Franklin Templeton ICAV

Franklin MSCI China Paris Aligned Climate UCITS ETF

1 December 2022

(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 MSCI China 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.

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

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	Every Business Day excluding any day on which a market on which securities included in the relevant Index are listed or traded is closed and/or the day preceding any such day, 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, 4 pm (Irish time) on each Dealing Day. For in-kind subscriptions and redemptions, 4 pm (Irish time) on each Dealing Day.
Dealing NAV	The Net Asset Value per Share calculated as at the Valuation Point on the Business Day following the relevant Dealing Day.
Distributions	It is not the current intention of the Directors to declare a dividend in respect of the Accumulation Shares.
Index	MSCI China Climate Paris Aligned Net Total Return Index
Index Provider	MSCI
Investment Manager	Franklin Advisory Services LLC and Franklin Templeton Investment Management Limited
ISIN	IE000EBPC0Z7
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 0.22% per annum of the Net Asset Value. Further information is set out in the "*Fees and Expenses*" section of the Prospectus.
Valuation	The Net Asset Value per Share is calculated in accordance with the "*Determination of Net Asset Value*" 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 4 pm London FX rate.
Valuation Point	The Sub-Fund calculates its Net Asset Value at 4 pm 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 and mid-capitalisation stocks in China 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 is based on the MSCI China Index, its parent index, and includes large and mid-capitalisation Chinese equity securities. 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 EU Paris-aligned Benchmark (EU PAB) Regulations (Regulation (EU) 2019/2089) (the "**PAB Regulations**")[1].

The Index incorporates the Taskforce on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the PAB Regulations. The Index is designed to align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year. The Index aims to reduce exposure to physical risk arising from extreme weather events by at least 50% and shift Index weight from "brown" to "green" using the MSCI Low Carbon Transition Score (which measures companies' exposure to and management of risks and opportunities related to the low carbon transition) and by excluding categories of fossil-fuel-linked companies. Furthermore, relative to the parent index, the Index also aims to overweight companies which are exposed to climate transition opportunities and underweight those companies which are exposed to climate transition risks. Finally, the Index seeks to reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions[2], as described in the PAB Regulations, and increase the weight of companies with credible carbon reduction targets while achieving both a modest tracking error and a low turnover relative to the parent index. The criteria set out above are applied to at least 90% of the constituents of the parent index and result in a Green House Gas Intensity[3] reduction of at least 20% for the Index relative to the parent index.

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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 Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

3 Greenhouse Gas Intensity is absolute GHG emissions (expressed in tonnes of CO^2 equivalent) divided by enterprise value including cash (the sum of the market capitalisation of ordinary and preferred shares and the

Certain securities from the 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.

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 semi-annually in May and November. At each semi-annual review, the Index is constructed using an optimisation process that aims to achieve replicability and investability as well as minimise tracking error relative to the parent index, subject to constraints on the transition and physical risk objectives and transition opportunities objectives described above.

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

https://www.msci.com/eqb/methodology/meth_docs/MSCI_Climate_Paris_Aligned_Indexes_Methodology_August2021.pdf (Rules)

https://www.msci.com/constituents (Constituents)

https://www.msci.com/documents/10199/cf55baf6-52ff-f2da-9adf-3a6bf81d0ca4 (Performance)

The Sub-Fund will use the Stock Connect programmes, which permit investment on certain Chinese domestic exchanges through the Hong Kong Stock Exchange, as the route for trading in A Shares. Investors should refer to the "*Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect Risk*" sub-section of the "*Risk Considerations*" section in the Prospectus for further details about these programmes operate.

Index Securities may include:

- *A Shares.* A Shares are shares in Chinese companies which are primarily purchased and sold on domestic Chinese markets and traded in Renminbi;

- *B Shares*. B Shares are shares in Chinese companies which are primarily purchased and sold on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, and traded in foreign currencies;

- *H Shares.* H Shares are shares in companies incorporated in mainland China and listed on the Hong Kong Stock Exchange, where they are traded in Hong Kong Dollars and may be traded by foreign investors.

book value of total debt and non-controlling interests, without deduction of cash or cash equivalents, expressed in Euro).

- *N Shares.* N Shares are shares in companies with business operations in mainland China which are listed on an American stock exchange, such as NYSE or NASDAQ.

- *P Chips.* P Chips are shares in private sector companies with a majority of their business operations in mainland China and controlling private Chinese shareholders, which are incorporated outside of mainland China and traded on the Hong Kong Stock Exchange in Hong Kong Dollars.

- *Red Chips*. Red Chips are shares in companies with a majority of their business operations in mainland China which are controlled by the central, provincial or municipal governments of China, whose shares are traded on the Hong Kong Stock Exchange in Hong Kong Dollars.

- *S Chips.* S Chips are shares in private sector companies with a majority of their business operations in mainland China and controlling private Chinese shareholders, which are incorporated outside of mainland China and traded on the Singapore Exchange.

