

United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI)

HSBC Progress 2017

Date: April 2018

Prepared by: HSBC Insurance Holdings Plc



Table of contents

UNEP FI Principles for Sustainable Insurance (PSI) Progress 2017	2
Overview	2
Sustainability at HSBC	3
UNEP FI Principles for Sustainable Insurance (PSI)	4
Progress in 2017	4

UNEP FI Principles for Sustainable Insurance (PSI) Progress Report 2017

This document outlines our commitments and progress in 2017 towards implementing the Principles for Sustainable Insurance and highlights issues of importance to the business. The report articulates what sustainability means to HSBC and how we manage it, in terms of incorporating sustainability aspects in the business we conduct and how our sustainability commitments shape the way we do business.

Overview

HSBC is one of the world's largest banking and financial services organisations. With around 3,900 offices in both established and emerging markets, we aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and, ultimately, helping people to fulfil their hopes and realise their ambitions.



We serve roughly 38 million customers through our four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 67 countries and territories in Europe, Asia, the Middle East and Africa, North America and Latin America. HSBC is active on a range of social media channels including Twitter, Facebook, LinkedIn, YouTube, WeChat and Instagram – in more than 20 countries. Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by about 200,000 shareholders in 131 countries and territories.



HSBC provides a broad range of insurance products and services to individuals and organisations worldwide providing protection against risks and building future wealth. These insurance products are either underwritten by HSBC's own insurance manufacturing businesses or sourced from selected specialist insurance partners. Products are available through banking and insurance subsidiaries through a variety of channels, including the internet, telephone and face-to-face. Insurance is an important business for HSBC, with products positioned to help customers achieve their financial aspirations. In 2017 insurance manufacturing reported adjusted revenue of \$1,997m and distribution of insurance products by HSBC channels contributed \$1,035m of net fee income.

We manufacture life insurance products in the UK, France, Mexico, Argentina, Hong Kong, Singapore and Malta. We also have joint ventures in China, Malaysia, and India. Where we have chosen not to manufacture Insurance, we have entered into long-term distribution agreements with industry leaders.

At HSBC, how we do business is as important as what we do. We seek to build trust-based and lasting relationships with our many stakeholders to generate value in society and deliver long-term shareholder returns. The scale of our operations makes our values all the more important. We are committed to conducting our business in a way that delivers fair value to customers, strengthens our communities and helps ensure a properly functioning financial system.

Our values
Our values define who we are as an organisation and make us distinctive.

Dependable
We are dependable, standing firm for what is right and delivering on commitments.

Open
We are open to different ideas and cultures, and value diverse perspectives.

Connected
We are connected to our customers, communities, regulators and each other, caring about individuals and their progress.

Sustainability at HSBC

Sustainable finance

Facilitate financial flows to enable a transition to a low-carbon and sustainable economy.




Sustainable networks and entrepreneurship

Foster new business development and sustainable international growth.



Future skills

Providing our customers, our communities and our people with the skills and knowledge needed to thrive in the global economy.




The United Nations Sustainable Development Goals ('SDGs') are 17 goals and 169 targets to be achieved by 2030. This is a call to action to protect the planet, end poverty, and ensure peace and prosperity. HSBC has a responsibility to contribute to this globally agreed framework for action. By aligning our values, conduct and business activity, the SDGs set the context for our long-term ambition.

Sustainability means building our business for the long term by balancing social, environmental and economic considerations in the decisions we make. This enables us to help businesses thrive and contribute to the health and growth of communities. Since its foundation in 1865, HSBC has adapted to, and helped serve, the needs of a changing world. It has financed economic growth, fostered international trade and overcome events such as economic crises. We recognise that governments, corporations, the financial system and civil society are all stakeholders of climate change and sustainability challenges.

In our last ESG supplement we introduced our new approach and principles around sustainability in HSBC. Our sustainability approach focuses on three main areas: sustainable finance; sustainable networks and entrepreneurship; and future skills. We continue to prioritise these areas to support sustainable growth within our own organisation and for our customers.

Provide **USD100bn** of green financing

We're committed to financing the clean energy, low carbon technologies and projects which will help deliver the 2015 Paris Climate Agreement and the UN Sustainable Development Goals.



For further information on HSBC Holdings Plc's sustainability policies, activities and performance, including the 2017 [ESG Update](#) visit the [sustainability](#) content on HSBC.com

UNEP FI Principles for Sustainable Insurance (PSI)

HSBC was involved in the original drafting and development of the PSI Initiative between 2009 and 2011 which was launched at the UN Conference on Sustainable Development (Rio+20) in 2012. HSBC Insurance Holdings became a signatory to the PSI, on 23 April 2013. Progress updates on the initiative have been provided in the subsequent annual reports, which are available on the UNEP FI site and HSBC.com.

