

Franklin Templeton ICAV

Franklin S&P 500 Paris Aligned Climate UCITS ETF

7 November 2025

(A sub-fund of Franklin Templeton ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C167746 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 30 September 2025 (the “Prospectus”) in relation to Franklin Templeton ICAV (the “Fund”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the Franklin S&P 500 Paris Aligned Climate UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the Fund.

The Sub-Fund is an Index Tracking Sub-Fund and all Shares in this Sub-Fund are designated as ETF Shares.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

The Directors, as listed in the “*Management*” section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

Base Currency	USD.
Business Day	As stated in the Prospectus, a day on which markets in the United Kingdom are open and/or such other day or days as the Directors may determine and notify in advance to Shareholders.
Dealing Day	As stated in the Prospectus, every Business Day excluding, for each Sub-Fund, any day on which a market on which securities included in the relevant Index are listed or traded is closed and as a result of which 25% or more of the Index may not be traded, to ensure that dealing in the Sub-Fund's shares will only take place when the markets on which substantially all of the Sub-Fund's investments are traded are open (provided that a list of such closed market days in respect of the Sub-Fund will be available to Shareholders upon request from the Administrator) and/or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least one Dealing Day per fortnight.
Dealing Deadline	For cash subscriptions and redemptions, 4pm (Irish time) on each Dealing Day. For in-kind subscriptions and redemptions, 4pm (Irish time) on each Dealing Day.
Dealing NAV	The Net Asset Value per Share calculated as at the Valuation Point on the relevant Dealing Day.
Distributions	It is not the current intention of the Directors to declare a dividend in respect of the Accumulating Shares.
Index	S&P 500 PAB ESG Index (USD) NTR
Index Provider	S&P
Investment Manager	Franklin Advisory Services LLC and Franklin Templeton Investment Management Limited.
ISIN	IE00BMDPBZ72
Settlement Deadline	For cash and in kind subscriptions, appropriate cleared subscription monies/securities must be received by the first Business Day after the Dealing Day, or such earlier or later date as may be determined by the Fund and notified to Shareholders from time to time.
Shares Available	Currently one class of ETF Shares is available for subscription.
TER	Up to 0.07% of the Net Asset Value per annum. Further information is set out in the " <i>Fees and Expenses</i> " section of the Prospectus.
Valuation	The Net Asset Value per Share is calculated in accordance with the " <i>Determination of Net Asset Value</i> " section of the Prospectus, using the official closing price published by the exchange. Equities which are not denominated in the Base Currency will be converted into the Base Currency based on the 4pm London FX rate.
Valuation Point	The Sub-Fund calculates its Net Asset Value at 4pm New York time on each Business Day.
Website	www.franklintempleton.com

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The objective of the Sub-Fund is to provide exposure to large capitalisation US stocks which are aligned to the transition to a low carbon economy.

Investment Policy. The investment policy of the Sub-Fund is to track the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track, in accordance with the Prospectus) as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index. Any determination by the Directors that the Sub-Fund should track another index at any time shall be subject to the provision of reasonable notice to Shareholders to enable any Shareholders who wish to do so to redeem their Shares prior to implementation of this change and the Supplement will be updated accordingly.

The Index provides exposure to US large capitalisation securities selected from the S&P 500 Index (the “**Parent Index**”) and is designed to help investors move towards a low-carbon economy and align investments to the Paris Climate Agreement. The Index is constructed to follow the [EU Paris-aligned Benchmark \(EU PAB\) Regulations \(Regulation \(EU\) 2019/2089\)](#) (the “**PAB Regulations**”)¹. The Parent Index includes 500 of the largest companies by market capitalisations in the US. The Index has been constructed to align with the transition to a low carbon economy. Relative to the Parent Index, the Index (i) overweights those companies which are committed to reducing greenhouse gas emissions, assessed using Green House Gas Intensity as measured by scope 1, 2 and 3 emissions described in the PAB Regulations and (ii) will have a 50% decarbonisation. In addition, the total Green House Gas Intensity of the Index must reduce by 7% annually. These criteria are applied to 100% of the Parent Index and result in the Index having a weighted average ESG score which is greater than or equal to the weighted average ESG score of the Parent Index after 20% of the worst ESG scoring companies are removed from the Index and their weights redistributed proportionately to the remaining components.

