

November 2022

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

Dear Policyholder

Notification of changes to the underlying fund of J77 - BlackRock US Flexible Equity

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

We have received notification from the representatives of BlackRock Global Funds ("BlackRock") of the following upcoming changes to the underlying fund of the Affected Mirror Fund. These changes will take effect from **15 December 2022** (the "Effective Date").

Changes to the statement of investment objectives and policy

From the Effective Date, the investment strategy of the underlying fund of the Affected Mirror Fund will change to adopt Environmental, Social and Governance ("ESG") principles. BlackRock has advised that these changes seek to better align the underlying fund of the Affected Mirror Fund with the expectations of investors in light of ongoing developments within the asset management sector, specifically in relation to ESG investing with the overall aim of seeking to provide a comprehensive and sustainable approach to investing.

As a result of these changes, the underlying fund of the Affected Mirror Fund will be reclassified from Article 6 to Article 8 under the European Union's Sustainable Finance Disclosure Regulation ("SFDR"). Please refer to the enclosed Appendix for details of the changes.

Impact of the ESG Changes

BlackRock believes that the changes to the underlying fund of the Affected Mirror Fund will be in the best interests of investors by providing a more ESG focused investment strategy with no material change to the risk and return profile of the underlying fund of the Affected Mirror Fund. The underlying fund of the Affected Mirror Fund will however be subject to ESG Investment Policy Risk, which is not expected to affect its overall risk profile. Please refer to the Appendix for further information regarding ESG Investment Policy Risk.

You do not need to take any action as a result of this letter if you wish to remain invested in the Affected Mirror 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.fpiinternational.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.fpiinternational.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.

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.

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.

Friends Provident International Limited: Registered and Head Office: Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA. Telephone: +44 (0)1624 821212 | Fax: +44 (0)1624 824405 | Website: www.fpinternational.com. Isle of Man incorporated company number 11494C. Authorised and regulated by the Isle of Man Financial Services Authority. Provider of life assurance and investment products. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. **Singapore branch:** 182 Cecil Street, Level 17 Frasers Tower, Singapore 069547. Telephone: +65 6320 1088 | Website: www.fpinternational.sg. Registered in Singapore No. T06FC6835J. Licensed by the Monetary Authority of Singapore to conduct life insurance business in Singapore. Member of the Life Insurance Association of Singapore. Member of the Singapore Financial Dispute Resolution Scheme. **Hong Kong branch:** 803, 8/F., One Kowloon, No.1 Wang Yuen Street, Kowloon Bay, Hong Kong. Telephone: +852 2524 2027 | Fax: +852 2868 4983 | Website: www.fpinternational.com.hk. Authorised by the Insurance Authority of Hong Kong to conduct long-term insurance business in Hong Kong. **Dubai branch:** PO Box 215113, Emaar Square, Building 6, Floor 5, Dubai, United Arab Emirates. Telephone: +9714 436 2800 | Fax: +9714 438 0144 | Website: www.fpinternational.ae. Registered in the United Arab Emirates with the UAE Insurance Authority as an insurance company. Registration date, 18 April 2007 (Registration No. 76). Registered with the Ministry of Economy as a foreign company to conduct life assurance and funds accumulation operations (Registration No. 2013). Friends Provident International is a registered trademark and trading name of Friends Provident International Limited.

Appendix

ESG Commitments from the Effective Date	
<p>The underlying fund of the Affected Mirror Fund will apply the following ESG commitments:</p> <p>Companies are evaluated by the underlying Investment Adviser based on their ability to manage the risks and opportunities associated with ESG factors and their ability to strategically manage longer-term issues surrounding ESG and the potential impact this may have on a company's financial performance.</p> <p>The underlying fund Investment Adviser conducts enhanced analysis on all companies that it considers to have heightened ESG risks, higher carbon emissions and controversial business activities, In such circumstances, the underlying fund Investment Adviser may determine an engagement agenda for discussion with those companies in seeking to improve their ESG credentials. To undertake this analysis, the underlying fund Investment Adviser uses its fundamental insights and may use data provided by external ESG data providers, and proprietary models.</p> <p>The underlying fund will apply exclusionary screens, the BlackRock EMEA Baseline Screens, to the companies within the investment universe. The underlying fund Investment Adviser then applies its proprietary "Fundamental Insights" methodology (the "Methodology", see further detail on the underlying fund website https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf) to identify companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are "in transition" and focused on meeting sustainability criteria over time, or are otherwise meeting other criteria in accordance with the Methodology requirements.</p> <p>The Methodology uses quantitative and qualitative inputs generated by the underlying fund Investment Adviser, its affiliates and/or one or more external research providers. Where a company is identified by the underlying fund Investment Adviser as meeting the criteria in the Methodology for investment and is approved in accordance with the Methodology, it is eligible to be held by the underlying fund. Such companies are regularly reviewed. In the event that the underlying fund Investment Adviser determines that a company fails the criteria in the Methodology (in whole or in part and at any time) or it is not engaging with the Investment Adviser on a satisfactory basis, it will be considered for divestment by the underlying fund in accordance with the Methodology.</p>	
Current investment objective and policy of the underlying fund of the Affected Mirror Fund	Updated investment objective and policy of the underlying fund of the Affected Mirror Fund from the Effective Date
<p>The underlying fund seeks to maximise total return. The underlying fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the US. The underlying fund normally invests in securities that, in the opinion of the underlying fund Investment Adviser, exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants.</p> <p>The underlying fund may use derivatives for investment purposes and for the purposes of efficient portfolio management.</p> <p>Risk management measure used: Commitment Approach.</p>	<p>The underlying fund seeks to maximise total return in a manner consistent with the principles of environmental, social and governance ("ESG") investing. The underlying fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, the US. The underlying fund normally invests in securities that, in the opinion of the underlying fund Investment Adviser, exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants.</p> <p>The underlying fund's total assets will be invested in accordance with the ESG Policy described below.</p>

