

Franklin Templeton ICAV

Franklin S&P 500 Screened UCITS ETF

24 March 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 1 December 2022 (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 Screened 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 any day on which a market on which securities included in the 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 open (provided that a list of such closed market days in respect of each 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	4pm (Irish time) on each Dealing Day.
Dealing NAV	The Net Asset Value per Share calculated as at the Valuation Point on each Business Day.
Distributions	It is not the current intention of the Directors to declare a dividend in respect of the Accumulation Shares.
Index	S&P 500 Guarded Index -NR ¹
Index Provider	S&P.
Investment Manager	Franklin Advisory Services LLC and Franklin Templeton Investment Management Limited.
ISIN	IE0006FAD976
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 0.09% of the Net Asset Value per annum.
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

¹ The Sub-Fund tracks the net total return version of the Index ("NR") which assumes reinvestment of the dividends that are paid (net of tax) from the underlying stocks of the Index.

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The objective of the Sub-Fund is to provide exposure to large capitalisation stocks in the US with a greater emphasis on those stocks deemed to be more environmentally and socially responsible.

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 is based on the S&P 500 index, (the "**Parent Index**") which is comprised of large cap stocks in the US. The Index is designed to measure the performance of the constituents in the Parent Index that meet the sustainability criteria defined for the Index. The Index is constructed to achieve a higher sustainability profile through an overall reduction in carbon emissions and an improvement of the S&P Global ESG score relative to the Parent Index. The Index aims to improve the overall S&P Global ESG Score relative to the Parent Index by over- or under-weighting companies based on their S&P Global ESG Scores. The S&P Global ESG Score measures a company's performance on and management of material ESG risks, opportunities and impacts and considers risks, opportunities and impacts to be material if they present a significant impact on society or the environment and a significant impact on a company's value drivers, competitive position and long-term shareholder value creation. Further information on the S&P Global ESG Score can be found [here](https://www.spglobal.com/esg/solutions/esg-scores-data) (<https://www.spglobal.com/esg/solutions/esg-scores-data>). These are informed by a combination of company disclosures, media and stakeholder analysis, modelling approaches and in-depth company engagement via the S&P Global Corporate Sustainability Assessment, which is an annual evaluation of the sustainability practices of over 13,000 companies, further information on the S&P Global Corporate Sustainability Assessment can be found [here](https://www.spglobal.com/esg/csa/?utm_medium=cpc&utm_source=google&utm_campaign=Brand_ESG_Search&utm_term=s&p&global&esg&scores&utm_content=534418150272&gclid=EAlaIQo_bChMI7eKEtK22hQMVkG5HAR3KCQbsEAAYASAAEgLhXfD_BwE) (https://www.spglobal.com/esg/csa/?utm_medium=cpc&utm_source=google&utm_campaign=Brand_ESG_Search&utm_term=s&p&global&esg&scores&utm_content=534418150272&gclid=EAlaIQo_bChMI7eKEtK22hQMVkG5HAR3KCQbsEAAYASAAEgLhXfD_BwE).

The Index is designed to achieve a 10% reduction in carbon emissions (measured as the weighted average carbon intensity of its constituents, assessed by scope 1, 2 and 3 green gas emissions per USD of enterprise value) relative to the Parent Index by overweighting those companies which emit lower-than-average greenhouse gasses. The Index also aims to improve, by 10%, the S&P Global ESG Score (measured as the weighted average S&P Global ESG Score of its constituents) relative to the Parent Index by over- or under-weighting companies based on their S&P Global ESG Scores.

The Index aims to reduce the tracking error between the Index and the Parent Index by utilising multiple elements within the Index methodology. These include, but are not limited to;

- 1) Constituent weights in the Parent Index are used as a base weighting with respect to the Index.
- 2) The deviation of individual company weightings from the Parent Index is capped at +/- 2%.

The elements above aims to limit the weighting differences between the Index and the Parent Index and therefore minimise sources of difference between the indices.

The Index excludes companies that are involved in controversial businesses or whose products have negative social or environmental impacts such as companies involved in controversial weapons, tobacco, small arms and military weapons, thermal coal and oil sands.