Index Securities' selection and weighting are based on assessments by the Index Provider on how aligned individual companies within the Parent Index are to the 1.5°C global warming scenario, e.g. a company's emissions, green revenue, environmental scores, science-based climate targets, and measures and strategies in place to reduce emissions; with companies which are not aligned or are poorly aligned with this scenario given lower weightings relative to those which are better aligned. The Index's weightings of industrial sectors which have a high impact on climate change (e.g. NACE² industry categories such as electricity, gas, steam and air conditioning supply, transport & storage and manufacturing) will at least be equal to the weightings of such sectors in the Parent Index. Certain securities from the parent index are excluded from the eligible universe of stocks in line with the EU Paris-aligned Benchmark Exclusions that generate revenues from coal, oil and gas exploration or processing activities above the thresholds set out in the PAB Regulations are excluded, as well as those securities that derive higher than 10% of their revenues from thermal coal based power generation, or higher than 50% from power generation with carbon intensity of lifecycle

¹ Investors should note that further helpful information is available in the detailed report of the Technical Expert Group which underlies the PAB Regulations. This is available, together with a short summary at www.europa.eu/info.

² NACE is the Statistical classification of economic activities in the European Community. More information is available at www.europa.eu/eurostat/

emissions higher than 100gCO₂e/kwh. In addition, companies which are included in the Parent Index but which do not comply with the principles of the [UN Global Compact](#), a United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, or are involved with tobacco or controversial weapons, such as landmines and cluster munitions, are excluded from the Index.

The Index is rebalanced quarterly in March, June, September and December and, at the time of each rebalancing, no Index Security shall comprise more than 5% of the Index. The Index is designed with this constraint in order to seek to ensure diversification and minimise security level concentrations. Further information in respect of the Index, including its rules and performance, is available at <https://www.spglobal.com/spdji/en/indices/esg/sp-500-net-zero-2050-paris-aligned-esg-index/#overview>. Further information in respect of the Index's components is available at <https://us.spindices.com/supplemental-data/europe>.

In order to seek to achieve the Sub-Fund's investment objective, the Investment Manager will aim to replicate the Index by holding all of the Index Securities in a similar proportion to their weighting in the Index. However, where full replication of the Index is not reasonably possible (for example as a result of the number of securities or the illiquidity of certain securities within the Index), the Sub-Fund will use the optimisation methodology to select Index Securities in order to build a representative portfolio that provides a return that is comparable to that of the Index but which may not track the Index with the same degree of accuracy as an investment vehicle replicating the entire Index may. Consequently, the Sub-Fund may, over certain periods, only hold a sub-set of the Index Securities. Further information on the use of the replication and optimisation methodologies can be found under "*Index Tracking Sub-Funds*" in the "*Investment Techniques*" section of the Prospectus.

Where such securities provide similar exposure (with similar risk profiles) to certain Index Securities, the Sub-Fund may hold the securities of the following types which are not constituents of the Index: (i) equities (such as common stock or preferred stock); and (ii) depositary receipts (which are securities issued by financial institutions which evidence ownership interests in a security or a pool of securities deposited with the financial institution), which will not embed derivatives or leverage. Such securities, which are not Index Securities, are selected by virtue of the fact that they provide substantively the same exposure by industry and by company characteristics in the case of liquidity considerations or corporate actions to certain Index Securities.

The Sub-Fund may concentrate its investments in a particular industry or group of industries where the Index is similarly concentrated.

The Sub-Fund may for efficient portfolio management purposes, and in accordance with the conditions and limits imposed by the Central Bank, use equity index futures, equity futures and total return swaps for hedging or in order to gain efficient exposure to an Index or its constituents for the purpose of assisting the Sub-Fund in tracking the performance of the Index for example in managing large subscriptions. Equity index futures, equity futures and total return swaps will be used to provide exposure to the Index and / or its constituents. Futures and total return swaps and their use for these purposes are described under "*Use of Financial Derivative Instruments*" in the "*Investment Techniques*" section of the Prospectus. The global exposure relating to FDIs will not exceed 100% of the Sub-Fund's Net Asset Value.

