

Scope

This policy applies to all our funds domiciled in Europe under the following management companies (collectively referred to below as “Franklin Templeton”):

- Franklin Templeton Fund Management Limited (UK);
- Franklin Templeton International Services S.à r.l. (Luxembourg);

with the exception of index-tracking funds, which are required by their design to hold every constituent in the index (though some products, such as smart beta funds, may have similar exclusions applied at the level of the index provider – see product literature for details).

Policy

Franklin Templeton is committed to avoiding the financing of companies that we believe are producers or distributors of controversial weapons, as described in the policy below.

The policy does not reflect an opinion on the defence sector, but rather targets issuers in violation of international treaties and norms regarding weapons that have an indiscriminate and disproportionate impact on civilians, generally referred to as ‘controversial weapons’, by reference to the following international treaties:

- Anti-personnel mines: Convention on the Prohibition of Anti-Personnel Mines (Ottawa Treaty) (1997)
- Biological and chemical weapons: Convention on the Prohibition of Biological Weapons (1972) and the Convention on the Prohibition of Biological Weapons (1972)
- Cluster Munitions: Convention on Cluster Munitions (2008)

Implementation

To identify companies that are involved in controversial weapons production and/or distribution, we reference publicly available lists and other data from respected sources and overlay our own information from internal research and company engagement to finalise our list. The screening process is performed before investing and on an ongoing basis. Our trade compliance systems restrict any exposure to companies identified through this process. This policy does not exclude ancillary indirect exposure through (i) investment in instruments covering a whole index and (ii) investment in other funds not covered by this policy.

Some of the funds covered by this policy may have additional investment restrictions regarding weapons set out in their product literature and, in such cases, those restrictions would apply in addition to those in this policy.

The policy is subject to annual review and update.