

Addendum with changes and updates – Flexible Savings and Investments Plan

The Policy Terms and Conditions and the Key Features Document have been enhanced with the below new/updated clauses.

Policy Terms and Conditions

1. Liquidity Risk

The illiquidity of some of the underlying funds within the Policy that could arise from the markets and/or securities in which the underlying funds invest, may create potential risks for investors in that the underlying fund/s may sometimes experience delays in liquidating assets in order to maintain their own liquidity requirements. In such case, the HLM Unit-Linked Fund investing in that underlying fund may in turn experience delays to liquidate its units within the underlying fund/s. In such circumstances, HSBC Life has the right to suspend the purchase or sales of Units in the Policy until the underlying Fund/s regain their liquidity. This could result in the delay in the payment of Policy benefits on surrender of the Policy or on request for a partial withdrawal of the Policy.

2. Packaged Retail and Insurance-based Investment

Products Regulation (“PRIIPs Regulation”) The Packaged Retail and Insurance-based Investment Products Regulation (“PRIIPs Regulation”) came into force on 1 January 2018. This stipulates that HSBC Life Assurance (Malta) Ltd is to produce a pre-contractual Key Information Document (“KID”). The Regulation is intended to make it easier for retail investors to understand and compare the key features, risk, rewards and costs of different products in scope of PRIIPs through the provision of the KID. This is a free-of-charge stand-alone document which is to be shared with the investor prior to the conclusion of any transaction. The main goal of the PRIIPs Regulation is to enhance investor protection standards for retail clients.

In line with the regulation the KID is updated on a regular basis. To view these documents please visit www.hsbc.com.mt then click on Investing > Savings, pensions and investments > Key Information Document.

3. Value of Units

With the aim to provide more clarity of how we treat potential errors in relation to unit pricing within the Plan the below clause has been included under the “Value of Units” clause:

“We run regular checks to make sure fund prices are accurate. It is however a complex process and on occasions, an error may occur. This could result in either an incorrect payment to you or an incorrect number of units being added to your policy. We shall not be responsible for any error in calculating fund prices if we have acted in good faith when making such calculations.

However, where a price error is of 0.5% or greater of the unit price we consider this to be material and compensation will be paid to a policyholder and/or the fund if the error is 0.5% or above. Compensation will be paid by crediting additional units or the equivalent value, in the fund that was in error or to the policyholder as applicable.”

4. Fraud and Money Laundering

In our commitment to prevent money laundering, terrorist financing and abide by sanctions the “Fraud and Money Laundering” clause within the PT&Cs has been enhanced as follows:

“We and other members of the HSBC Group are required to act in accordance with the laws and regulations and requests of public and regulatory authorities in various jurisdictions which relate to the prevention of money laundering, terrorist financing and the provision of financial and other services to any persons or entities which may be subject to sanctions. We or any other member of the HSBC Group may without any liability, take whatever action We consider appropriate to meet any obligations, either in Malta or elsewhere in the world, relating to the prevention of fraud, tax evasion, money laundering and terrorist activity and in the provision of financial and other services to persons who may be subject to sanctions.

We or any other member of the HSBC Group may also, without any liability, take whatever action we consider appropriate in case we know or suspect a breach of security or other suspicious circumstances in respect of or in connection with the operation of one or more of your Policy(ies). This may include, but is not limited to, investigating and intercepting payments into and out of Your Policy(ies) and investigating the source of or intended recipient of funds. It may also include making enquiries to establish whether a policy holder /recipient is subject to sanctions issued by any authority having jurisdiction over any part of the HSBC Group, in Malta or abroad including UN, EU, OFAC and UK sanctions. Exceptionally, this may delay the carrying out of Your instructions or the receipt of funds, prevent/block access to Your funds or even block or close the Policy without giving You notice or reason except where expressly required by law or contract to provide You with such notice or reason.

To the extent permissible by law, no member of HSBC Group shall be liable to you or any third party in respect of any loss (however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the actions set out in this clause."

5. Surrender Value

The surrender value of the Policy will be the sum of the Bid Values of the chosen HLM Fund/s calculated on the first Valuation Date following the receipt of relevant written instructions from You at Our Head Office as reduced by a surrender factor. The surrender factor will be set by the Actuary from time to time and is indicated in the KFD Table 4 – 'Fees and Charges', as may be updated from time to time. Payments of surrender proceeds will be effected within 14 working days from date of receipt of these instructions by HSBC Life.

Key Features Document

1. 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, investment 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.

2. Plan Surrender

You may surrender your plan at any time. Plan surrender charges apply. Please refer to the Table 4 – 'Fees and Charges' for full details. Payments of surrender proceeds will be effected within 14 working days from date of receipt of these instructions by HSBC Life.

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

www.hsbc.com.mt

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

(Ref No. 38811.3 – 12/22)