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**Financial Adviser**

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«AgentPC»  
«AgentCountry»

September 2022

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
IF IN DOUBT PLEASE SEEK PROFESSIONAL ADVICE.**

Dear Policyholder

**Policy Number:** «Policy\_No»  
**Your financial adviser:** «AgentName»

**Notification of change to the underlying funds of:**

- 1. J55 - HSBC Chinese Equity**
- 2. J56 - HSBC Hong Kong Equity**

We are writing to you as your policy or contract holds units in one or more of the Friends Provident International Limited ("FPIL") mirror funds named above (the "Affected Mirror Funds").

We have received notification from HSBC Global Investment Funds ("HSBC") of the following upcoming changes to the underlying funds of the Affected Mirror Funds. These changes will take effect from **14 October 2022** (the "Effective Date").

From the Effective Date, the investment objective and strategy of the underlying funds of the Affected Mirror Funds will be enhanced to reflect that the underlying funds are classified as Article 8 under the EU's Sustainable Finance Disclosure Regulation ("SFDR").

Article 8 funds promote environmental, social and governance ("ESG") factors as an integral part of their investment strategy and decision making process. This could be accomplished by focusing, for example, on companies with a better than average ESG rating, companies following strong corporate governance practices or restricting investment in certain industries. Notwithstanding the re-categorisation from Article 6 to Article 8 SFDR funds.

In addition, for the purposes of Article 8, a restriction on investing in companies with exposure to specific excluded activities ("Excluded Activities"), such as thermal coal extraction will come in to force from the Effective Date.

HSBC has advised that the enhancement of the investment objective and strategy, and the addition of restrictions regarding Excluded Activities, do not signify a change to the core investment objective, strategy or risk-ratings of the underlying funds of the Affected Mirror Funds. Please refer to the enclosed **Appendix** for further details of the changes.

**You do not need to take any action as a result of this letter** if you wish to remain invested in the Affected Mirror Funds. Should you wish to select alternative fund(s), you are free to do so, without charge. This can be done online through the FPI Portal - simply log in at <https://portal.fpinternational.com>.

**We recommend that you seek the advice of your usual financial adviser before making any investment decisions.**

Factsheets for the available FPIL mirror funds can be found via our interactive Fund Centre research tool on our website [www.fpinternational.com/fundcentre](http://www.fpinternational.com/fundcentre). Full details on the underlying funds of the mirror funds can be found in the fund prospectus, which is available on request.

### Getting in touch

If you have any questions regarding your policy, please get in touch by calling us on +44 1624 821212, or by email at [customer.services@fpiom.com](mailto:customer.services@fpiom.com).

If you have any questions regarding the operation of the FPIL funds or the underlying funds, please contact our Investment Marketing team at [Fundqueries.Intl@fpiom.com](mailto:Fundqueries.Intl@fpiom.com).

Yours sincerely



Chris Corkish  
Investment Marketing Manager

**Fund prices may fluctuate and are not guaranteed. Investment involves risks. Past performance should not be viewed as a reliable guide of future performance.**

**Please refer to the principal brochure of the scheme for details including charges and risk factors.**

**Should Friends Provident International be unable to meet its liabilities to its policyholders, they will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man. However investors should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposit accounts are unlikely to apply in the event of failure of such an investment held within insurance contracts.**

## Appendix

HSBC has confirmed the below investment objective and strategy enhancements of the underlying funds of the Affected Mirror Funds:

- The investment objective of the underlying funds of the Affected Mirror Funds are enhanced to clarify that the underlying funds aim to achieve its investment objective while promoting ESG characteristics within the meaning of Article 8 of SFDR.
- The underlying funds of the Affected Mirror Funds include the identification of analysis of a company's ESG credentials ("ESG Credentials") as an integral part of the investment decision making process to reduce risk and enhance returns.
- ESG Credentials may include, but are not limited to:
  - environmental and social factors, including but not limited to physical risks of climate change and human capital management, that may have a material impact on a security issuer's financial performance and valuation.
  - corporate governance practices that protect minority investor interests and promote long term sustainable value creation.
- ESG Credentials are proprietary to HSBC, subject to ongoing research and may change over time as new criteria are identified. Notwithstanding the Excluded Activities as detailed below, the inclusion of a company in the underlying fund of an Affected Mirror Fund's investment universe is at the discretion of the underlying fund's Investment Adviser. Issuers with improving ESG Credentials may be included when their credentials are still limited.
- From the Effective Date, the underlying funds of the Affected Mirror Funds will not invest in equities issued by companies with specified involvement in specific Excluded Activities. Excluded Activities and specified involvement are proprietary to HSBC and include, but are not limited to:
  - Companies involved in the production of controversial weapons or their key components. Controversial weapons include but are not limited to anti-personnel mines, depleted uranium weapons and white phosphorous when used for military purposes. This exclusion is in addition to the banned weapons policy as detailed in Appendix 3, sub-section iv, of the fund prospectus of the underlying funds of Affected Mirror Funds.
  - Companies involved in the production of tobacco.
  - Companies with more than 10% revenue generated from thermal coal extraction and do not have a clearly defined, credible plan to reduce exposure to below 10%.
  - Companies with more than 10% revenue generated from coal-fired power generation and do not have a clearly defined, credible plan to reduce exposure to below 10%.
- The underlying funds of the Affected Mirror Funds conduct enhanced due diligence on companies that are considered to be non-compliant with the UN Global Compact Principles, or are considered to be high risk as determined by HSBC's proprietary ESG ratings.
- ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBC's proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. The Investment Adviser of the underlying funds of the Affected Mirror Funds may rely on expertise, research and information provided by financial and non-financial data providers.

The updated prospectus for the underlying funds of the Affected Mirror Funds will be available following the Effective Date.