Franklin Templeton's TCFD Corporate Report

Fiscal Year 2023

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Published in March 2024.

Introduction

Everything we do at Franklin Templeton is focused on delivering better outcomes for our clients.

We drive client success through an unwavering focus on investment excellence delivered on a global operational platform. In this way, we aim to deliver superior risk-adjusted returns and create long-term value for our clients. As part of our fiduciary duty, we believe it is imperative to provide a careful assessment of risks that may impede these goals, including those arising from material risks to human, natural and financial capital.

Climate-related risk—including resource scarcity, environmental factors and resulting societal impacts—will shape the world's future prosperity. How governments and corporations respond will impact the global economy.

At Franklin Templeton, we acknowledge our role in this transformation, both as a corporation and through helping our clients navigate the resultant risks and opportunities for their portfolios, consistent with our fiduciary duty and client mandates.

We have publicly supported the Task Force on Climate-related Financial Disclosures ("TCFD") since 2021, believing that the economic consequences of climate change are best understood with a robust reporting framework that promotes comparable disclosure of material risks for the ultimate benefit of investors. Our commitment to Corporate Social Responsibility is a journey, not a destination, and we expect to further evolve our subsequent TCFD reports.

In this inaugural report, we present Franklin Templeton's disclosures, aligning to the four pillars of the TCFD recommendations: governance, strategy, risk management, and metrics and targets. These disclosures reflect our current understanding and management of our risks and opportunities related to climate change.

Company overview

Franklin Resources, Inc. is one of the world's largest asset managers with 80+ offices in major financial markets, serving clients in more than 150 countries and managing over US$1.6 trillion in assets as of February 29, 2024. We bring together multiple investment managers with specialized capabilities and differentiated strategies in fixed income, equity, multi-asset and alternatives. With this global reach, we are committed to identifying, managing and disclosing climate-related risks and opportunities within our own operations and considering the potential impact of such risks on the investments we make. We firmly believe that this helps us better deliver on our fiduciary duty to safeguard our clients' investments.

"Franklin Templeton," for the purpose of this report, covers Franklin Resources, Inc. and its material subsidiaries and specialist investment managers (except for Clarion Partners, ClearBridge Investments, Lexington Partners, Martin Currie, Putnam Investments, Royce Investment Partners and Western Asset Management, unless specifically cited).[1]

We view climate-related impacts through two lenses: as a corporate entity and as an asset manager. At the corporate level, environment is one of our six dimensions identified in our annual Corporate Social Responsibility (CSR) report with the goal of improving our environmental impact. As an asset manager, Franklin Templeton recognizes sustainability as one of the waves transforming global capital markets. As such, we have developed a strategy to ensure we exercise our fiduciary duty to act with prudence, loyalty and care when investing our clients' assets.

The autonomous investment processes of our individual specialist investment managers allow them to evaluate sustainability factors from multiple angles, varied by asset class, regional focus and individual mandates, and consider extensive risks and opportunities, including climate-related, through proprietary investment processes. Our specialist investment managers are supported by our global corporate platform, which seeks to provide each specialist investment manager with the data, analytical tools, opportunities for collaboration and resources to meet clients' needs

Franklin Resources, Inc. is one of the world's largest asset managers

80+
offices in major financial markets

serving clients in more than
150
countries

US$1.6
trillion in assets

1. Clarion Partners, ClearBridge Investments, Martin Currie and Western Asset Management are separate signatories to the TCFD and its reporting requirements. Alcentra, Benefit Street Partners, Brandywine Global, Fiduciary Trust International, Franklin Equity Group, Franklin Income Investors, Franklin Mutual Series, Franklin Templeton Fixed Income, Franklin Templeton Global Private Equity, Franklin Templeton Investment Solutions, K2 Advisors, O'Shaughnessy Asset Management, Templeton Global Investments and Templeton Global Macro fall within scope of this report. This report represents 49% of Franklin Resources' total assets under management (AUM) of US$1.4 trillion as of September 30, 2023. The acquisition of Putnam Investments closed on January 1, 2024.

We view climate-related impacts through two lenses: as a corporate entity and as an asset manager… As an asset manager, Franklin Templeton recognizes sustainability as one of the waves transforming global capital markets.