The securities in which the Sub-Fund invests will be primarily listed or traded on Recognised Markets globally in accordance with the limits set out in the UCITS Regulations. The Sub-Fund may hold ancillary liquid assets (deposits and commercial paper) in accordance with the UCITS Regulations. The Sub-Fund may also invest in other regulated, open-ended collective investment schemes as described under "*Investment in Collective Investment Schemes*" in the "*Investment Techniques*"

section of the Prospectus where the objectives of such funds are consistent with the objective of the Sub-Fund.

The Sub-Fund will use the replication and optimisation methodologies and may also invest in other regulated open-ended funds as described above in order to seek to track as closely as possible the returns of the Index after deduction of fees and expenses. It is currently anticipated that the tracking error of the Sub-Fund will be in the range of 0.2% under normal market conditions, where the tracking error is defined as the standard deviation of the delivered excess returns over an annual period. The causes of tracking error for ETFs can include but are not limited to the following: holdings/size of the Sub-Fund, cash flows, such as any delays in investing subscription proceeds into the Sub-Fund or realising investments to meet redemptions, fees, and where undertaken, any currency hedging activity and the frequency of rebalancing against the Index. For information in relation to the difficulties associated with tracking indices, please refer to “*Index Tracking Risk*” in the “*Risk Considerations*” section of the Prospectus.

The anticipated tracking error figure is an estimate only and the actual percentage may vary over time depending on various factors, such as, but not limited to, any deviation from normal market conditions.

As at the date of this Supplement, the Sub-Fund does not routinely enter into total return swaps. The expected proportion of the Net Asset Value of the Sub-Fund that could be subject to such transactions is 20%. The expected proportion is an estimate only and the actual percentage may vary over time depending on various factors such as, but not limited to, any deviation from normal market conditions. The maximum proportion of the Net Asset Value of the Sub-Fund that could be subject to such transactions is 20%.

SUSTAINABLE FINANCE

As described above, the Sub-Fund seeks to promote environmental and social characteristics, within the meaning of Article 8. Investors should also refer to the Annex to this Supplement and the “*Sustainable Finance*” section of the Prospectus for further details on how the Investment Manager addresses Sustainability Risk and ESG Integration for the Sub-Fund.

SECURITIES LENDING

The expected proportion of the Net Asset Value of the Sub-Fund that could be subject to securities lending transactions is 25% and is subject to a maximum of 45%. The expected proportion is an estimate only and the actual percentage may vary over time depending on various factors such as, but not limited to, any deviation from normal market conditions.

INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the “*Risk Considerations*” section of the Prospectus. The “*Principal Risks*” section describes the risks that relate generally to the Sub-Fund, whereas the “*Specific Risks*” section describes the risks associated with the investment strategy and techniques that may be employed by a given Sub-Fund. For this Sub-Fund, the Specific Risks that are relevant to the investment objective and strategy of this Sub-Fund include the following:

Counterparty Risk.

Currency Risk.

Futures Contracts and Other Exchange-Traded Derivatives Risk.

Index-Related Risk.

Index Licence Risk.
Index Tracking Risk.
Over-the-Counter Derivatives Risk.
Passive Investment Risk.
Sustainability Risk.

These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares.

The Sub-Fund is not expected to have an above average risk profile or high volatility as a result of its use of FDIs. For information in relation to risks associated with the use of financial derivative instruments, please refer to “*Derivatives Risk*” in the “*Risk Considerations*” section of the Prospectus.

INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to be institutional and retail investors who want to gain exposure to the markets covered by the Index by way of an exchange traded fund.

SUBSCRIPTIONS – PRIMARY MARKET

Accumulating Shares, denominated in USD, are available in the Sub-Fund (the “**Shares**”).

Shares will be issued on each Dealing Day at the Dealing NAV with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Authorised Participants may subscribe for Shares for cash or in kind on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out below and in the “*Purchase and Sale Information*” section of the Prospectus. Consideration, in the form of cleared subscription monies/securities, must be received by the applicable Settlement Deadline.

