant sustainable disclosure regimes and HSBC's Insurance entities in the EU are implementing key disclosure-related regulatory requirements, which mainly impacts insurance-based investments products manufactured and sold by HSBC.

### 3.2. PSI Collaboration

We continue to collaborate with PSI to demonstrate our sustainability commitment to the insurance industry with the CEO of HSBC Life Hong Kong a member of the PSI Board.

In June 2022, the first [ESG Underwriting Guide for Life and Health Insurance](#) was published by the PSI, co-sponsored and co-led by HSBC Life. This guide provides a framework for Life and Health insurers to evaluate a range of ESG risks and factors on the mortality, morbidity, longevity and hospitalization risks during underwriting and includes examples of risk mitigation strategies and best practices for insurers to consider. This work involved a global project team, led by HSBC Life, pulling together sustainability experts from 11 other PSI member companies, ultimately reinforcing the key role insurers need to play in helping to solve the major ESG challenges of our time such as the spread of infectious diseases, biodiversity and nature loss, social inequality, and mental health and well-being.



Figure 8: The first ESG Underwriting Guide for Life and Health Insurance was published by the UNEP FI Principles for Sustainable Insurance (PSI), co-sponsored and co-led by HSBC Life in June 2022.

In 2023, HSBC Life will continue to drive efforts among PSI member companies to shape the global sustainability agenda for the Life & Health insurance industry through co-sponsoring a position paper focused on the role and opportunity for insurers to facilitate a more inclusive and preventative healthcare model aimed at healthcare prevention, as opposed to claims focus and how this will support closing the health protection gap globally.

### 3.3. Industry recognition

In 2022, our insurance businesses in Hong Kong, HSBC Pinnacle in mainland China and Canara HSBC Life Insurance have been recognised for their efforts in embedding sustainability practices.

HSBC Pinnacle in mainland China was awarded the Excellent Insurance App User Experience Innovation Award at the China Insurance Digital Intelligence Ecology Conference and Exposition in September 2022.

Canara HSBC Life Insurance was recognised among India's Best Workplaces™ in BFSI 2022 and for India's Best Workplaces™ for Women 2022. The company for two years in a row has also been Great Place to Work-Certified™ and received the Most Impactful Save Water Initiatives of the Year (2022) by Indian CSR Awards for its project 'Jalashay'.

HSBC Life Hong Kong received a number of industry accolades including:

- ◆ Corporate Social Responsibility, ESG Sustainability of the Year and Service Innovation – Video Consultation at Bloomberg Businessweek Financial Institution Awards 2022
- ◆ Insurance Company of the Year – ESG and Editor's Triple Star for Video Consultation service at The Asset Triple A Insurance Awards
- ◆ Winner and Top 3 finalist – Outstanding Corporate Social Responsibility Award, Outstanding Customer Services Award and Best Partnership Project Award – Life Insurance at the Hong Kong Insurance Awards 2022
- ◆ Top 3 finalist – Sustainability Award at the Asia Insurance Industry Award 2022

### 3.4. HSBC Life + Factor Study 2022



The HSBC Life +Factor Study 2022 is the latest annual report that explores individual wellness trends across body, money and mind. We look at how habits, perceptions, and plans across the three dimensions have changed for 6,829 respondents from Hong Kong, mainland China, Singapore and the UK as part of HSBC Life's Thought Leadership initiatives.

The study found that health in the body, money and mind are connected and have an interdependence. Good health and resilience are vital to thriving in an ever-changing environment.

The 2022 study also offers 8 '+Factors', a set of guiding principles in achieving holistic well-being that is the outcome of combining and analysing the 2021 and 2022 studies, with a total sample of 17,488 respondents across 4 countries.

These findings reinforce our strategy and positioning as a leading bancassurer in guiding people to achieve financial fitness as an essential element of their holistic wellbeing. The report includes a foreword by HSBC brand ambassador Tim Henman OBE and was supported by local activations and a social campaign where four influencers each explored a key insight.

In 2023, the study will be expanded to include additional geographies and collaborations.

More details of the study can be found on the [Hex Hub website](#).

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

This is our tenth report since becoming a signatory on 23 April 2013 and 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 Group's sustainability reporting.

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