«ClientName»
«ClientAdd1»
«ClientAdd2»
«ClientAdd3»
«ClientAdd4»
«ClientAdd5»
«ClientPC»
«ClientCountry»

**Financial Adviser**
«AgentName»
«AgentAdd1»
«AgentAdd2»
«AgentAdd3»
«AgentAdd4»
«AgentAdd5»
«AgentPC»
«AgentCountry»

February 2025

**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 changes to the underlying fund of R236 HSBC Global Equity Climate Change (USD)

We are writing to you as your policy holds units in the Friends Provident International Limited ("FPIL") investment-linked policy sub-fund ("ILP sub-fund") named above. We have been notified by HSBC Global Investment Funds (the "Company") of the following upcoming changes to the underlying fund of the ILP sub-fund. These changes will take effect from **30 April 2025** (the "Effective Date").

### Background

The Company is changing the investment objective of the underlying fund of the ILP sub-fund to ensure compliance with new guidelines published by the European Securities and Markets Authority (the "ESMA") on funds' names using environmental, social and governance ("ESG") or sustainability-related terms. The main purpose of the ESMA guidelines is to enhance investor protection regarding funds named in ways suggesting that they meet certain sustainability standards.

### The Change

In order to comply with these changes, the underlying fund of the ILP sub-fund will increase its minimum proportion of investments aligned with the environmental or social characteristics promoted by the fund from 70% to 80%.

The underlying fund of the ILP sub-fund will also apply Paris-Aligned Benchmarks ("PAB") exclusions, in addition to the exclusions related to HSBC's Responsible Investment Policies, as detailed in the underlying fund's prospectus.

Please refer to the enclosed **Appendix** for further details on the PAB exclusions and the objective change following the Effective Date.

**You do not need to take any action as a result of this letter** if you wish to remain invested in this ILP sub-fund. 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.

Factsheets for the available range of ILP sub-funds can be found via our interactive Fund Centre research tool on our website www.fpinternational.sg/fundcentre. Full information of the underlying funds are detailed in the relevant fund prospectus, which are available on the Product Highlight Sheet page of our website www.fpinternational.sg/phs.

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

## Who should you contact if you have any questions?

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

If you have any questions regarding the operation of the FPIL ILP sub-funds, or the underlying funds, please email our Investment Marketing team at Fundqueries.Intl@fpiom.com

Yours sincerely

Chris Corkish
Head of Investment Marketing

## Important Information

**Fund prices may fluctuate and are not guaranteed. Investment involves risk. 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.**

**All policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man, whatever their place of residence. 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

*PABs are a type of investment benchmark designed by the European Union to align investment portfolios with the objectives of the Paris Agreement on climate change. This global agreement aims to limit global warming to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.*

**Article 12(1)(a) to (g) of the Commission Delegated Regulation ("CDR") require PABs to apply the exclusions listed below. These exclusions will now be applied by the underlying fund of the ILP sub-fund on the Effective Date.**

| Excluded Activity | Details |
|---|---|
| **Controversial weapons (a)** | The underlying fund will not invest in companies and/or issuers involved in any activities related to controversial weapons, namely anti-personnel mines, cluster munitions, chemical weapons and biological weapons. |
| **Tobacco (b)** | The underlying fund will not invest in companies and/or issuers involved in the cultivation and production of tobacco. |
| **UNGC and OECD (c)** | The underlying fund will not invest in companies and/or issuers in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OEDC) Guidelines for Multinational Enterprises. |
| **Hard coal and lignite (d)** | The underlying fund will not invest in companies and/or issuers that derive 1% or more of revenue from exploration, mining, extraction, distribution or refining or hard coal and lignite. |
| **Oil fuels (e)** | The underlying fund will not invest in companies and/or issuers that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels. |
| **Gaseous fuels (f)** | The underlying fund will not invest in companies and/or issuers that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels. |
| **Electricity generation (g)** | The underling will not invest in companies and/or issuers that derive 50% or more of their revenues from electricity generation with a GHG intensity of more that 100 g CO2 e/kWh. |