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 liquidity 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.

Although the Index is generally well diversified, because of the market it reflects it may, depending on market conditions, contain constituents issued by the same body that may represent more than 10% of the Index. In order for the Sub-Fund to track the Index accurately, the Sub-Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Sub-Fund to hold positions in individual constituents of the Index issued by the same body of up to 20% of the Sub-Fund's Net Asset Value.

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.

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 its removal from the Index. The Sub-Fund will seek to sell such securities as soon as practicable in the best interests of Shareholders.

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 forward foreign currency exchange contracts (both deliverable and non-deliverable), currency futures, equity futures and equity index futures 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 and equity 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. 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 1% 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 "*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:

Concentration Risk.
Counterparty Risk.
Currency Risk.
Emerging Markets Risk.
Foreign Exchange Hedging Risk.
Futures Contracts and Other Exchange-Traded Derivatives Risk.
Index License Risk.
Index-Related Risk.
Index Tracking Risk.
Over-the-Counter Derivatives Risk.
Passive Investment Risk.
Single Country Risk.
Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect 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**").

Shares will be available from 9am to 5pm (Irish time) on 1 December 2022 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.

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 Deutsche Börse Xetra, the London Stock Exchange and the Borsa Italiana.

INDEX DISCLAIMERS

THE SUB-FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY THE MANAGER. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ICAV OR OWNERS OF THE SHARES OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THIS SUB-FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THIS SUB-FUND OR THE ICAV OR OWNERS OF SHARES OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ICAV OR OWNERS OF THE SHARES OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THIS SUB-FUND TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THIS SUB-FUND IS REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY

OBLIGATION OR LIABILITY TO THE ICAV OR OWNERS OF THE SHARES OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THIS SUB-FUND.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ICAV, THE SUB-FUND, OWNERS OF THE SHARES, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Appendix I

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: MSCI China Paris Aligned Climate UCITS ETF

Legal entity identifier: 254900G70W062PBB4G48

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:**	☒ 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
☐ 0% in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ 0% in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

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 1.5ºC 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 polices 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.

All Index constituents are evaluated for significant harm. The Index methodology applies exclusions that significantly reduce the Sub-Fund's exposure to investments that cause significant harm. These exclusions are further detailed in the section dedicated to the binding elements of the investment strategy 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 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 MSCI China Index, its parent index and the total GHG Intensity of the Index is reduced by 10% annually;

(ii) Excluding companies as per the criteria further described in the binding criteria section below.

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 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 assessing 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 International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UNGC and scores controversies on a 0-10 scale, with "0" being the most severe controversy.

The framework is stakeholder driven and covers the five categories/pillars of stakeholder impact, organized against 28 indicators. The specific Social pillars include human rights & community and labour rights & supply chain. Indicators within each pillar are listed below.

Human rights & community	Labor rights & supply chain
• Impact on local communities • Human rights concerns • Civil liberties • Other	• Labor management relations • Health & safety • Collective bargaining & unions • Discrimination & workforce diversity • Child labor • Supply chain labor standards • Other

The Index excludes all companies with a controversy score of 0.

Further details are available on the below link:
MSCI ESG Controversies Factsheet

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?

x 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 large and mid-capitalisation Chinese stocks selected from the Parent Index, which are aligned to the transition to a low carbon economy. The Parent Index large and mid-capitalisation Chinese equity securities. The investment policy of the Sub-Fund is to track the performance of the Index.

The index has been 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.

The Index incorporates the Taskforce on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the PAB Regulations. The Index is designed to align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year.

The Index aims to reduce exposure to physical risk arising from extreme weather events by at least 50% and shift Index weight from "brown" to "green" using the MSCI Low Carbon Transition Score (which measures companies' exposure to and management of risks and opportunities related to the low carbon transition) and by excluding categories of fossil-fuel-linked companies.

Furthermore, relative to the parent index, the Index also aims to overweight companies which are exposed to climate transition opportunities and underweight those companies which are exposed to climate transition risks. Finally, the Index seeks to reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions, as described in the PAB Regulations, and increase the weight of companies with credible carbon reduction targets while achieving both a modest tracking error and a low turnover relative to the parent index.

The Index is rebalanced semi-annually in May and November. At each semi-annual review, the Index is constructed using an optimisation process that aims to achieve replicability and investability as well as minimise tracking error relative to the Parent Index, subject to constraints on the transition and physical risk objectives and transition opportunities objectives described above.

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.

- 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 MSCI China Index, the Index's parent index. The total GHG Intensity of the Index must also reduce by 10% annually.

- The Index excludes the following companies:

  1. Controversial Weapons

All companies involved in controversial weapons. This includes all producers of the weapons and key components of the weapons. It also includes all companies that have an indirect stake in another company that produces controversial weapons, subject to levels of ownership specified by the index provider.