Additionally, any companies that fail to meet international standards such as the UN Global Compact, or the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are excluded from the Index.

The Index is rebalanced semi-annually, and constituents will be reviewed on a semi-annual basis. In addition, all constituents are reviewed on a quarterly basis to ensure they remain compliant with ESG inclusion and exclusion criteria for inclusion in the Index. Any companies that are determined to be ineligible are removed from the Index. Any changes to the Index will be executed within the Sub-Fund to coincide with their implementation within the Index.

Further information in respect of the Index, including its rules, components and performance, is available at:

[S&P 500 Guarded Index | S&P Dow Jones Indices](#)

and

[methodology-sp-guarded-indices.pdf](#)

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, in certain, limited circumstances, where full replication of the Index is not reasonably practical (for example as a result of the illiquidity or unavailability of certain securities within the Index) or possible (for example as a result of applicable legal, regulatory or similar reasons referred to above), the Sub-Fund may hold only those of the Index Securities which are available or may invest in instruments that are not included in the Index but which the Investment Manager believes will help the Sub-Fund replicate the Index, e.g. securities which provide similar price and yield performance and risk profiles to constituents of the Index. Any such securities which are not Index Securities will be (i) equities (such as common stock or preferred stock); or (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) and will be 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.

In addition, the Sub-Fund may, from time to time, hold securities which are not Index Securities in certain circumstances, such as where securities, such as shares, bonds or warrants are issued to the Sub-Fund following corporate actions in respect of Index Securities or where securities have been removed from the Index but, due to market conditions, it is not possible for the Sub-Fund to sell such securities at the time of their removal from the Index. The Sub-Fund will seek to sell such securities as soon as practicable, where it is in the best interests of Shareholders.

The Sub-Fund may for efficient portfolio management purposes, and in accordance with the conditions and limits imposed by the Central Bank, use forward foreign currency exchange contracts (both deliverable and non-deliverable), index futures, currency futures and stock futures for hedging or in order to gain efficient exposure to the 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. Forward foreign currency exchange contracts (both deliverable and non-deliverable) and currency futures will be used for currency hedging purposes and index futures will be used to provide exposure to the Index and / or its constituents. Forwards and futures 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 in the US in accordance with the limits set out in the UCITS Regulations. The Sub-Fund may hold ancillary liquid assets (deposits, commercial paper and short term 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 methodology 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.

SUSTAINABLE FINANCE

As further described in the Annex to this Supplement, the Sub-Fund will promote the following environmental and social characteristics, within the meaning of Article 8:

- The reduction of carbon emissions relative the Parent Index.
- The improvement of the S&P Global ESG Score, relative to the Parent Index.
- Exclusion of companies that are involved in controversial business or whose products have negative social or environmental impacts, or deemed to violate the UN Global Compact Principles, the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Right.

In line with the Index methodology, the Sub-Fund promotes environmental and social characteristics but does not commit to making environmentally sustainable investments as defined in the Taxonomy Regulation.

The nature of the Index means that Sustainability Risks will be taken into account in making investment decisions to the extent of the Index construction described above. For example, the Manager’s assessment of the potentially adverse impact of these Sustainability Risks on the returns of the Sub-Fund highlighted the possibility of significant volatility in the performance of the Index where investee companies were the subject of serious environmental or social controversies, which could, in turn, have had a materially negative impact on the returns of the Fund. This resulted in the Index Provider excluding violators of the UN Global Compact from the Index, which the Manager

believes will reduce the potential for volatility in the Index through the exclusion of companies which are most likely to be involved in such serious controversies which could adversely affect the value of their securities. Investors should refer to the “*Sustainable Finance*” section of the Prospectus for further details with respect to 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% with a maximum exposure 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 “*General 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.

Equity Risk

Foreign Exchange Holding Risk.

Futures Contracts and Other Exchange-Traded Derivatives Risk.

Index License Risk.

Index Tracking Risk.

Index-Related Risk.

Market 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

Accumulation Shares, denominated in USD, are available in the Sub-Fund (the “**Shares**”). It is not the current intention of the Directors to declare a dividend in respect of the Shares.