| | Before the Effective Date | From the Effective Date |
|---|---|---|
| **Investment Objective of the underlying fund of the ILP sub-fund** | The underlying fund aims to provide long term total return by investing in companies that may benefit from the transition to a low carbon economy, thereby promoting ESG characteristics within the meaning of Article 8 of SFDR. The underlying fund aims to do this with a lower carbon intensity and a higher environmental, social and governance ("ESG") score, calculated respectively as a weighted average of the carbon intensities and ESG scores given to the companies of the underlying funds' investments, than the weighted average of the constituents of the MSCI AC World (the "Reference Benchmark").<br><br>The underlying fund invests in normal market conditions a minimum of 70% of its net assets in equities and equity equivalent securities of companies with revenue exposure to climate transition themes ("Climate Transition Themes") | The underlying fund aims to provide long term total return by investing in companies that may benefit from the transition to a low carbon economy, thereby promoting ESG characteristics within the meaning of Article 8 of SFDR. The underlying fund aims to do this with a lower carbon intensity and a higher environmental, social and governance ("ESG") score, calculated respectively as a weighted average of the carbon intensities and ESG scores given to the companies of the underlying funds' investments, than the weighted average of the constituents of the MSCI AC World (the "Reference Benchmark").<br><br>The underlying fund invests in normal market conditions a minimum of 80% of its net assets in equities and equity equivalent securities of companies with revenue exposure to climate transition themes ("Climate Transition Themes") |

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| | which are domiciled in, based in, carry out business activities in, or are listed on a Regulated Market in, any country including both developed markets and Emerging Markets. The underlying fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").<br><br>Climate Transition Themes may include, but are not limited to, renewable energy, energy efficiency, clean transportation and green buildings. Climate Transition Themes are proprietary to HSBC, determined with reference to the eligible activities of the Green Bond Principles of the International Capital Market Association and the Climate Bonds Taxonomy of the Climate Bonds Initiative, subject to ongoing research and may change over time as new themes are identified. The Investment Adviser may rely on its own research to identify suitable companies meeting a minimum revenue exposure threshold to Climate Transition Themes. The minimum revenue exposure threshold will depend on the specific Climate Transition Theme but will be at least 10% of the relevant company's total revenue.<br><br>Companies considered for inclusion within the underlying funds' portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time. More information is provided in section 1.5. "Integration of sustainability risks into investment decisions and SFDR principles" sub-section HSBC Asset Management Responsible Investment Policies.<br><br>After identifying the eligible investment universe, the Investment Adviser aims to construct a portfolio with lower carbon intensity and higher ESG score, calculated respectively as a weighted average of the carbon intensities and ESG scores given to the companies of the underlying fund's investments, than the weighted average of the constituents of the Reference Benchmark.<br><br>Climate Transition Themes, 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. | which are domiciled in, based in, carry out business activities in, or are listed on a Regulated Market in, any country including both developed markets and Emerging Markets. The underlying fund may also invest in eligible closed-ended Real Estate Investment Trusts ("REITs").<br><br>Climate Transition Themes may include, but are not limited to, renewable energy, energy efficiency, clean transportation and green buildings. Climate Transition Themes are proprietary to HSBC, determined with reference to the eligible activities of the Green Bond Principles of the International Capital Market Association and the Climate Bonds Taxonomy of the Climate Bonds Initiative, subject to ongoing research and may change over time as new themes are identified. The Investment Adviser may rely on its own research to identify suitable companies meeting a minimum revenue exposure threshold to Climate Transition Themes. The minimum revenue exposure threshold will depend on the specific Climate Transition Theme but will be at least 10% of the relevant company's total revenue.<br><br>Companies considered for inclusion within the underlying funds' portfolio will be subject to Excluded Activities in accordance with HSBC Asset Management's Responsible Investment Policies, which may change from time to time. More information is provided in section 1.5. "Integration of sustainability risks into investment decisions and SFDR principles" sub-section HSBC Asset Management Responsible Investment Policies. In addition, companies involved in activities referred to in Article 12(1)(a) to (g) of CDR (EU) 2020/1818 will not be considered for inclusion in the portfolio.<br><br>After identifying the eligible investment universe, the Investment Adviser aims to construct a portfolio with lower carbon intensity and higher ESG score, calculated respectively as a weighted average of the carbon intensities and ESG scores given to the companies of the underlying funds' investments, than the weighted average of the constituents of the Reference Benchmark.<br><br>Climate Transition Themes, Excluded Activities and the need for enhanced due diligence may be identified and analysed |