Our management team and Insurance Executive Committee are committed to this initiative and to integration of environmental, social and governance (ESG) considerations across our processes and geographies. We are also committed to disclosing our progress in implementing the Principles on an annual and public basis.

Progress in 2017

Below is a summary and examples of progress HSBC has made against each of the four principles in 2017.

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 Policy

During 2017 a working group was created to design a sustainability policy specifically targeting Insurance activities to complement the existing, broad, HSBC Group policies. The purpose of the new policy is to consistently embed ESG into our investment approach, product design and day to day operations. A phased roll-out of the policy will begin in 2018, raising awareness and educating colleagues on these topics. We have been working in collaboration with HSBC Group Sustainability colleagues and are creating training, education and communication material to support the policy. A progress update on this initiative will be provided in the 2018 annual PSI report.

1.2. Customer Care Commitment

We continue to make good progress in delivering on our commitment to being a responsible lender and reinforcing the importance of mortgage customers having the right protection in place via a 'fair value' product offering. In 2016 this work was extended to include engagement with our insurance partners to offer an improved customer experience through whichever sales channel the customer chooses. In 2017 we continued to progress the work focused on improving the customer experience through a more simplified application process. The primary objective remains to educate the customer on the importance of respective products and, the ease in which they can be purchased, there is no requirement for the customer to purchase appropriate insurance from HSBC.

1.3. Diversity and Inclusion (D&I)

Diversity is in our roots. HSBC was founded more than 150 years ago to finance trade between Europe and Asia. We have always brought different people and cultures together.



As a business operating in markets all around the world, we believe diversity brings benefits for our customers, our business and our people. The more different perspectives we have, the better equipped we will be to meet the demands of our hugely diverse global customer base – whether they are starting a business for the first time, exporting to new markets, planning for their retirement, or looking for financial products compliant with their religious beliefs.

Aligned with Sustainable Development Goal 10: Reduce Inequalities, within our insurance business we have been reviewing our products to ensure that whenever possible we do not discriminate our customers due to any point of personal difference. We want to offer products that are relevant to different customer circumstances.

Socially we have seen changes to traditional family structures, such as the case of *de facto* relationships where a growing number of people in society are choosing not to get married or to delay getting married. Same sex marriage has been legalised in many countries, for many markets where this is not the case we are seeing increasing public interest in reviewing the relevant legislation. For example, in Hong Kong there was a landmark [decision](#) where a gay civil service officer won a legal battle over same-sex marriage spouse benefits. In [Taiwan](#) the top court ruled in favour of same-sex marriage paving the way for Taiwan to become the first country in Asia to legalise same-sex unions and in [Australia](#) the parliament approved same sex marriage.

We have found in some markets there has been a misalignment in the cover the insurance industry is able to provide to the customers we serve to protect in particular regarding relationship status and financial dependents. During 2017 we continued with this work and examples of how we are progressing include Hong Kong where changes were made to travel and medical products provided by AXA to now offer a family discount to married couples, same sex partners and *de facto* relationships. In Singapore changes were made to AXA travel coverage to now include “partner” relationships (“Partner” means someone with whom the Insured lives in a relationship equivalent to marriage, whether of the same or opposite gender). For Hang Seng we increased the age limit to 99 years for our travel insurance provided by QBE. In the UK the definition of financial dependents was extended to ensure adopted, foster and grandchildren as eligible family members.

1.4. Customer Insight

As captured in section 1.4 The Power of Protection – Facing the Future report, highlighted health is the number one concern of our customers worldwide. Building on this, we completed some additional insight work in China which involved focus groups in Beijing, Shanghai, Guangzhou and Shenzhen. The purpose was to gain an understanding of people’s concerns, attitudes and behaviour in relation to health and wellness.

The following key points came out of the study:

1. Family togetherness and harmony are highly valued and are an important component of wellness – there is a strong connection among the 3 generations - Children, Parents and Grandparents.
2. Physical health only forms part of an individual’s “wellness”, in fact the majority of the people see financial stability and safety as the prerequisite of overall wellness.
3. Children’s wellbeing is a major concern for parents. The main worries are whether children are able to cope with the education pressures and whether they are developing a confident and independent personality. Parents feel guilty if they cannot give their children the best.
4. Elderly parents’ wellness also poses an immediate threat. There are concerns around the high chance of elderly parents getting serious illnesses, which results in more time being needed to take care of them and more money needed to cover medical expenses.

