

# Franklin ESG-Focused Balanced Fund

LU2319533704, LU2319533530, LU2319533613, LU2319533969, LU2319534009, LU2319534181, LU2319533886, LU2319533456

<b>Issuer</b>	Franklin Templeton International Services S.à r.l.
<b>Fund provider</b>	Franklin Templeton International Services S.à r.l.
<b>Fund type/Asset class</b>	Mixed fund
<b>Legal form</b>	SICAV
<b>Fund issue date</b>	15/07/2021
<b>Last Update</b>	22.05.2024
<b>Benchmark</b>	-
<b>Tranche</b>	-



**Risk Indicator (PRIIP)**  
4 of 7

**Licensed in**  
D, A, CH, LU

**Classification by SFDR**  
Article 8

**EU Taxonomy**  
-

**% of Sustainable Investments according to SFDR**  
-

## Principal Adverse Impacts



## Sustainable Development Goals

No explicit details regarding the Sustainable Development Goals

## NORMAL ALLOCATION

<b>Equities</b>	40 % to 60 %
<b>Bonds</b>	40 % to 60 %
<b>Money market/Bank deposits</b>	0 % to 10 %
<b>Commodities</b>	Excluded
<b>Direct investments</b>	0 % to 100 %
<b>Derivatives</b>	0 % to 50 %
<b>Other</b>	-

## Sustainability approach

<b>Principal Adverse Impacts</b>	<ul style="list-style-type: none"> <li>✓ Greenhouse Gas Emissions</li> <li>✓ Energy Efficiency and Fossil Fuels</li> <li>✓ Social and Employee Matters</li> </ul>
<b>Further remarks on the consideration of SDGs</b>	-
<b>Rationale behind classification according to SFDR</b>	<p>Article 8</p> <p>The Fund promotes environmental and social characteristics in accordance with Article 8 of the SFDR. In its implementation of the Fund's environmental, social and governance ("ESG") strategy, the Investment Manager favours issuers with high-quality ESG profiles, as captured by its proprietary ESG methodology. In addition, the Fund applies specific ESG exclusions. The Fund's environmental or social characteristics are assessed both quantitatively and qualitatively, by means of sustainability indicators as well as of the Investment Manager's proprietary ESG ratings system and its research and engagement process. As part of its investment decision making process, the Fund's ESG strategy also uses binding criteria for the selection of underlying assets. Finally, the Fund has a minimum allocation of 10% of its portfolio to sustainable investments. It ensures that its sustainable investments do not cause significant harm to any environmental or social sustainable investment objective.</p>
<b>Engagement</b>	<p>Yes, organized internally</p> <p><a href="#">Link to engagement policy</a></p>
<b>Voting</b>	<p>Yes, organized externally</p> <p><a href="#">Link to voting policy</a></p>
<b>Best-in/of-Class</b>	<p>Best-In-Class</p> <p>The fund reflects our view that environmental, social, and governance factors have become increasingly important to corporations worldwide as they seek to balance organizational goals with the expectations of their stakeholders in an increasingly complex operating environment. As such, we seek to invest primarily in securities which demonstrate abilities to manage environmental risks, stakeholder relationships, and which have strong governance practices.</p>
<b>ESG-Integration</b>	<p>Yes</p> <p>Our approach blends ESG factors along with traditional financial measurements to provide a comprehensive view of an investment, analyzing how ESG risks and opportunities may affect the returns investments will earn over our investment horizon. This helps us to identify those investments that have the potential to deliver sustainable returns, or to reduce risk, over the long-term.</p>
<b>Norm-based screening</b>	✓ UN Global Compact
<b>Themes</b>	-
<b>Impact Investing</b>	-
<b>Further information on the sustainability approach</b>	In addition to the above, the fund will not invest in produces or nuclear or controversial weapons (0% of revenue), products of conventional weapons or armament (5%) operators of nuclear power plants or producers of essential components of power plants (5%) coal and uranium mining companies (5%), tobacco (5%), companies which base their power production on coal energy (5%), unconventional oil and gas (5%) and violators of the Global Compact Principles.

## Research and Transparency

<b>In-house sustainability analysis</b>	Yes, 19 sustainability-focused financial professionals, 90 financial professionals, who integrate sustainability
<b>Research partners</b>	No
<b>Percentage of portfolio with sustainability analysis</b>	100 %
<b>Strategically important suppliers included</b>	No
<b>Sustainability advisory committee</b>	No
<b>Analysis of portfolio CO2</b>	No
<b>Sustainability reporting</b>	No
<b>At least monthly portfolio publication</b>	Yes
<b>Certification/Label awarded by independent auditors</b>	✓ FNG Label ★★

## Environmental

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

<b>Fossil fuels (Coal, Oil and Gas)</b>	No
<b>Nuclear power (operation and components)</b>	<p>Yes</p> <p>5 % Turnover threshold</p>
<b>Green genetic engineering</b>	No
<b>Chlorine and agrochemicals (biocides)</b>	No
<b>Other</b>	Thermal Coal, Unconventional Oil & Gas

## EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Environmentally damaging behaviour	No
Damage to biodiversity	No
Other	Environmentally damaging behaviour - no exclusion but part of the analyses

## EXCLUSION CRITERIA – COUNTRIES

Non-ratification of the Paris Climate Agreement	Yes
Non-ratification of the Protocol on Biosafety	No
Non-ratification of the UN Biodiversity Convention	Yes
Nuclear power by proportion of gross energy production	No
Other	-

## Social

### EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

Weapons/Armaments	Yes 5 % Turnover threshold
Cluster bombs and anti-personnel mines	Yes
Weapons of mass destruction (ABC/CBRN)	Yes
Tobacco products	Yes 5 % Turnover threshold
Pornography	No
Spirits/Alcohol	No
Gambling	No
Other	-

## EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Labour rights (ILO core labour standards)	No
Exploitative child labour	No
Violation of human rights	No
Animal testing	No
Other	UN Global Compact aligned with Labour rights, Human rights, Child labour.

## EXCLUSION CRITERIA – COUNTRIES

Labour rights	No
Violation of human rights	No
Military spending as a percentage of GDP	No
Death penalty, torture	No
Countries classified by Freedom House as not free	Yes
Violations of the Nuclear Non-Proliferation Treaty	Yes
Violations of other non-proliferation treaties	Yes
Other	UN Global Compact aligned with Labour rights, Human rights, Child labour.

## Governance

### EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Corruption and bribery	No
Tax: planned avoidance & detected violations	No
Other	Corruption and bribery - no exclusion but part of the analyses

## EXCLUSION CRITERIA – COUNTRIES

<b>Corruption</b>	Yes
<b>Other</b>	-

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