

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: FTGF ClearBridge Infrastructure Value Fund
Legal entity identifier: 549300C63RJNQRH38W57

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:** ___%

- 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 will make a minimum of **sustainable investments with a social 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 15% 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

“The Fund promotes positive impact with respect to:

- *Climate change mitigation;*
- *Climate change adaptation; and/or*
- *Social impact.”*

The promotion of a positive impact in these areas results in the Fund promoting the following environmental and/or social characteristics:

- *investments that support the transition to a low carbon economy, either through direct reduction in emissions, enabling of lower emission alternatives or the provision of lower emissions substitute products or services such as rail transport versus air or road alternatives;*
- *infrastructure investments supporting adaptation to climate change;*
- *infrastructure that supports social impact, such as provision of fair access to essential services, for example access to water, energy and communications; and*
- *compliance with the UN Global Compact (UNGC) principles.*

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

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

The sustainability indicators used to measure the attainment of each environmental or social characteristic promoted by the Fund are:

- *the proportion of the Fund held in sustainable investments as defined by the Investment Manager's proprietary sustainable investments methodology; and*
- *the Fund's portfolio Environmental, Social and Governance (ESG) rating compared to the ESG rating of the investment universe;*

The Fund's investment universe consists in the "investable universe", which includes 200 stocks collectively called the RARE200, reviewed quarterly as part of the investment process.

● **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?**

Given the Fund's infrastructure mandate to invest in core infrastructure assets and the important role infrastructure plays in both the provision of essential services and energy transition, the Fund will hold investments that contribute to the sustainable objectives relating to climate change mitigation and/or adaptation objectives, and making a positive social contribution.

In practice, this is likely to result in the inclusion of companies with activities in, but not limited to, renewable energy and electricity grids that support the integration of renewable electricity, water utilities, rail transportation and communications. In general, these investments support climate change mitigation via the transition to a lower carbon economy as well as positive impacts to climate change adaptation and social objectives via fair access to essential services, with renewable energy being a well-known example. Additionally, other non-generation activities, such as rail transportation, can facilitate lower carbon emissions when compared to traditional truck or air transportation alternatives.

To achieve these objectives, the Investment Manager targets improving greenhouse gas (GHG) intensity and emissions reduction targets, engaging with companies where necessary to encourage them to align their business models, set emission reduction targets and disclose their climate change strategies.

● **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?**

During the process of integration of ESG analysis into its investment decision making as further detailed below, including the construction and the management of the portfolio, the Investment Manager utilises ESG ratings, proprietary ESG scores and other data, including all mandatory PAIs, to review if investments cause significant harm to any sustainable investment objective. The Investment Manager augments PAIs with a combination of third-party data and assessments to evaluate potential significant harm.

Further, the Investment Manager supplements this information with insights on a company's latest plans to mitigate any future potential harm. Finally, the Investment Manager excludes investment in certain sectors as outlined further below as part of its PAI consideration and ensure no significant harm.

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

The Investment Manager's investment process integrates ESG via a bottom-up research-driven approach that utilises many data sources, including PAIs. The manner in which PAIs are considered and taken into account is set out in further detail below.

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

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

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

The Investment Manager supports the principles of the UNGC and so the Fund does not invest in companies that violate the ten principles in each of the four areas (human rights, labor, environment, and anti-corruption) of the UNGC.

The Investment Manager uses a third-party data provider for UNGC compliance monitoring, but in instances where there are discrepancies or disagreements between the Investment Manager and the provider's assessment on a specific controversy, the Investment Manager, will engage the company on the issue. If the Investment Manager reaches consensus that the company has taken the necessary steps to address the controversy, or has effectively remediated the issue, the Investment Manager must provide a detailed explanation for why the company can continue to be owned.

To ensure sustainable investments are aligned with the OECD guidelines, the Investment Manager uses a third-party provider to monitor compliance and potential violations.

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, PAIs are considered as part of the Investment Manager's broad ESG process as well as the consideration of the do no significant harm principle. The ESG processes as part of which PAIs are considered are: (i) the proprietary ESG score; (ii) controversy monitoring and ongoing engagement; and (iii) qualitative ESG considerations.

The following PAIs are considered:

PAI #1 (GHG Emissions), PAI #2 (Carbon Footprint), PAI #3 (GHG Intensity) –

The Investment Manager assesses the specific climate-related risks and opportunities faced by individual companies as part of its bottom-up stock selection process, which integrates these, among other environmental, social and governance considerations. Each infrastructure sub-sector is assessed against a weighting of factors relevant to its business operations. Company management of GHG emissions, including credible reduction plans, is also considered as part of this process.