2. **ESG Controversies**
   All companies having faced very severe controversies pertaining to ESG issues, as defined by the Index Provider's methodology.

3. **Tobacco**
   All companies with involvement in Tobacco, as defined by the Index Provider's methodology.

4. **Environmental Harm**
   All companies having faced very severe and severe controversies pertaining to Environmental issues, as defined by the Index Provider's methodology.

5. **Thermal Coal Mining**
   All companies deriving 1% or more of their revenue (either reported or estimated) from mining thermal coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties, excluding revenue from metallurgical coal, coal mined for internal power generation (e.g. in the case of vertically integrated power producers), intracompany sales of mined thermal coal, and revenue from coal trading (either reported or estimated).

6. **Oil & Gas**
   All companies deriving 10% or more of their revenue from oil and gas related activities, including distribution / retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation and refining, excluding biofuel production and sales and trading activities.

7. **Thermal Coal Power Generation**
   All companies deriving 50% or more of their revenue from thermal coal-based power generation.

- Furthermore, the Index also excludes companies that:
  - have very severe and severe controversies pertaining to environmental issues, including environmental controversies such as toxic emissions, biodiversity & land use, water stress and operational waste;
  - are non-compliant with the UNGC principles, UN Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work;
  - have severe controversies in respect of gender pay ratio or gender diversity; and

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?

Whilst there is no minimum committed rate, the Index methodology achieves a reduction well in excess of 20%. The Index implements a rules-based methodology which includes both baseline and activity-based exclusions. Other parameters are set to adjust the weights of constituents in a way that enables the Index as a whole to achieve the targets set by and comply with the EU Climate Benchmark standards.

The reduction of at least 20% of the investable universe is based on environmental factors that exclude stocks that generate income from fossil fuels, stocks that are

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

exposed to climate-transition risks and generate high levels of carbon emissions as well as stocks that are deemed to cause environmental harm.

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

The Index Provider assesses 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, and the UNGC and scores controversies on a 0-10 scale, with "0" being the most severe controversy.

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 Index excludes all companies with a controversy score of 0 as they are considered to have insufficiently strong governance.

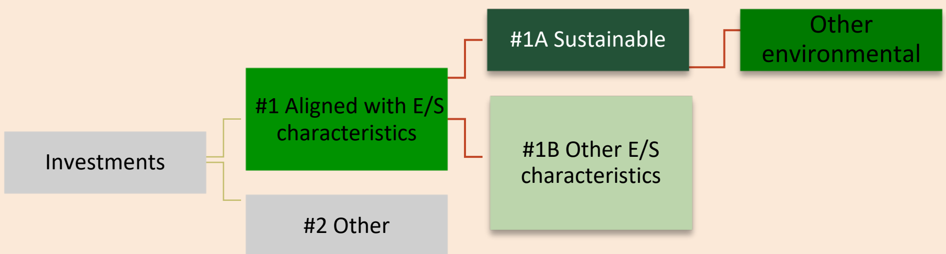
Companies that are non-compliant with the UNGC principles are also not eligible for the Index.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

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 (<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.

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

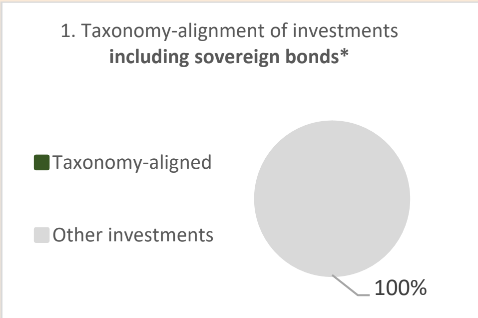
- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

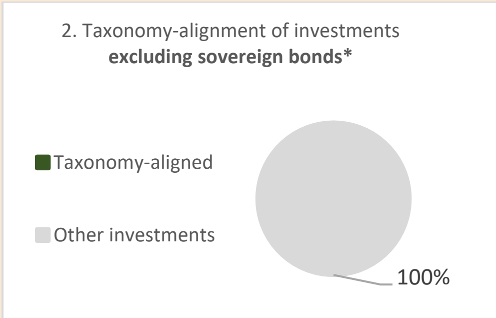
  The Sub-Fund does not use derivatives to attain the environmental characteristics that it promotes.

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.

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*

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.

- ***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?

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under 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 MSCI China Climate Paris Aligned Index.

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 semi-annually to ensure that the following metrics are achieved:

- Minimum 50% reduction in GHG Intensity (measured by scope 1, 2 and 3 greenhouse gas emissions, as described in the PAB Regulations) relative to the Parent Index
- Absolute 10% 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 semi-annually 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 on the methodology can be found at the following link: *MSCI Climate Paris Aligned Indexes Methodology*

Where can I find more product specific information online?

More product-specific information can be found on the Website.
www.franklintempleton.ie/33310