REDEMPTIONS

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Dealing NAV, subject to an appropriate provision for Duties and Charges, provided that a written redemption request is signed by the Shareholder and received by the Administrator by the Dealing Deadline on the relevant Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. Settlement will normally take place within two Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline.

CONVERSIONS

Shares in the Sub-Fund may not be converted for shares in another Sub-Fund.

LISTING

Application has been or will be made for the Shares to be admitted to the Frankfurt Stock Exchange, the London Stock Exchange and the Borsa Italiana.

INDEX DISCLAIMERS

The Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJI”), and has been licensed for use by Franklin Templeton. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and Dow Jones® is a registered trademark of

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Annex

Additional Sustainable Finance Disclosure

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



How the environmental or social characteristics promoted by the financial product are attained.

Product Name: Franklin S&P 500 Paris Aligned Climate UCITS ETF

Legal entity identifier: 5493008P5LV6DXD8IP28

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: <input type="checkbox"/> 0% in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> 0% in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective:	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

Through tracking the Index, the Sub-Fund promotes the following environmental characteristics:

- helping investors transition towards a low-carbon economy; and
- alignment of investments to the Paris Climate Agreement.

The Index follows the Paris-Aligned Benchmark (PAB) Regulations which are designed to help investors shift towards a low-carbon economy and align investments to the Paris Climate Agreement. The Index tracks the performance of eligible US equity securities, selected and

weighted to be collectively compatible with a 1.5°C global warming climate scenario and to meet several other climate-themed objectives. The Index also applies exclusions based on companies' involvement in specific business activities, performance against the principles of the United Nations' Global Compact (UNGC), and involvement in relevant Environmental, Social and Governance (ESG) controversies. Consequently, the Index supports EU environmental objectives, particularly climate change mitigation, and includes measures to ensure stocks that could do significant harm to these are excluded.

As the Sub-Fund is designed to track the Index closely, the environmental assessments carried out and reported by the Index Provider will provide an accurate assessment of the Sub-Fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Greenhouse Gas (GHG) Intensity of securities in the Index, as measured by scope 1, 2 and 3 emissions.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the Sub-Fund intends to make are either to invest in companies that are providing solutions to mitigate the consequences of climate change or that have established climate policies and set carbon reduction targets.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Index uses proprietary data tools and qualitative research applied to all companies in the Index, to ensure alignment with the Do No Significant Harm (DNSH) principles.

In this context the Index excludes companies according to the exclusion criteria further detailed in the section dedicated to the binding elements of the investment strategy below.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Indicators of Principal Adverse Impacts (PAIs), and other data points deemed by the Index to be proxies for principal adverse impacts, are used to remove from issuers that are considered to do significant harm from the Index.

This is achieved by the Index:

- (i) ensuring that the level of GHG carbon emissions (Scope 1, 2 & 3), using the GHG Intensity calculation as described in the PAB Regulations, of the Index is at least 50% less than the S&P 500 Index, its parent index and the total GHG Intensity of the Index is reduced by 7% annually;
- (ii) Reducing exposure to fossil fuel reserves by not including companies based on the percentages of revenue, as further described in the binding element section below.
- (iii) Monitoring environmental controversies and removing the worst scoring companies and those that are deemed to cause environmental harm;
- (iv) Excluding companies according further criteria, as described in the binding element section below

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Companies that are non-compliant with the UNGC principles, OECD Guidelines or UN Guiding Principles on Business and Human Rights are excluded from the Index.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

The Sub-Fund replicates the Index.

Please see the response to "How have the indicators of adverse impacts on sustainability factors been taken into account?" above.

☐ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The objective of the Sub-Fund is to provide exposure to US large capitalisation securities selected from the Parent Index, which are aligned to the transition to a low carbon economy. The Parent Index includes 500 of the largest companies by market capitalisations in the US. The investment policy of the Sub-Fund is to track the performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Climate Agreement. The Index is constructed to follow the PAB Regulations.

Relative to the Parent Index, the Index:

- (i) overweights those companies which are committed to reducing Green House Gas Intensity; and
- (ii) will have a 50% decarbonisation.

