

# Templeton Global Bond Fund (the "Fund")

Legal Entity Identifier: 5SLKA4UT9B55J80BUH41



## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

☒ ☐ YES

☐ ☒ NO

- ☐ It made **sustainable investments with an environmental objective: 0.00%**
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ It made **sustainable investments with a social objective: 0.00%**

- ☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 0.00% of sustainable investments
  - ☐ with an environmental objective in economic activities that 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 promoted E/S characteristics, but **did not make any sustainable investments**

**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



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promoted broad environmental and/or social characteristics, by using a proprietary environmental, social and governance (the "ESG") rating methodology, the Templeton Global Macro ESG Index (the "TGM-ESGI") to:

- Screen out government bonds of the poorest performing countries in each of the ESG categories until the exclusions reached 10% of the Fund's investment universe dedicated to sovereign bonds; and
- Commit to a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio to be higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

The portion of the investment universe dedicated to sovereign bonds of the Fund's portfolio was constructed based on the universe of sovereign issuers with historic data of bond issuance, and excluding issuers from countries:

- With no current debt outstanding;
- Recorded as sanctioned by the United States Office of Foreign Assets Control (the "US OFAC"), the European Union (the "EU") or the United Nations (the "UN");
- Which did not have any debt in issuance denominated in euro or US dollar and did not have a local custodian entity meeting the legal and regulatory requirements applicable to the Fund and its custody partners; and
- Any country where foreign ownership of sovereign bonds was not permitted or not reasonably practicable due to legal or regulatory restrictions.

The portion of investment universe dedicated to the supranational bonds of the Fund's portfolio was constructed by issuers that had MSCI ESG ratings.

The Fund's weighted average base ESG score was 62.71 and the investment universe average base ESG score was 53.92 over the reference period.

No reference benchmark was designated to attain the environmental and/or social characteristics promoted.

In this regard, the Fund allocated 84.02% of its assets to investments aligned with the E/S characteristics over the reference period. This included currency and interest rate-related derivatives.

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

● **How did the sustainability indicators perform?**

The sustainability indicators performed as anticipated.

	Sustainability KPI historical comparison		
	2025	2024	2023
Sustainability KPI Name	Value	Value	Value
The share of sovereign issuers having exposure to, or ties with the sectors and the additional exclusions	0.00%	0.00%	0.00%
The share of sovereign issuers subject to social violations deemed to have severe/very severe adverse impact	0.00%	0.00%	N/A
The ESG score difference between the Fund's portfolio and the investment universe	8.80	11.20	10.44

● **... And compared to previous periods?**

The values were in line with previous periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

Not applicable.

**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 did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

-----**How were the indicators for adverse impacts on sustainability factors taken into account?**

Not applicable.

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

Not applicable.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union 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.*



**How did this financial product consider principal adverse impacts on sustainability factors?**

During the period, the following principal adverse impacts (the "PAIs") were considered for sovereign and supranational issuers:

- Greenhouse gas emissions; and
- Social violations

Greenhouse gas emissions of the investee countries were monitored through greenhouse gas intensity Scope 1 data points.

Social violations by the investee countries were monitored as part of Franklin Advisers, Inc. (the "Investment Manager")'s proprietary environmental, social and governance (the "ESG") index, the Templeton Global Macro ESG Index (the "TGM-ESGI"), where the

Investment Manager reviewed institutional strength, social cohesion and stability, and income equality among others. This is in addition to explicitly excluding countries subject to international sanctions, including those imposed by the UN, EU or US OFAC.



## What were the top investments of this financial product?

The largest investments of this Fund during the reference period, excluding cash and derivatives, were:

Largest investments	Sector	% of Assets	Country
NOTA DO TESOURO NACIONAL NTN F	Government Bonds	10.32%	Brazil
MALAYSIA GOVT	Government Bonds	8.70%	Malaysia
INDIA GOVERNMENT BOND	Government Bonds	7.92%	India
TITULOS DE TESORERIA B	Government Bonds	6.58%	Colombia
SOUTH AFRICA REPUBLIC OF	Government Bonds	5.77%	South Africa
TREASURY CORP OF VICTORIA	Agencies	5.71%	Australia
United States Treasury Note/Bond	Government Bonds	4.69%	United States
PANAMA REPUBLIC OF	Government Bonds	4.64%	Panama

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is - 2024-07-01 - 2025-06-30.