In 2018 work is continuing to develop solutions to fulfil the broader health and protection needs of our customers.

1.5. Investments

Within HSBC Insurance, we have always been emphatic about the potential ESG risks, issues, and opportunities related to our investment of shareholder and policyholders’ monies. We are constantly clarifying the Group Insurance’s prolonged efforts in our sustainability policy in order to cope with globally-evolving sustainability efforts. The incorporation of ESG factors into financial analyses, inculcation of investment stewardship, and exclusion of high ESG risk sectors are amongst our prominent endeavors in perpetuating sustainability.

Through our collaborations with HSBC Global Asset Management (AMG) and HSBC Alternative Investment Limited (HAIL), as well as other external asset managers in crafting our investment portfolios, in 2017 we continued to integrate ESG factors in our investment decisions.

Within AMG, the designated asset managers integrate ESG issues into investment decision making process and voting and engagement activities. Also, they support the implementation of the Principles of Responsible Investments¹ (PRI) for the funds that AMG manages on behalf of HSBC Insurance and its customers. Within HAIL, the appointed officers implement our sustainability policies. To govern the process, ongoing monitoring gauges the ESG policies of each underlying investment, evaluating any ESG negative news and surveilling their actions in practice.

Beyond HSBC Group, we also embed ESG practice in our investment selections. Therefore, we are keen for external funds that offer at least similar qualities to those of our internal opportunities.

In 2017, HSBC Insurance France participated in the first sovereign green-benchmark bond, namely Green OAT (*Obligations Assimilables du Trésor*), in the sustainable mobility sector through the state-owned *SNCF Réseau (Société nationale des chemins de fer français)*. In the alternative investment space, multiple national real estate restructuring and procurement were granted *BBC-effinergie*[®] (Bâtiment Basse Consommation) low-energy certification and *BREEAM* (Building Research Establishment Environmental Assessment Method) excellence certification.

Additionally the French business devoted further investment into European-focused renewable energy fund, concentrating on the acquisition and management of real assets in the renewable energy sector mainly in solar and wind energy. In the unit-linked domain, we also made available an ESG-friendly alternative for client selection of an HSBC Green Investment product which performance is linked to the iSTOXX[®] Europe ESG Select 30 Index.

In 2017, HSBC Insurance Hong Kong and Hang Seng Insurance augmented their stakes in supporting global sustainability projects by increasing their investments in infrastructure projects. The pool of funds had been earmarked to invest in clean energy businesses, such as wind, solar, and other renewable energies should appropriate opportunities arise.

For more details of Group Initiatives carried out throughout the year, visit HSBC Global Asset Management's Responsible Investment Transparency Report 2016/2017 which is available on the UN PRI website.

As per section 1.1. we are rolling out the sustainability policy for our insurance business in 2018 and investment progress will be captured in the annual report next year.

1.6. Sustainable Operations

Our business in Singapore stopped printing insurance brochures for the Retail Banking and Wealth Management business. Brochures are now available online. The team also introduced a paperless claim form for the new online platform.

Our team in Mexico continued innovating using new technologies to make processes simpler, more efficient and improve customer experience when purchasing an insurance policy. The Term Life insurance sales process was improved with a 100% digital file, removing the need for sending physical documents. This new process reduces time and paper usage.

¹ The United Nations-supported Principles for Responsible Investment (PRI) Initiative is a framework for the institutional investment industry, which spans insurance and non-insurance institutions (e.g. insurance companies, pension funds, government reserve funds, foundations, endowments, depository organisations, investment management companies). Accordingly their scope is only on investment management, which they address more comprehensively. HSBC Global Asset Management is a signatory to the UN PRI initiative.

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 Protection Gap and Needs Analysis

As highlighted by research from Swiss Re, the global protection gap exists for general insurance and mortality protection gap (income needed to maintain standard of living). Aligned with Sustainable Development Goal 1: No Poverty, for our business in 2017 we have progressed a series of initiatives to improve the discussions we have with our customers regarding their protection needs:



The Power of Protection: The latest [Power of Protection](#) report, *Facing the future*, is the third in the series and was published in September 2017. The report represents the views of 13,122 people in 13 countries and looks at important issues such as how much family members support and depend on each other, how financially secure people are feeling and the actions they are taking.

It highlights that almost three-quarters (72%) of people are giving regular financial support to someone in their family and they are particularly vulnerable to financial shocks.

People face various tough financial choices, for example to choose between paying for their children’s university/higher education over their own retirement fund, to prioritise paying for their elderly parent’s health and social care over children’s university/higher education. However, 22% of respondents revealed they have never had a conversation with anyone about long-term financial security.