TCFD pillar 1: Governance

In this section, we discuss Franklin Templeton's approach to the overall governance of climate-related risks and opportunities through an integrated approach which comprises:

Board's oversight

The Franklin Resources' Board of Directors (Board) is responsible for oversight of our corporate strategy and business objectives. Sustainable Investing (SI) and CSR initiatives and activities are critical to achieving our strategy and objectives. The status of these initiatives and activities and the related risks are discussed regularly with the Board and its committees, including the Corporate Governance and Audit committees.

The Corporate Governance Committee (CGC) oversees Franklin Templeton's corporate responsibility and sustainability programs, including reviewing shareholder engagement. The CGC receives updates on these topics as well as on regulatory developments.

The Audit Committee has oversight responsibility for the firm's enterprise-wide risk management program and outcomes. The risks to achieving the firm's SI and CSR strategy and objectives are considered, monitored and managed both as one of the firm's key enterprise-level risks as well as a driver of other enterprise-level risks, including investment, client, talent, regulatory, financial, technology and operational risks.

Management's oversight

The Executive Committee, composed of senior leaders from across the firm, is responsible for setting and executing Franklin Templeton's overall strategy and business objectives as well as managing the risks to or arising from the firm's strategy and objectives. As such, the Executive Committee regularly monitors and assesses the firm's SI and CSR initiatives and activities alongside the management of the related risks, including those that are climate-related.

The firm's Sustainable Investment Governance Committee, with authority delegated by the Executive Committee, serves as the senior-level body responsible for governance and oversight for the firm's enterprise-wide sustainable investment activities and disclosures. Among its other roles, the Committee addresses any material matters that may arise including those that might impact the firm's overall reputation.

The Enterprise Risk Management Committee (ERMC) monitors a comprehensive array of risk-related matters, including investment, client, talent, regulatory, financial, technology and operational risks. As appropriate, these risks, and their potential impact on our clients, business and firm reputation, are reported and escalated to the Executive Committee, Board and/or committees of the Board. Among the specific risks covered are those related to SI and CSR matters.

Other key committees and teams that support the capture, assessment, and management of SI and CSR-related risks, including climate-related risks and opportunities, include:

Corporate Social Responsibility Team

The global Corporate Social Responsibility Team engages with key stakeholders around Franklin Templeton's six dimensions of CSR: stewardship and sustainable investing; diversity, equity and inclusion; environment; employee experience; community engagement; and responsible corporate practices. The team leads a wide range of corporate initiatives related to environment and climate, including reporting, disclosure, operational emissions target, and employee-related reduction initiatives. Their work is supported by the Corporate Real Estate and Facilities team, which is responsible for the effective and sustainable management of Franklin Templeton's buildings, including emissions inventory and reduction initiatives, and the Enterprise Vendor Management and Procurement team, which also participates in emissions initiatives.

Sustainable Investment and Institutional Product Team

The Sustainable Investment and Institutional Product Team oversees the product governance applicable to sustainable investment propositions and funds, applying sustainable investment regulatory frameworks and coordinating related activities across the firm. The team is also responsible for sustainable product strategy, working closely with Franklin Templeton's specialist investment managers as well as other internal stakeholders, to adapt existing investment strategies and develop new ones to meet our clients' evolving needs in the sustainability space.

Global Public Policy Council

Franklin Templeton's public policy function allows us to coordinate our approach to policy issues across the business, and engage with regulators, policy makers and legislators. Our Global Public Policy Council meets quarterly and sets policy priorities, including those related to sustainable investing and other investment topics such as fund labeling and regulation of digital assets.

Global Sustainability Strategy Team

Our Global Sustainability Strategy Team is a multidisciplinary group of investment professionals with expertise in stewardship and engagement, sustainability data, global regulatory requirements and product categorization. The team supports a broad range of Franklin Templeton's stewardship and sustainable investing initiatives.

Stewardship and Sustainability Council

Our investment teams have differentiated and autonomous sustainable investment approaches with dedicated personnel that best suit each asset class, region and activity. To fully leverage the depth and diversity of expertise across our investment teams, our Stewardship and Sustainability Council provides a forum for dialogue and sharing of best practices around sustainable investing.