Shares will be available from 9am to 5pm (Irish time) on 25 March 2025 or such earlier or later date as the Directors may determine and notify the Central Bank (the “**Initial Offer Period**”). During the Initial Offer Period Shares will be available at approximately USD 25 per Share.

Following the Initial Offer Period, 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 three 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.

FEES AND EXPENSES

The TER for the Sub-Fund will be up to 0.09% per annum of the Net Asset Value in respect of the Shares.

Further information in this respect is set out in the “*Fees and Expenses*” section of the Prospectus.

CONVERSIONS

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

LISTING

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

INDEX DISCLAIMERS

The Index is a product of S&P Dow Jones Indices LLC or its affiliates (“SPDJ”), 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

Dow Jones Trademark Holdings LLC ("Dow Jones"). The trademarks have been licensed to SPDJI and have been sublicensed for use for certain purposes by Franklin Templeton. The Sub-Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the Sub-Fund or any member of the public regarding the advisability of investing in securities generally or in the Sub-Fund particularly or the ability of the Index to track general market performance. S&P Dow Jones Indices only relationship to Franklin Templeton with respect to the Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Index is determined, composed and calculated by S&P Dow Jones Indices without regard to Franklin Templeton or the Sub-Fund. S&P Dow Jones Indices has no obligation to take the needs of Franklin Templeton or the owners of the Sub-Fund into consideration in determining, composing or calculating the Index. S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices, and amount of the Sub-Fund or the timing of the issuance or sale of the Sub-Fund or in the determination or calculation of the equation by which Sub-Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the Sub-Fund. There is no assurance that investment products based on the Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY FRANKLIN TEMPLETON, OWNERS OF THE SUB-FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND FRANKLIN TEMPLETON, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

Annex

Additional Sustainable Finance Disclosure

Product Name: Franklin S&P 500 Screened UCITS ETF

Legal entity identifier:
254900EZ5ZOSA17OD
E66

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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: <ul style="list-style-type: none"> <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 5% of sustainable investments <ul style="list-style-type: none"> <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/social characteristics:

- The reduction of carbon emissions relative the Parent Index.
- The improvement of the S&P Global ESG Score, relative to the Parent Index.

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

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Through tracking the Index, the Sub-Fund uses the following sustainability indicators to measure the attainment of the environmental/social characteristics promoted by the Sub-Fund:

- Carbon emissions reduction – at least 10 percent reduction in carbon emissions of the Index (measured as the weighted average carbon intensity of its constituents, assessed by scope 1, 2 and 3 green gas emissions per USD of enterprise value) relative to the Parent Index
- S&P Global ESG Scores – at least 10 percent improvement of the S&P Global ESG score relative to the Parent Index.

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 objective of the Sub-Fund's sustainable investments is to reduce carbon emissions and generate revenue via products and services supporting the green transition (by moving away from fossil fuel use) or other environmentally beneficial activities such as clean energy (such as wind, hydro or solar power) and waste management (such as water treatment, waste to energy facilities, recycling or eco packaging). The sustainable investments which the Sub-Fund will make will contribute to these objectives by providing funding and liquidity to issuers whose products and services support these objectives and which are compliant with the exclusion screens set out below.

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 Provider uses proprietary data tools and qualitative research applied to all companies in the Index and evaluates all Index constituents to ensure alignment with the Do No Significant Harm principles.

The Index Provider's methodology applies exclusions which are used to remove all issuers that are considered to cause significant harm from the Index. These exclusions are further detailed in the "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?" section below.

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

The principal adverse impacts ("PAI") are incorporated within the index methodology to ensure issuers do not cause significant harm and the ones below are deemed to be material to the Sub-Fund:

- Exposure to companies active in the fossil fuel sector (PAI#4)

All companies deriving significant revenue from thermal coal (extraction or power generation) or oil sands (extraction) are excluded from the Index (cf. Binding Elements section).

- Violations of UN Global Compact Principles (PAI#10)

Norms based screening of investments based on compliance with relevant international norms and standards such as those issued by the Organisation for Economic Co-operation and Development (OECD) and the UN Global

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.