Financial planning is critical to everyone. It can help balance competing priorities, achieve more of what you want to do in life and help your family become more financially secure in the future.

The report generated 166 pieces of global media coverage. Apart from staff messaging, sales aids and customer messaging, HSBC also developed a short [video](#) that has been widely-circulated through social media, internet and customer engagement platforms to increase public awareness of financial planning.

Providing regular financial support to the family

72%
to someone in their family

84%
to their children under 18

70%
to their children (any age)

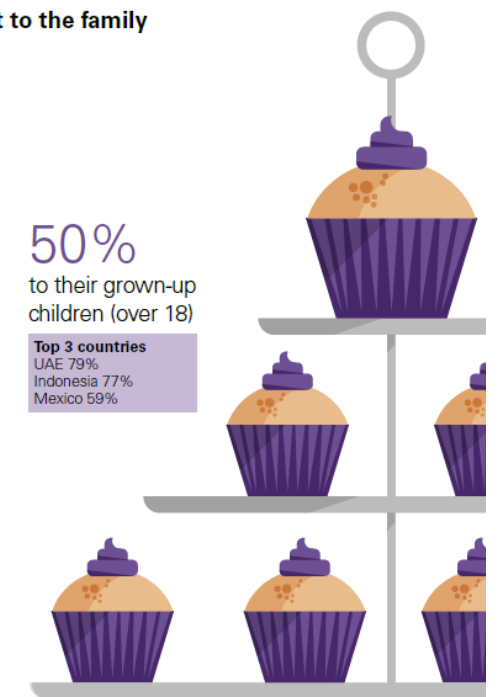
50%
to their grown-up children (over 18)

54%
to their parents

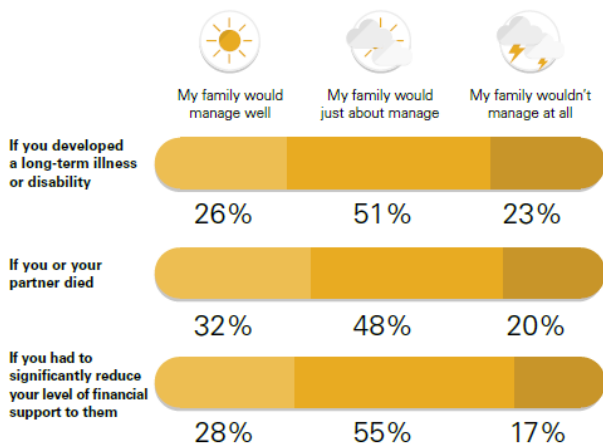
48%
to their partner

Top 3 countries
UAE 80%
India 76%
Hong Kong 73%

Top 3 countries
UAE 79%
Indonesia 77%
Mexico 59%



The insight also demonstrated the knock on financial consequences for the whole family due to unexpected events:



Important insights and practical next steps were drawn from the insights:

1

Identify your priorities

70% of people say their family's health and wellbeing is the most important thing to them for the future.

Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don't neglect your own aspirations when planning for the future.

2

Assess your finances

33% of people supporting someone financially feel they themselves are just about managing or not managing at all well.

Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

3

Plan for the whole family

72% of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them.

Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

4

Talk about the future

84% of people who are supporting someone yet managing well financially have had a conversation about their long-term financial security should something happen to them.

Make time to talk to your family about the future. Discuss what could happen to them if you experience a life-changing circumstance and what financial safeguards you have in place. If you need help, seek professional advice.

Now's Good: research conducted by HSBC in 2014 and 2015 indicated that one of the major barriers impacting engagement with Insurance across our customer base and with our front line teams was that they both associate the subject of Protection with fear and that this makes it difficult to discuss. Starting in 2016 and continuing into 2017 the Insurance and Marketing teams have worked to reposition Protection, changing the conversation from Fear of losing what you have to optimism about the [future](#). In Singapore a range of activities took place to educate customers on the value of protection which included seminars focused on cancer and vascular health.

Moving into a new home, getting married or becoming a new parent - whichever milestone you've achieved, you know things are going pretty good for you. And that's worth protecting.

At HSBC, we want to help you keep the good times rolling. Have a chat with us and discover how easy and affordable it is to protect your financial stability for you and your loved ones.

Exclusive Offer

Get more protection for your dollar. We understand you want the assurance of lifetime protection, without the burden of paying premiums in your golden years.

Enjoy both flexibility and premium coverage with HSBC's insurance solutions, offering you maximum protection during your prime years so you can be assured of your loved ones' financial security.