In addition, the total GHG Intensity of the Index must reduce by 7% annually. These criteria are applied to 100% of the Parent Index and result in the Index having a weighted average ESG score which is greater than or equal to the weighted average ESG score of the Parent Index after 20% of the worst ESG scoring companies are removed from the Index and their weights redistributed proportionately to the remaining components.

Index securities' selection and weighting are based on assessments by the Index Provider on how aligned individual companies within the Parent Index are to the 1.5°C global warming scenario, e.g. a company's emissions, green revenue, environmental scores, science-based climate targets, and measures and strategies in place to reduce emissions; with companies which are not aligned or are poorly aligned with this scenario given lower weightings relative to those which are better aligned. The Index's weightings of industrial sectors which have a high impact on climate change (e.g. NACE industry categories such as electricity, gas, steam and air conditioning supply, transport & storage and manufacturing) will at least be equal to the weightings of such sectors in the Parent Index.

In addition, the Index aims to align with the Transition Pathway Initiative data to create a more forward-looking approach on 1.5°C alignment (instead of just carbon intensity). Additionally, the Index aims to overweight climate leaders, underweight climate laggards and have a four to one green-to-brown revenue share.

The Index goes beyond the EU's minimum standards for PABs by using pioneering, forward-looking carbon and physical risk data provided by S&P Global Trucost, as well as incorporating Science Based Targets (SBTi) in its approach.

The Index is rebalanced quarterly, in March, June, September and December. As part of the rebalancing process, constituent stock weights are updated. The Sub-Fund will be rebalanced at the same time, to ensure it continues to replicate the Index.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Index is structured to fulfil all the criteria of the PAB Regulations including both baseline and activity-based exclusions. Therefore, the following binding criteria apply:

- The GHG emissions of the Index, assessed using GHG Intensity as measured by scope 1, 2 and 3 emissions described in the PAB Regulations must be at least 50% less than the S&P 500 Index, the Index's parent index. The total GHG Intensity of the Index must also reduce by 7% annually.

In addition

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These decarbonisation requirements and full exclusions list described above are binding. There is no scope for any of these criteria to be bypassed.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

49149778.51

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Certain securities from the Index's parent index are excluded from the eligible universe of stocks. Securities that generate revenues from coal, oil and gas exploration or processing activities above the thresholds set out in the PAB Regulations are excluded, as well as those securities that derive higher than 50% of their revenues from thermal coal-based power generation, liquid fuel-based power generation and natural gas power generation.

Other exclusions include stocks involved in controversial weapons, tobacco, small arms, military contracting, thermal coal, oil sands, shale energy, gambling or alcohol.

● **What is the policy to assess good governance practices of the investee companies?**

Companies that are non-compliant with the UNGC principles, OECD Guidelines or UN Guiding Principles on Business and Human Rights are not eligible for the Index.

The Index Provider reviews constituents that have been flagged by its internal analysis of business intelligence on environmental, social, and governance risks to evaluate the potential impact of controversial company activities on the composition of the Index. If a company is removed following such a review, that company is not eligible for re-entry into the Index for one full calendar year.

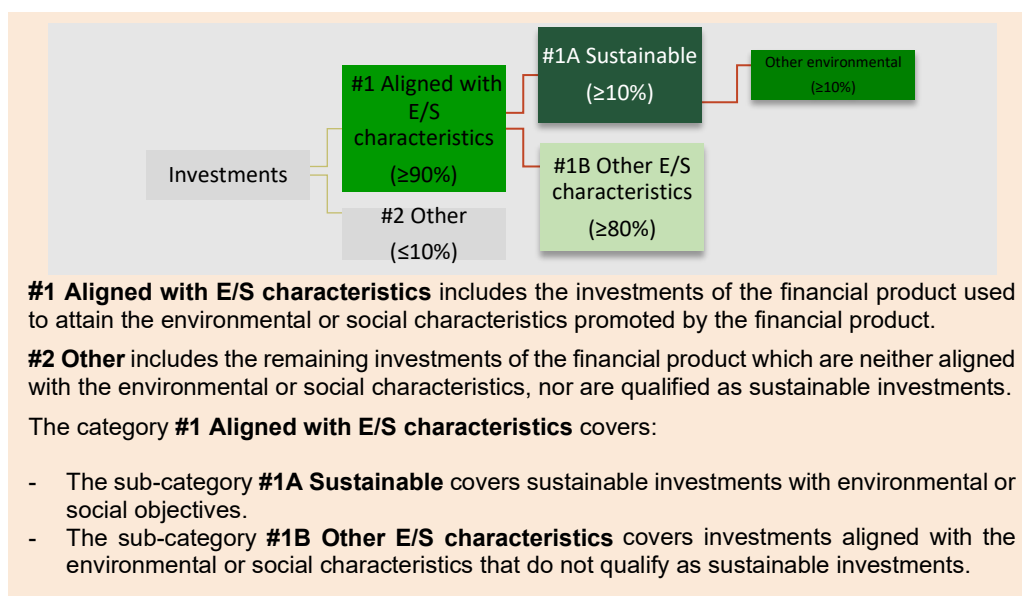
What is the asset allocation planned for this financial product?