Compact. Companies that perform badly in relation to these standards will be excluded from the Index.

- Controversial Weapons (PAI#14)

All companies with any involvement in controversial weapons are excluded from the Index.

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

All of the Sub-Fund's investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

This is achieved by the Index Provider by using Sustainalytics Global Standard Screening (GSS) to assess controversies concerning UN Global Compact, OECD Guidelines for Multinational Companies and UN Guiding Principles on Business and Human Rights.

Companies are classified as one of:

Non-Compliant: classification given to companies that do not act in accordance with the UNGC principles and their associated standards, conventions, and treaties.

Watchlist: classification given to companies at risk of violating one or more principles, for which all dimensions for Non-Compliant status could not be established or confirmed.

Compliant: Classification given to companies that act in accordance with the UNGC principles and their associated standards, conventions, and treaties.

As of each Index rebalancing, companies classified as Non-Compliant are not eligible for inclusion in the Index.

Further details are available on the below link: [methodology-sp-guarded-indices.pdf](#)

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 considers principal adverse impacts through its replication of the Index which reflected certain principal adverse impacts which are deemed to be material to the Sub-Fund within the Index methodology.

Exposure to companies active in the fossil fuel sector (PAI#4)

All companies deriving significant revenue from thermal coal (extraction or power generation) or oil sands (extraction) are excluded from the Index:

- Thermal coal extraction ($\geq 5\%$ revenues).
- Thermal coal power generation ($\geq 5\%$ revenues).
- Oil sands extraction ($\geq 5\%$ revenues).

Violations of UN Global Compact Principles (PAI#10)

Norms based screening of investments based on compliance with relevant international norms and standards such as those issued by the Organisation for Economic Co-operation and Development (OECD) and the UN Global Compact. Companies that perform badly in relation to these standards will be excluded from the Index.

Controversial Weapons (PAI#14)

All companies with any involvement in controversial weapons are excluded from 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 Sub-Fund aims to replicate the Index. The Index seeks:

- to achieve a 10% reduction in carbon emissions relative to the parent by overweighting those companies which emit lower-than-the average greenhouse gasses;
- to improve the S&P Global ESG Score by 10% with respect to the Parent Index by overweighting companies with relatively high S&P Global ESG Scores or underweighting companies with relatively low S&P Global ESG Scores, while excluding companies that are involved in controversial businesses or whose products have negative social or environmental impacts.

To achieve the Sub-Fund's investment objective, the Investment Manager will aim to replicate the Index by holding all the index securities in a similar proportion to their weighting in the Index.

Constituent weights in the Parent Index are used as a base weighting with respect to the Index. They are then adjusted based on assessments by the Index Provider on how individual companies align with the overall 10% reduction in carbon emissions and 10% improvement of the S&P Global ESG Score relative to the Parent Index. The Index also excludes companies that are involved in controversial businesses or whose products have negative social or environmental impacts. Companies involved in controversial weapons, tobacco, small arms and military weapons, thermal coal and oil sands are excluded from the Index.

Additionally, any companies that fail to meet international standards such as UNGC, or the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are excluded from the Index.

The Index is rebalanced semi-annually, and constituents will be reviewed on a semi-annual basis. However, all constituents are reviewed on a quarterly basis to ensure they remain compliant with ESG inclusion and exclusion criteria for inclusion in the Index. Any companies that are determined to be ineligible are removed from the Index. Any changes to the Index will be executed within the Sub-Fund to coincide with their implementation within the Index.

Further information in respect of the Index can be found in the "*Investment Policy*" section of the Supplement.

● ***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 Sub-Fund replicates the Index, which is constructed using inclusion and exclusion criteria, which are binding. There is no scope for any of these criteria to be bypassed.