Free one month* premium

[Find out more](#)

*Terms and conditions apply.

Hong Kong launched an outdoor and digital campaign to promote the importance of protection. To complement the protection offering, and linked to our desire to support our clients long term health and wellness, our range of Protection solutions now include access to a ONEdna genetic test. Developed by Prenetics, exclusively for HSBC, this offers customers information on potential future health risks,



medicines and drug sensitivities, and specific dietary and nutrition. Additional information can be found [here](#).

Mortgage Protection: It is important to discuss protection when our customers are taking out a mortgage with us as it is likely to be their biggest financial commitment, however many of our customers have insufficient Life and Property protection in place. In 2017 we commenced a project aimed at improving customer awareness and delivering good value products. The work was piloted in Hong Kong and UK. One of the key pillars of the project is to develop a consistent customer and sales friendly mortgage protection journey. This involves working with our own HSBC manufacturers, third party insurers and major re-insurers to design/redesign a suitable, quick and easy 'HSBC way of doing things' solution for our mortgage customers. The aim is to expand auto acceptance, have simple underwriting questions and higher automatic acceptance limits to ensure more customers and their dependents are protected. This work will continue in 2018.

Digital: Aligned with the growing customer trend towards self-directed financial purchases and increasing digital engagement, in 2016 HSBC launched a simple term life product online in Hong Kong. The product won the Outstanding Award - Digital Innovation in the 2017 Financial Institution Awards presented by the Chinese edition of Bloomberg Businessweek. The annual award recognises efforts by institutions to provide technological innovation that has broadly improved market functions in the financial industry. Insurance Hong Kong was chosen for the award amongst a number of competitor submissions by a panel of judges that included industry experts, academics, and legislative councillors. Term Protector is a simple term life insurance plan that helps customers provide financial protection to their family at an affordable cost. Customers are able to apply for coverage of up to HK\$5M completely online in under 5 minutes, with no need for medical examination.

Continuing the theme of making protection products more accessible, in the UK we launched a digital protection product. The product offers level and decreasing life cover with an instant underwriting decision. Cover is available through an online digital journey with straight through processing of applications. There are no medical examinations and no telephone underwriting.



2.2 Partner Collaboration and D&I

As HSBC Insurance does not manufacture all the insurance products we distribute to customers, we work with a number of key strategic partners some of whom are existing PSI signatories. The objectives and deliverables of the D&I project outlined in section 1.3 are reliant on us working in collaboration with our strategic partners to review and implement changes. Collaboration with our partners on this important subject will continue throughout 2018.

In November 2017, AXA were invited to attend the Out Leadership summit held in Hong Kong and hosted by KPMG, HSBC, and Thompson Reuters. Out Leadership is a global LGBT+ business organisation that partners with the world's most influential companies to build business opportunities, cultivate talent, and drive LGBT+

equality forward. LGBT+ inclusion positively affects business results, and including LGBT+ people at the most senior level of executive leadership powerfully and positively benefits business bottom lines.

Comprised of 70+ member firms from the financial services, technology, legal and insurance industries, and dedicated to cross-industry collaboration. Convening at three annual summits in New York, Hong Kong and London, Out Leadership collectively set a forward-looking agenda. At the event in November, HSBC invited colleagues from AXA that included their Asia Pacific Regional CEO along Senior Executives from HSBC Insurance. More details regarding [Out Leadership](#) and footage from the [summit](#) can be found from the link.

2.3 Health and Wellbeing

As an insurance business and aligned with Sustainable Development Goal 3: Good Health and Well-Being, it is important to promote good health and well-being to our customers and employees. For our employees in 2017 colleagues were encouraged to participate in the 100 day Virgin Pulse Global Challenge with costs paid for by the business. Approximately 300 colleagues took part, competing in teams of seven, the aim of the challenge is to improve health and well-being, focused on daily activity, nutrition and mind (balance and sleep) with the aim to complete at least 10,000 steps per day. Colleagues made changes to their day-to-day activities which included cycling or walking to work instead of the tube or bus. Colleagues made a conscious



effort to have some time away from their desks and going for a walk over lunch. Positive improvements were reported throughout and transformed activity levels. Overall colleagues walked **355,267,997** steps with a daily average of **13,211** steps and travelled a total distance **141,282** miles and achieved the following post challenge improvements:



80% now meet the recommendation of 10,000 steps per day vs. 17% pre challenge

50% who tracked weight have lost weight

54% now meet the recommended amount of sleep vs. 39% pre challenge

64% reported a decrease in stress levels either at home or at work

56% reported an increase in productivity or concentration

2.4 Sustainability Policy

As per section 1.1 we have worked with our partners to understand their approach to sustainability in order to understand their approach for investments, products and operations. This has included understanding their approach and best practices in relation to training, education and communication. We will continue to collaborate with our partners as we progress rollout of the policy in 2018.