PAI #5 (Share of non-renewable energy production)

The Investment Manager assesses energy generation mix as part of its bottom-up research assessment, particularly as it pertains to climate change and Net Zero goals.

PAI #10 (Violations of UNGC / OECD Guidelines)

Please refer to “How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?”.

PAI #14 (Exposure to controversial weapons)

The Fund does not invest in companies that generate any turnover from (a) banned weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively.



What investment strategy does this financial product follow?

The Fund's investment objective is to achieve long-term stable growth comprised of regular and consistent income from dividends and interest, plus capital growth, from a portfolio of global infrastructure securities. Based on the key characteristics of infrastructure, the Investment Manager creates a proprietary investible universe from which companies are selected for investment by the Fund. Fundamental to the investment process is a strong understanding of risk, asset quality and expected returns. ESG is integrated and considered in all key elements of the investments process.

The specialist infrastructure investment team within the Investment Manager considers ESG factors to be important and understands that they have the potential to, at times, materially affect long-term performance. The Investment Manager's process involves promoting strong ESG integration via a 'Three Pillar Framework' approach and proprietary scorecard (from which the ESG scores referred to below are derived). These processes combines input from the Investment Manager's in-depth sectors knowledge, communications with company management and non-executive directors as well as our network of industry experts, and various third-party sources, such as ESG risk provider Sustainalytics.

In this context, ESG risks and opportunities are considered in two ways:

- 1. in the assessment of cash flows forecasted by the Investment Manager in respect of eligible investee companies as part of a fundamental security valuation; that is to say, based on ESG factors, the forecasted cash flows are adjusted higher or lower; and*
- 2. if the forecasted cash flows cannot capture the ESG factors they are instead captured through an adjustment to the investment's required return, or hurdle rate. In these circumstances, the relevant ESG factors, and company management of those factors, are assessed via a proprietary scorecard, which in turn leads to an adjustment to the required return, or hurdle rate, applied to each prospective investment.*

As a result of the integrated approach to ESG, the Investment Manager applies its ESG process to all portfolio holdings. Further, the Investment Manager applies a sustainability research process in considering ESG factors including:

- Environmental factors such as a company's environmental practices, GHG emissions and energy efficiency initiatives;*
- Social factors such as a company's approach to community relations, occupational safety and health and management of its human capital; and*
- Governance factors such as the governance structure of the company, our alignment (as a minority shareholder) with the management, board and other major shareholders of the company and management and board quality including operating excellence, diversity and remuneration practices, amongst others.*

Consistent with the Fund's valuation approach, which assumes a holding period of five years, sustainability is assessed at the current point in time and scored on a forward looking basis using an ESG score based on management targets and policies. This enables the team to identify companies whose sustainability practices are expected to improve. The ESG score is derived from the Investment Manager's proprietary ESG scorecard which details the ESG factors of each company and which are used to produce an overall ESG score for each company.

The ESG scores are compared on a relative basis for the companies. The companies in the top quartile are rewarded with a reduction in the required return, or hurdle rate, on a sliding scale. Based on the ESG scores, the bottom three quartiles are penalised through an increase to the required return, or hurdle rate. Furthermore, analyst recommendations can include other qualitative ESG considerations when considering investment into a company.

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

- **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 Fund will maintain a portfolio ESG rating higher than that of the Fund's investment universe.

The Fund commits to apply its ESG methodology to at least 90% of its portfolio.

The Fund will maintain a proportion of sustainable investment above the minimum specified (15%).

The Fund will not invest in:

- *companies that derive more than 10% of their revenue from the extraction or production of fossil fuels;*
 - *companies which generate more than 5% of revenue from tobacco;*
 - *companies that generate 10% or more of their turnover from the production and/or distribution of weapons;*
 - *companies that generate any turnover from (a) banned weapons according to (i) The Convention of the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and (ii) The Convention on the Prohibition of Cluster Munitions and (b) weapons classed as either B- or C- weapons pursuant to the United Nations Biological Weapons Convention and the United Nations Chemical Weapons Convention respectively; and*
 - *companies assessed as "Fail" under the UNGC.*
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

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

The Investment Manager reviews if companies exhibit good governance practices in their analysis and as part of the proprietary ESG scorecard. The Investment Manager does not invest in companies that exhibit poor governance practices. Scorecard factors with relevance to good governance practices, examples include: (i) management quality; (ii) board effectiveness; (iii) operating excellence; and (iv) shareholder rights and controls. Additionally, the Investment Manager engages with company management, monitors changes in ESG ratings/data from external providers and monitors controversies (including relevant governance controversies) to ensure that the latest information is available and to assess that governance practices remain current.