- 10% reduction in carbon emissions of the Index relative to the Parent Index;
- 10% improvement of the S&P Global ESG Score with respect to the Parent Index;
- Under the exclusions based on the UN Global Compact, companies are required to be classified "Compliant" or "on Watch List" by using Sustainalytics Global Standard Screening (GSS).
- Under the exclusions based on Controversies, companies are assessed on controversies related to economic crime and corruption, fraud, illegal commercial practices, human rights issues, labour disputes, workplace safety, catastrophic accidents and environmental disasters. Companies flagged by S&P Global's MSA (Media and Stakeholder Analysis) for removal are ineligible for re-entry into the Index for at least one full calendar year.

- ESG exclusions based on business activities are companies with any direct business involvement in the following activities:
 - Controversial weapons, including nuclear weapons (0% revenues).
 - Tobacco production (0% revenues).
 - Tobacco (related products/services, retail distribution) ($\geq 5\%$ revenues).
 - Small arms (small arms weapons for civilian use, non-civilian use and key components) (0% revenues).
 - Small arms (retail/distribution of small arms weapons for civilian customers) ($\geq 5\%$ revenues).
 - Military contracting (weapons, weapon-related products, and services) ($\geq 10\%$ revenues).
 - Environmentally responsible exclusions based on the following activities:
 - Thermal coal extraction ($\geq 5\%$ revenues).
 - Thermal coal power generation ($\geq 5\%$ revenues).
 - Oil sands extraction ($\geq 5\%$ revenues).
 - The Index also excludes companies that have significant ownership (stake of 25% or more) of another company that:
 - Is involved in Controversial weapons, including nuclear weapons.
 - Is involved in the production of tobacco.
 - Is involved in the production of small arms (small arms weapon for civilian use, non-civilian use, and key components).

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

The Fund does not apply a committed minimum rate.

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

The Index methodology includes the assessment of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. The framework used is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UNGC, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. Companies that are deemed by the Index Provider as non-compliant are not eligible for the Index.

The Index Provider reviews constituents that have been flagged by its internal media and stakeholder analysis (on environmental, social, and governance risks) to evaluate the potential impact of company controversial 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.

Specific areas of Governance covered by these assessments include controversies related to bribery & fraud, governance structures, controversial investments, labour management relations, collective bargaining & unions, discrimination & workforce diversity.

The Investment Manager has assessed, and will keep under review, the Index Providers criteria in relation to the good governance practices of the Index.

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



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

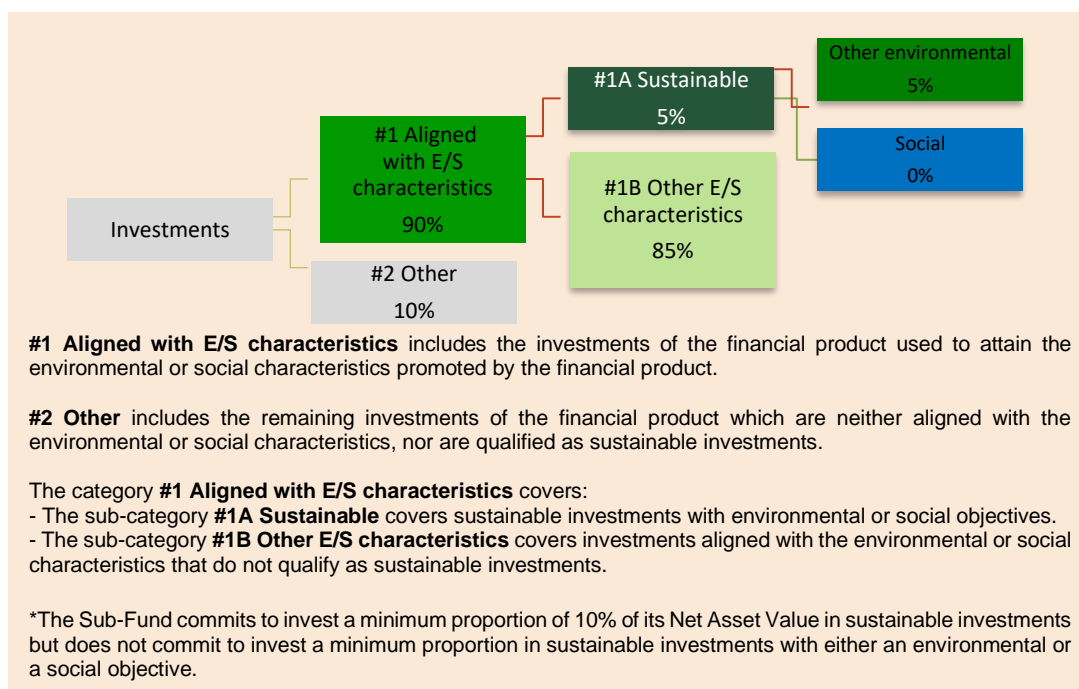
At least 90% of the Sub-Fund's portfolio is aligned with environmental and/or social characteristics promoted by the Sub-Fund. A maximum of 10% of the Net Asset Value is not aligned with the promoted characteristics and it includes cash or cash equivalents as well as derivatives.