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 Group Sustainability

HSBC's insurance businesses are providing support, where required and relevant, to Group Sustainability initiatives interacting with governments, regulators and other stakeholders. The Group Sustainability team is our key point of contact with regard to upholding this Principle.

For fuller details of HSBC Holdings PLC's sustainability programmes can be found on our [website](#).

3.2 The Future of Retirement

Ageing populations, rising healthcare costs and long term low interest rates are affecting the retirement plans of people around the world. The latest [Future of Retirement](#) report, *Shifting sands*, is the fourteenth in the series and represents the views of 18,414 people in 16 countries and territories. This report investigates how people are making sacrifices, exploring new sources of funding and adjusting their retirement expectation for a world that is very different even to that of ten years ago. People believe that Millennials are paying the economic consequences of decisions taken by previous generations, that they will live much longer and will need to support themselves for longer. In light of this, it has become more important to start saving early and saving more to reduce the need of continuous working in later life.

Key findings include:

10%

of people think Millennials are in the best position for a comfortable retirement, compared to **42%** who think Baby Boomers are



26

is the average age Millennials started saving for retirement



59

is the average age Millennials expect to retire



58%

of people believe that Millennials are paying for the economic consequences of previous generations



47%

of working age people believe new technology makes saving for retirement easier



55%

of working age people believe new technology will help give future retirees a better standard of living



The research identified four practical steps, which may help retirement savers plan a better financial future for themselves.

1. Be realistic about your retirement

63% of people think Millennials will live much longer and will need to support themselves for longer. 77% of working age people believe retirees will have to spend more on healthcare costs in the future.

Make sure you are well prepared for a long and comfortable retirement by starting to save earlier and more. Factor potential healthcare costs into your retirement planning.

2. Consider different sources of funding

47% of working age people think low interest rates mean they will need to move their money from savings into investments. 47% think property offers the best returns for retirement saving.

Balance your ways of saving and investing for retirement to spread the risk and maximise the returns. Be realistic about your expected returns.

3. Plan for the unexpected

45% of people believe that employer pension schemes may go bust or be unable to pay out to Millennials. 40% of working age people would go back to work if their retirement income could no longer provide the standard of living they were used to.

Unexpected events can have a major impact on retirement funding. Include worst case scenarios when planning your retirement and consider putting protection in place to help secure your retirement income.

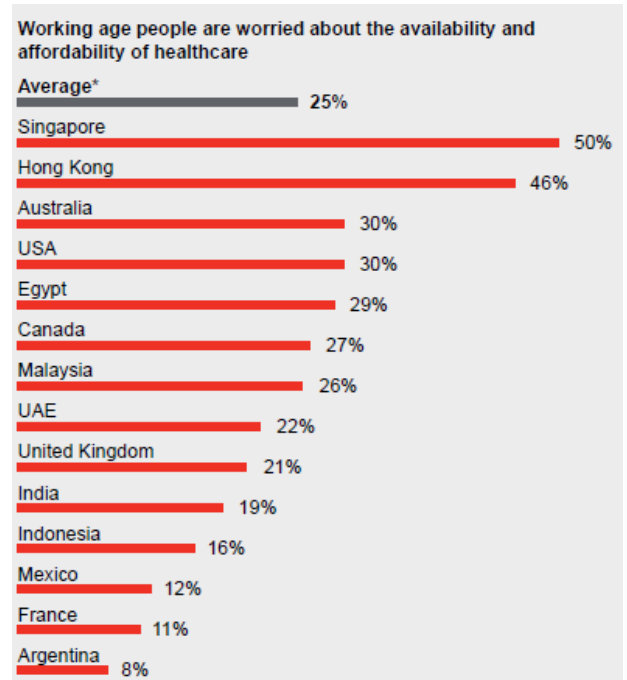
4. Take advantage of technology

18% of people have used an online retirement calculator and 17% a retirement planning app.

Embrace new technology to make planning for your retirement easier. Online planning tools can help you understand your retirement funding needs and track progress towards your goals. Seek professional financial advice if you need help.

The rising cost of healthcare is another important issue, with 77% of working age people believing that retirees will have to spend more on healthcare costs in the future.

Twenty-five percent of working age people worry about the availability and affordability of healthcare. More in Singapore (50%) and Hong Kong (46%) are concerned about this than in Argentina (8%), France (11%) and Mexico (12%).



