

SUSTAINABLE INVESTMENT STRATEGY

ESG Integration Philosophy

Franklin Templeton's goal is to deliver strong, long-term results for investors. To meet this goal, it is vital to consider ESG issues alongside traditional financial measures as they can have a material impact on the value of securities and the long-term performance of companies.

Our ESG integration approach is designed to ensure that material ESG issues are:

RECOGNIZED	ESG risks should be identified and understood at the security, portfolio and operational levels.
INTENTIONAL	Material ESG risks and opportunities are actively sought out and included throughout the investment process.

Market Participation

Franklin Templeton is **active in promoting and driving responsible investment**. We are signatories to the UN Principles for Responsible Investment (PRI), to the UK Stewardship Code and a number of regional stewardship codes, which reaffirm our **commitment to being an active and engaged owner**, and to **considering ESG factors as part of our fiduciary duty**. We are active participants or supporters in a wide range of ESG focused associations and initiatives including the SASB Alliance, ICGN, UKSIF, Eurosif, GRESB and the RIA.

SECURITY SELECTION PROCESS

Exclusions Policies

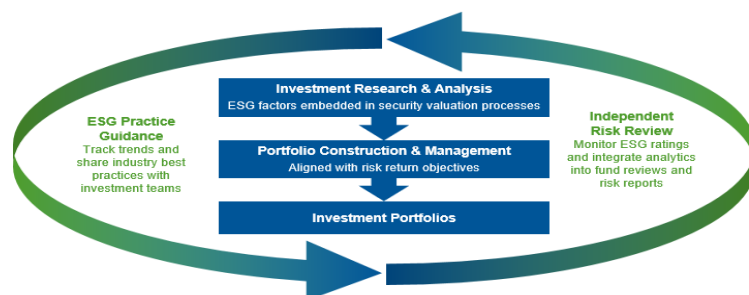
A Controversial Weapons Policy applies to all our European domiciled mutual fund ranges, and several funds have other constraints in place, depending on their investment manager and investment philosophy (e.g. tobacco, fossil fuels).

Bottom-Up: Integrating ESG into research

Analysts must consider material ESG issues as part of their fundamental bottom-up research. In addition to proprietary research and models, our teams may leverage external ESG data sources and research, including MSCI, Sustainalytics, SASB, Bloomberg and broker research.

Top-Down: Integrating ESG into Risk Management

Our global risk consultant group includes ESG considerations into the existing risk management framework. They work with our dedicated ESG team to provide a top-down, portfolio level perspective on ESG issues. By integrating ESG analytics into the regular and recurring portfolio performance reviews with portfolio managers, we ensure that ESG risks and opportunities remain top of mind.



Dedicated ESG Specialists

Franklin Templeton has a team of four **dedicated ESG specialists** who leverage the support of the 100+ members of the Investment Risk Management Group co-located with Portfolio Managers globally. The ESG team reports to the CIO of Multi-Asset Solutions who sits on the firm's Executive Committee. These ESG specialists **engage and educate** portfolio teams, **evaluate** current ESG research practices and **enhance** portfolio teams' ability to analyse ESG issues.

At firm level we have also established an **ESG Committee** with representatives from each asset class, the Head of ESG and an EC member representative. The Committee **defines and oversees** ESG strategy across investment functions, **prioritises** and co-ordinates ESG initiatives and **gives guidance** on the broader firm ESG programme.

Within each investment team **ESG Ambassadors** have been appointed to work closely with the ESG team, CIO and Director of Research. The Ambassadors also sit on internal **asset class specific ESG working groups** which are forums to discuss emerging ESG issues, ESG best practices and share insights from their regions.

SUSTAINABILITY REPORTING

Various ESG related reports are produced or made public by Franklin Templeton, e.g. PRI Transparency Report, UK Stewardship Code, Proxy voting policies.

Sustainability and Impact reporting on the funds is under development, and progressing at various paces depending on the individual ESG objectives of investment teams and the funds they manage.

More information on our ESG Investing Philosophy on <http://www.franklintempleton.be>

IMPORTANT INFORMATION

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