

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);
- Templeton Asset Management (Poland) Towarzystwo Funduszy Inwestycyjnych S.A. (Poland);

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: those banned by the Ottawa Convention March 1999;
- Biological and chemical weapons: weapons outlawed by the Biological and Toxin Weapons Convention of 1972 and the Chemical Weapons Convention of 1993;
- Cluster Munitions: as defined by the Convention on Cluster Munitions (Oslo Convention) adopted in 2008 which prohibits the use, production, stockpiling and transfer of cluster munitions.

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.