Examples of progress in 2017 and how we are supporting customers with their retirement planning needs include:



Hong Kong launched the HSBC Wealth Goal Insurance Plan (WGIP) which is a flagship product most suited for long-term retirement savings need. Various activities took place to support the launch including a short video to explain key concepts of retirement planning, a customer-booklet highlighting the impact of volatile economies on

retirement planning and a digital campaign to reinforce the need of good planning to realise one's retirement goals.

Launching a unit linked product "Inversión Retiro" provided by Mapre in Mexico with supporting materials for customers.

Our China business launched a customer-centric proposition built on an understanding of true needs. The design gives customers the ability to create an education or retirement plan tailored to their preferences and personal circumstances.



3.3 The Value of Education

Aligned with Sustainable Development Goal 4: Quality Education, our latest [Value of Education](#) report, *Higher and higher*, is the fourth in the series and represents the views of 8,481 parents in 15 countries and territories. It looks at parents' ambitions for their children, their views on the costs and benefits of education, and the sacrifices they are prepared to make to ensure their children can fulfil their potential. It also explores parents' perceptions of digital learning and the importance of international studies/experiences in our globalised world. The report may help parents consider more alternatives, appreciate the long-term costs of education and put practical measures in place to ensure their children have the best start in life. Key findings are captured below.



75%
of parents are confident their child will have a bright future



82%
of parents are ready to make personal sacrifices for their child to succeed



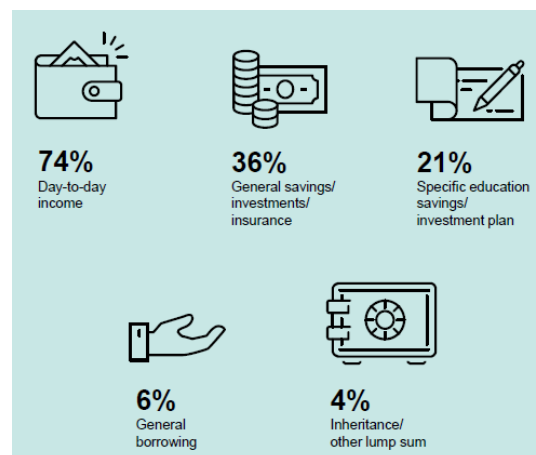
USD44,221
is the average amount parents say they spend on their child's primary, secondary and tertiary education



91%
of parents would consider a postgraduate education for their child

Nearly three-quarters (**74%**) of parents are funding their child's education from day-to-day income, compared with less than a quarter (21%) through a specific education savings or investment plan. Many parents are making or have made a range of financial sacrifices to help fund their child's education. **Forty percent** have reduced their expenditure on leisure activities, **21%** have worked extra hours in their existing job and **20%** have contributed less towards their own long-term savings or investments.

Interesting insight regarding digital which revealed more than two-thirds (**69%**) of parents agree that new technology means everyone has more access to good education, particularly parents in India (**85%**), Indonesia (**83%**) and Malaysia (**82%**). To be accessible to more students, universities across the world are using new technology and many now offer online learning programmes. Most parents (**73%**) are aware of these online degrees and **60%** would consider a university degree for their child that is either completely online or incorporates some online courses/ modules.



3.4 Community Activity

HSBC Insurance staff contributed to a variety of community initiatives throughout the year. This is not an exhaustive list of all the activities but provides a summary from several markets:

- ◆ The HSBC Hong Kong Community Festival is an annual event that highlights the Bank's community investment efforts in Hong Kong. Since 2012 the bank has donated funds every year to the HSBC Hong Kong Community Partnership Programme (CPP), funding community initiatives across the 18 districts in Hong Kong. So far, CPP has offered financial support to more than 1000 projects, benefiting over 2.86

million people in Hong Kong. Insurance colleagues were part of the team of volunteers supporting the annual event in November