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 5% of its Net Asset Value in sustainable investments.

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.

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.



● *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 or social characteristics that it promotes.



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.

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

☐ Yes

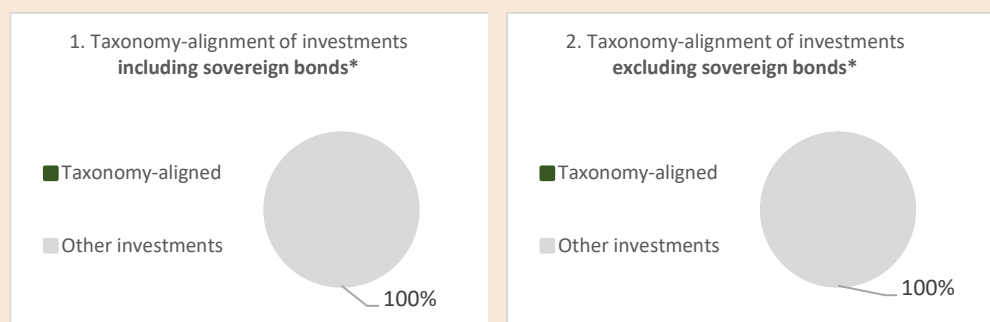
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas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

☐ In fossil gas In ☐ nuclear energy
☒ No

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 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?

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



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

The Sub-Fund commits to invest a minimum proportion of 5% of its Net Asset Value in environmentally sustainable investments that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

0% of the Sub-Fund's Net Asset Value is committed to investment in socially sustainable investments.



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

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



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 Guarded Index - NR .

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

The Index rebalances semi-annually, effective after the close of the last business day of April. The rebalancing reference date is the last trading day of March. The reference universe for the Index is the composition of the Parent Index, at the open of the upcoming rebalancing effective date.

Index constituents are reviewed on a quarterly basis for ongoing eligibility under the Business Activities and UNGC exclusion criteria. Companies determined to be ineligible are removed from the Index, effective after the close of the last business day of April, July, October, and January. The reference date for this review is the last business day of the previous month. No constituent will be added to the Index as a result of any deletion that may take place.

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

Please see the response to the "How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?" section above.

The Investment Manager will passively replicate the Index by investing in the constituent equities in the same or very similar proportions to the weightings of the constituents within the Index.

The Investment Manager will regularly monitor the Sub-Fund to ensure that it is continually aligned with the benchmark strategy.

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

Broad market indices are market capitalisation weighting with no exclusion criteria beyond size and investability.

The Index is designed to represent the performance of a portfolio of companies that overweighs constituents with lower-than-average greenhouse gasses and higher Environmental, Social and Governance (ESG) performance to achieve an overall 10% reduction in carbon emissions and 10% improvement of the S&P Global ESG Score relative to the Parent Index to, while excluding companies that are involved in controversial businesses like weapons, tobacco, thermal coal, military weapons, and oil sands or fail to meet international standards such as the UN Global Compact, or the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

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

Further information can be found at the following links:

[S&P 500 Guarded Index](#) | [S&P Dow Jones Indices](#)

and

[methodology-sp-guarded-indices.pdf](#)



Where can I find more product specific information online?

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

[www.franklintempleton.ie/41206](#)