Benchmark use

The underlying fund is actively managed, and the underlying fund Investment Adviser has discretion to select the underlying fund's investments. In doing so, the underlying fund Investment Adviser will refer to the Russell 1000 Index (the "Index") when constructing the underlying fund's portfolio, and also for risk management purposes to ensure that the active risk (i.e. degree of deviation from the Index) taken by the underlying fund remains appropriate given the underlying fund's investment objective and policy. The underlying fund Investment Adviser is not bound by the components or weighting of the Index when selecting investments. The underlying fund Investment Adviser may also use its discretion to invest in securities not included in the Index in order to take advantage of specific investment opportunities. However, the geographical scope of the investment objective and policy may have the effect of limiting the extent to which the portfolio holdings will deviate from the Index. The Index should be used by investors to compare the performance of the underlying fund.

The underlying fund may use derivatives for investment purposes and for the purposes of efficient portfolio management.

**Risk management measure used:
Commitment Approach.****ESG Policy**

Companies are evaluated by the underlying fund Investment Adviser based on their ability to manage the risks and opportunities associated with ESG factors and their ability to strategically manage longer-term issues surrounding ESG and the potential impact this may have on a company's financial performance.

The underlying fund Investment Adviser conducts enhanced analysis on all companies that it considers to have heightened ESG risks, higher carbon emissions and controversial business activities. In such circumstances, the underlying fund Investment Adviser may determine an engagement agenda for discussion with those companies in seeking to improve their ESG credentials. To undertake this analysis, the underlying fund Investment Adviser uses its fundamental insights and may use data provided by external ESG data providers, and proprietary models.

The underlying fund will apply exclusionary screens, the BlackRock EMEA Baseline Screens, to the companies within the investment universe. The underlying fund Investment Adviser then applies its proprietary "Fundamental Insights" methodology (the "Methodology", see further detail on the underlying fund website :

<https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europemiddleeast-and-africa.pdf>) to identify

companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are "in transition" and focused on meeting sustainability criteria over time, or are otherwise meeting other criteria in accordance with the Methodology requirements.

The Methodology uses quantitative and qualitative inputs generated by the underlying fund Investment Adviser, its affiliates and/or one or more external research providers. Where a company is identified by the underlying fund Investment Adviser as meeting the criteria in the Methodology for investment and is approved in accordance with the Methodology, it is eligible to be held by the

	<p>underlying fund. Such companies are regularly reviewed. In the event that the underlying fund Investment Adviser determines that a company fails the criteria in the Methodology (in whole or in part and at any time) or it is not engaging with the underlying fund Investment Adviser on a satisfactory basis, it will be considered for divestment by the underlying fund in accordance with the Methodology.</p> <p>Please refer to the SFDR disclosures on page 47 of the underlying fund Prospectus for further details of the ESG commitments made by the underlying fund.</p> <p>Benchmark use The underlying fund is actively managed, and the underlying fund Investment Adviser has discretion to select the underlying fund's investments. In doing so, the underlying fund Investment Adviser will refer to the Russell 1000 Index (the "Index") when constructing the underlying fund's portfolio, and also for risk management purposes to ensure that the active risk (i.e. degree of deviation from the Index) taken by the underlying fund remains appropriate given the underlying fund's investment objective and policy. The underlying fund Investment Adviser is not bound by the components or weighting of the Index when selecting investments. The underlying fund Investment Adviser may also use its discretion to invest in securities not included in the Index in order to take advantage of specific investment opportunities. However, the geographical scope of the investment objective and policy may have the effect of limiting the extent to which the portfolio holdings will deviate from the Index. The Index should be used by investors to compare the performance of the underlying fund.</p>
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ESG Investment Policy Risk

ESG Investment Policy Risk refers to the risk that the use of ESG criteria may affect the underlying fund of the Affected Mirror Fund's investment performance and, as such, the underlying fund may perform differently compared to similar funds that do not use such criteria.

ESG-based exclusionary criteria used in the underlying fund's investment policy may result in the underlying fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

There is a lack of a standardised taxonomy on ESG criteria. The evaluation methodology adopted by different investment managers may vary. In evaluating a security or issuer based on ESG criteria, the underlying fund Investment Adviser is dependent upon information and data from internal research and/or third party ESG providers, which may be incomplete, inaccurate, inconsistent or unavailable. As a result, there is a risk that the underlying fund Investment Adviser may incorrectly assess a security or issuer. Investment selection of the underlying fund involves subjective judgement of the underlying fund Investment Adviser. Hence, there is also a

risk that the underlying fund Investment Adviser may not apply the relevant ESG criteria correctly or that the underlying fund may gain limited exposure to issuers which may not be consistent with the relevant ESG criteria used by the underlying fund.

Please refer to the underlying fund Prospectus for further details of the ESG Investment Policy Risk.