- ◆ The Hong Kong Institute of Certified Practice Accountants CPAs developed a “Rich Kid, Poor Kid” programme, which is one of the flagship social responsibility programmes which aims to create a financially responsible generation. The programme uses CPAs' financial management expertise to teach primary and secondary school students' money management through storytelling and road show sessions. Colleagues volunteered time telling stories, teaching students one of the most important skills for a successful, happy life is regarding money skills including "Spending", "Saving" and "Sharing"
- ◆ In China, insurance volunteers participated in a nationwide Charity Run event organised by the China Insurance Regulator in Shanghai, Beijing and Guangzhou. The Charity Run is aimed to help poverty-stricken people as well as to enhance overall insurance awareness in China. All runners successfully completed 7.8 km running. At the end of the event, the whole industry contributed over 360,000 kilometres and donated insurance policies to 26 poverty projects/areas
- ◆ The Boys' Brigade's Share-A-Gift project in Singapore, is in its 30th year and has brought joy to over 42,000 individuals by helping to grant specific wishes relating to items such as home appliances and clothing requirements. The initiative is aimed to help elders, people with special needs and low-income families. Insurance colleagues attended the Year End Party and participated in this initiative by buying a gift from a wish list that was shared prior to the event. These gifts were then sent to the Boy's Brigade for them to dispatch to the recipients
- ◆ HSBC Insurance Malaysia assisted in providing medical equipment to NGOs, MND (*Persatuan Penyakit Motor Neuron*) Malaysia and PMPPMM (*Pertubuhan Membantu Pesakit Parah Miskin*) Malaysia, that specialised in serving in-need patients of Motor Neuron Disease and other terminal illnesses.
- ◆ Colleagues from Group Insurance London went to Victoria Park for a Charity/Team building event in October. The day was spent removing poplar saplings around the west lake.
- ◆ Colleagues from different teams across Group Insurance participated in an outdoor volunteering day in Clapham Common in December. The team joined forces to support “The Spinney” – an Environmental Learning and Play Area run by a team of dedicated workers and volunteers from the local community in Clapham (on behalf of Clapham Manor Children's Centre). The time was spent planting native hedging plants in order to replace the current bamboo screening in place so this involved digging trenches, adding layer of compost along the bottom, adding bone meal to the soil that has been removed then mixing it, placing hedging plants in the trench, replacing soil around them and finally watering the new plants
- ◆ Colleagues in our UK Insurance business supported the National Trust by painting new metal estate fencing which lines the road towards the Mottisfont Abbey in Romsey. Set in a beautiful location where the public can walk through ancient woodlands, historic farmland and along the crystal-clear River Test
- ◆ During 2017 insurance colleagues in Malta participated in a half day out event to support underprivileged boys aged between 8-14 years who live in a local Institute. The boys were taken to the Malta National Aquarium followed by lunch. The boys all had a disadvantaged background and learning difficulties. Some have been residing at the institute since birth including three brothers. The boys were given a goody bag at the end as a small reminder of the day.
- ◆ Since its inception in 2012, HSBC Water Programme has provided 1.6 million people with safe water and 2.5 million more with better sanitation. Through its environmental and educational spin-off, the 'Catch the Drop' campaign, HSBC Group sought to promote water conservation in Malta and Gozo. Together with Malta College of Arts, Science and Technology (MCAST), HSBC Insurance and Bank Malta launched an



interactive application that broadened the local perspectives on water issues throughout 5 digital games². The campaign contrived minor initiatives, from installing water tanks as a part of a water harvesting project at aschool and installing GEO-INF³ rainwater infiltration facility at a college to launching UNESCO *Mixja f'Wied il-Lunzjata* (A walk in Lunzjata Valley) publication.

- ◆ In Argentina, insurance colleagues support the foundations "Manos en Acción", an organisation created in 2010 that works for social inclusion and community development of children and families in vulnerable situations, to promote equal opportunities. Colleagues participated in the celebration of Children's Day that involves spending time and playing with children that need support
- ◆ HSBC Argentina invests in programmes to help children and young people to reach their potential accessing and developing new skills for a better employability. Through HSBC Youth with Opportunities Programme and other initiatives, in 2017 they continued to support Fundación Cimientos and Fundación Junior Achievement in initiatives aimed at children and teenagers in public primary and secondary schools in order to prevent dropouts, increase the children's about the importance of education for their future and help develop the skills to enter the workforce. Employees volunteered at their initiatives acting as mentors and sharing their experiences
- ◆ In September Mexico experienced two major earthquakes that affected several cities, caused the loss of people, buildings and homes. Our insurance business donated funds to help 64 HSBC employees that were affected.
- ◆ Insurance Mexico donated funds to support reforestation initiatives in Mexico City forest. Additionally colleagues, family and friends took part in a race for the benefit of the forest.

3.5 UNEP FI Engagement & Support

Our Head of Investment Project Management, Group Insurance attended the UNEP FI Annual Meeting in 2017. As a signatory to the PSI, HSBC has also executed its right to vote on the UNEP FI Annual General Meeting.

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

This is our sixth report since becoming a signatory on 23 April 2013 and demonstrates our continuing commitment to 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.

² <http://icapprojects.net/catch-the-drop>

³ GEO-INF is a sustainable urban drainage system that channels rainwater falling on roofs into the groundwater