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| | When assessing companies' ESG score and/or rating or their involvement in Excluded Activities, the Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.<br><br>Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The underlying fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the underlying fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.<br><br>The underlying fund may invest up to 10% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The underlying funds' maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The underlying fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.<br><br>The underlying fund normally invests across a range of market capitalisations without any capitalisation restriction.<br><br>The underlying fund will not invest more than 10% of its net assets in REITs.<br><br>The underlying fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other underlying funds' of HSBC Global Investment Funds).<br><br>The underlying fund may also invest in bank deposits, money market instruments or money market funds for treasury purposes.<br><br>The underlying fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). The underlying fund may also use, but not extensively, financial | by using, but not exclusively, HSBC's Proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. When assessing companies' ESG score and/or rating or their involvement in Excluded Activities, the Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.<br><br>Investments in Chinese equities include, but are not limited to, China A-shares and China B-shares (and such other securities as may be available) listed on stock exchanges in the People's Republic of China ("PRC"). The underlying fund may directly invest in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect, subject to applicable quota limitations. Furthermore, the underlying fund may gain exposure to China A-shares indirectly through China A-shares Access Products ("CAAP") such as, but not limited to, participation notes linked to China A-shares.<br><br>The underlying fund may invest up to 10% of its net assets in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect and up to 10% of its net assets in CAAPs. The underlying funds' maximum exposure to China A-shares (through the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or CAAP) and China B-shares is 20% of its net assets. The underlying fund will not invest more than 10% of its net assets in CAAPs issued by any single issuer of CAAPs.<br><br>The underlying fund normally invests across a range of market capitalisations without any capitalisation restriction.<br><br>The underlying fund will not invest more than 10% of its net assets in REITs.<br><br>The underlying fund may invest up to 10% of its net assets in units or shares of UCITS and/or other Eligible UCIs (including other underlying funds' of HSBC Global Investment Funds).<br><br>The underlying fund may also invest in bank deposits, money market instruments or money market funds for treasury purposes. |

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| | derivative instruments for investment purposes. The financial derivative instruments the underlying funds' permitted to use include, but are not limited to, futures and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the underlying fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.<br><br>The underlying fund is actively managed and does not track a benchmark. The Reference Benchmark is used for underlying fund market comparison purposes.<br><br>The Investment Adviser will use its discretion to invest in securities not included in the Reference Benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the underlying funds' investments will be components of the Reference Benchmark. However, their weightings may deviate materially from those of the Reference Benchmark. | The underlying fund may use financial derivative instruments for hedging and cash flow management (for example, Equitisation). The underlying fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the underlying fund is permitted to use include, but are not limited to, futures and foreign exchange forwards non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the underlying fund may invest. Financial derivative instruments may also be used for efficient portfolio management purposes.<br><br>The underlying fund is actively managed and does not track a benchmark. The Reference Benchmark is used for underlying fund market comparison purposes.<br><br>The Investment Adviser will use its discretion to invest in securities not included in the Reference Benchmark based on active investment management strategies and specific investment opportunities. It is foreseen that a significant percentage of the underlying funds' investments will be components of the Reference Benchmark. However, their weightings may deviate materially from those of the Reference Benchmark. |