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 Fund's portfolio. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics consists of derivatives employed by the Fund and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

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

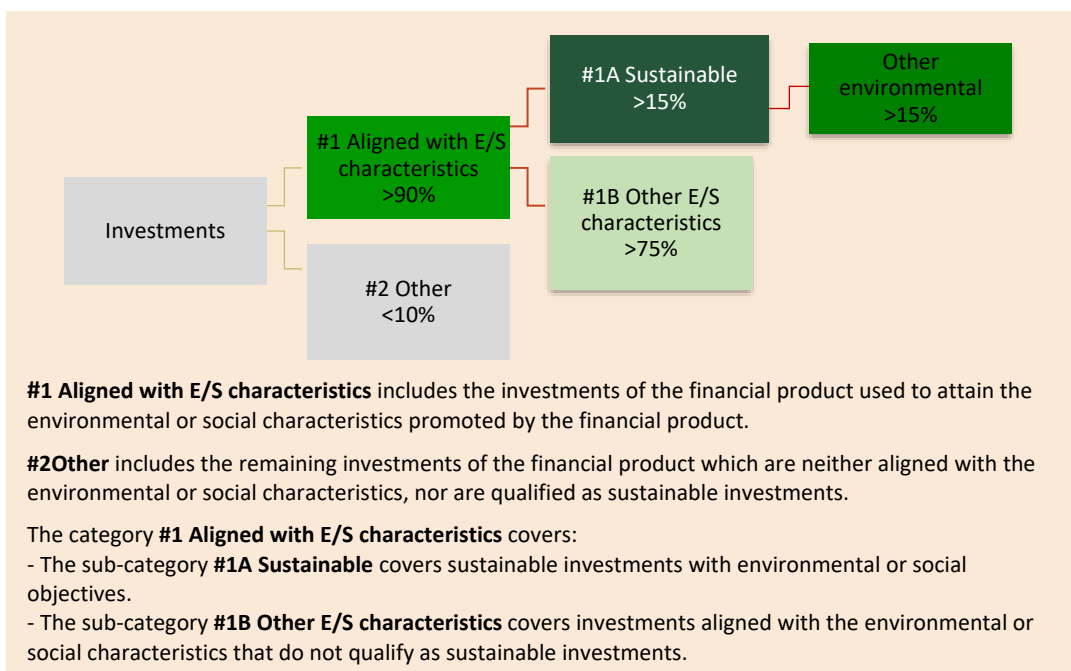


Asset allocation describes the share of investments in specific assets.

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.

Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 15% of its portfolio to sustainable investments .



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

The Fund may invest in certain types of derivatives for investment purposes or efficient portfolio management purposes, but these are not used to promote the environmental or social characteristics.



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

The Fund does not invest in sustainable investments with 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 Taxonomy¹⁴⁵?**

Yes:

In fossil gas In nuclear energy

No

¹⁴⁵ 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.

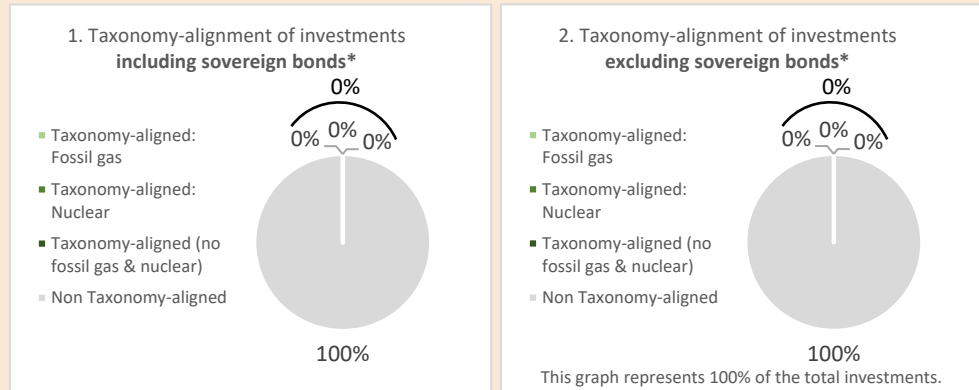


To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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



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

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

The Fund does not intentionally invest in transitional and enabling activities aligned with EU taxonomy.



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

15%



What is the minimum share of socially sustainable investments?

0%



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

‘#2 Other’ may include cash and derivatives for which there are no minimum environmental or social safeguards.



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?

No.

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

N/A

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

N/A

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

N/A

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

N/A

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



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.franklintempleton.ie/91548