Asset allocation

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of Investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Sub-Fund's portfolio. The remaining portion ($\leq 10\%$) of the portfolio is not aligned with the promoted characteristics. Out of the Sub-Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Sub-Fund undertakes a further commitment to invest a minimum of 10% of its Net Asset Value to sustainable investments with an environmental objective not aligned with the EU Taxonomy, as described below.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Sub-Fund does not use derivatives to attain the environmental characteristics that it promotes.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of the Sub-Fund's sustainable investments has an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

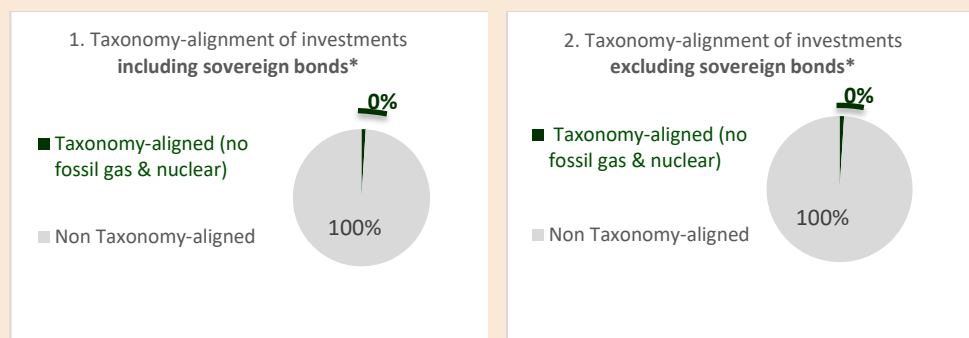
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

The minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is 0% of the Sub-Fund's Net Asset Value.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

10% of the Sub-Fund's Net Asset Value.



What is the minimum share of socially sustainable investments?

0% of the Sub-Fund's Net Asset Value.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “#2 Other” investments include cash or cash equivalents held for the purposes of servicing the day-to-day requirements of the Sub-Fund as well as derivatives used for efficient portfolio management purposes.

No minimum environmental or social safeguards have been put in place.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Yes, the S&P 500 PAB ESG Index (USD) NTR.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Index is an EU Paris-Aligned Benchmark, in accordance with the PAB Regulations.

The Index is rebalanced quarterly to ensure that the following metrics are achieved:

- Minimum 50% reduction in GHG Intensity (measured by scope 1, 2 and 3 GHG emissions, as described in the PAB Regulations) relative to the Parent Index
- Absolute 7% year on year decarbonisation as measured by the reduction in GHG Intensity, relative to the Index's base date.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Index is rebalanced quarterly to ensure that the requirements of the PAB Regulations are met.

● ***How does the designated index differ from a relevant broad market index?***

The Index is structured to deliver decarbonisation requirements which are absolute but also relative to the Parent Index, which is a relevant broad market index. The Index methodology also provides for multiple activity-based exclusions, as described above, which are not features of the Parent Index.

● ***Where can the methodology used for the calculation of the designated index be found?***

Further information can be found at the following link: [Table of Contents \(spglobal.com\)](https://www.spglobal.com/FR/Products/ESG/ESG-Index/ESG-Index-Methodology)



Where can I find more product specific information online?

More product-specific information can be found on the Website.

www.franklintempleton.ie/29819