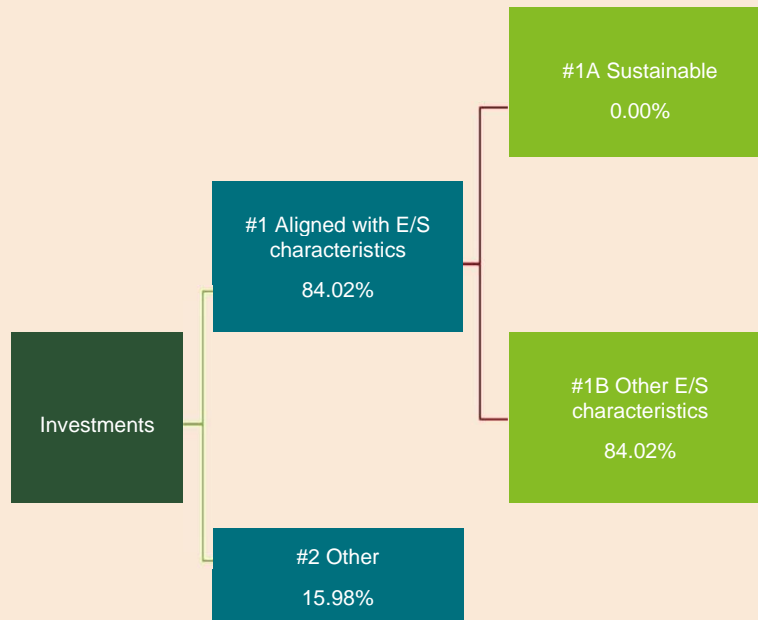
## What was the proportion of sustainability-related investments?

The proportion of sustainable investments was 0%.

**Asset allocation**  
describes the share of  
investments in specific  
assets.

### What was the asset allocation?

84.02% of the Fund's portfolio was aligned with the E/S characteristics promoted by the Fund over the reference period. The remaining portion (15.98%) was not aligned with the promoted characteristics and consisted of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives that, by their nature, could not be aligned with the environmental and/or social characteristics promoted by the Fund.



**#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 environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Investment Category	Asset Allocation historical comparison		
	2025	2024	2023
Investment Category	Proportion of Investments	Proportion of Investments	Proportion of Investments
#1 Aligned with E/S characteristics	84.02%	88.45%	89.66%
#2 Other	15.98%	11.55%	10.34%
#1A Sustainable	N/A	N/A	N/A
#1B Other E/S characteristics	84.02%	88.45%	89.66%
Taxonomy-aligned	N/A	N/A	N/A
Other environmental	N/A	N/A	N/A
Social	N/A	N/A	N/A

● ***In which economic sectors were the investments made?***

The top sectors and sub-sectors of this Fund during the reference period, excluding cash and derivatives, were:

Top sector	% of Assets
Government Bonds	84.02%
Top sub-sector	% of Assets
Government Bonds	84.02%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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.

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 the green operational activities of investee companies.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?<sup>1</sup>

- ☐ Yes
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?

Not applicable.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

are sustainable investments with an environmental objective that **do not**



### What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?

Not applicable.

<sup>1</sup> 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 objectives -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.

take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



## What was the share of socially sustainable investments?

Not applicable.



## What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The proportion of investments under ‘#2 Other’ was 15.98% and consisted of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for servicing the day-to-day requirements of the Fund and/or to serve as collateral for derivatives. No minimum environmental and/or social safeguards have been put in place.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The binding elements of the investment strategy, which were not at the discretion of the Investment Manager, and that have been employed in order to meet the environmental and/or social characteristics can be summarized as follows:

- The Fund excluded countries and issuers that were subject to international economic sanctions, including sanctions imposed by the UN, the EU or the US OFAC;
- The Fund excluded government bonds of the poorest performing countries in each of the ESG categories based on current proprietary country scores until the exclusions reached 10% of the Fund's investment universe dedicated to sovereign bonds; and
- The Fund achieved a weighted average base ESG score of the sovereign bonds (including supranational bonds and also the notional value of net long positions in related derivatives) in the Fund's portfolio higher than the average base ESG score of the investment universe dedicated to sovereign bonds.

For the purpose of restricting the investment universe, exclusions based on countries subject to international sanctions were applied first. The exclusion of countries with the weakest ESG scores was applied to the remaining investment universe.

Exclusions of the weakest scoring countries occurred sequentially, beginning with the removal of the poorest scoring country according to TGM-ESGI's environmental score, then the country within the remaining universe with the weakest social score, and finally the country with the weakest governance score was removed. This process was repeated until 10% of the universe had been excluded.



## How did this financial product perform compared to the reference benchmark?

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

Not applicable.