Board of Directors

Corporate Governance Committee

Audit Committee

Executive Committee

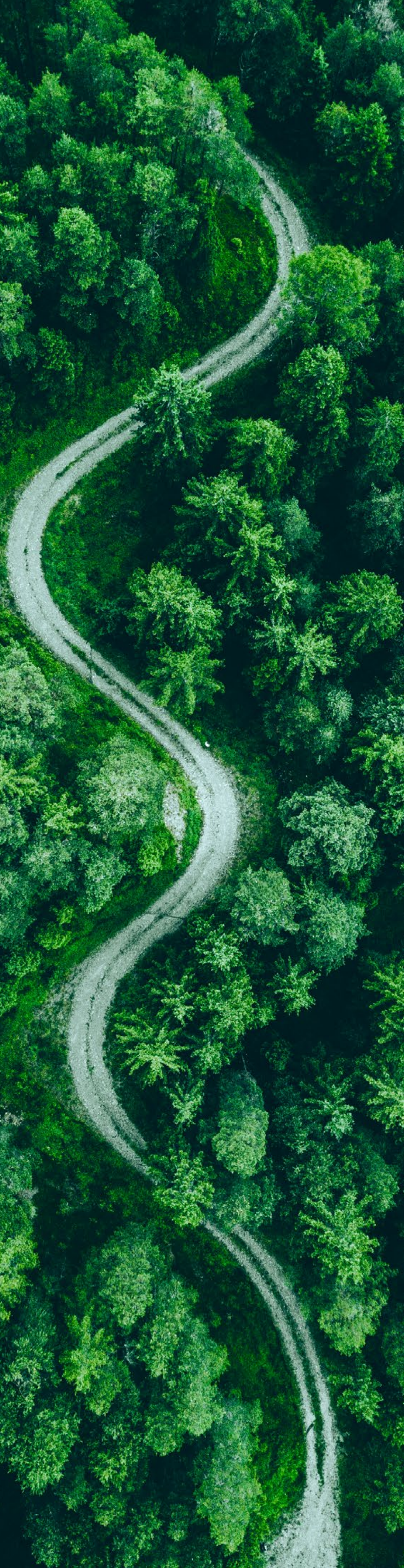
Corporate Entity

- Enterprise Risk Management Committee*
- Global Public Policy Council
- Corporate Social Responsibilty Team

Asset Manager

- Sustainable Investment Governance Committee
- Stewardship and Sustainability Council
- Global Sustainability Strategy Team
- Sustainable Investment and Institutional Product Team

*Reports to the Audit Committee of the Board.



TCFD pillar 2: Strategy

We consider transition risks and opportunities (including policy and legal, technology, market and reputation) and physical risks (including acute and chronic) broadly in the short, medium and long term, both for our corporate entity and in our asset management-related activities[2], as well as their financial impacts.

At a corporate level, our strategy-setting, governance and ongoing management of SI and CSR-related activities supports our efforts to identify, assess and manage climate-related risks and opportunities across our operations. At an investment level, investment teams have access to our SI resources and committees to assist in their consideration and management of climate-related risks and opportunities as part of their investment process.

Transition risks

Regulatory reforms and developments could result in additional regulatory obligations, disclosures and requirements that limit the services we can provide or are otherwise adverse for our business. Such developments may also impact our clients and result in changes to their investment objectives, allocations or potential outcomes.

While we view technology advancements primarily as an opportunity, transitioning to lower-emission technologies for our corporate carbon footprint and improving our climate-resilient infrastructure could require additional expenditure.

Market-related risks are among the key risks to which Franklin Templeton's profitability may be exposed. Fluctuations in asset values due to climate-related risk could lead to decreases in our AUM, revenues and income, and future declines may further negatively impact our financial results. As an asset manager, we believe that value creation and fiduciary duty are principal responsibilities, and that evaluation of sustainability-related risks and opportunities is essential. Climate change and the energy transition may have a material financial impact on our clients' portfolios and could drive volatility in financial market performance.

With respect to reputational risk, we understand that managing our enterprise risks, including climate risk, is critical to preventing or avoiding reputational damage or harm.

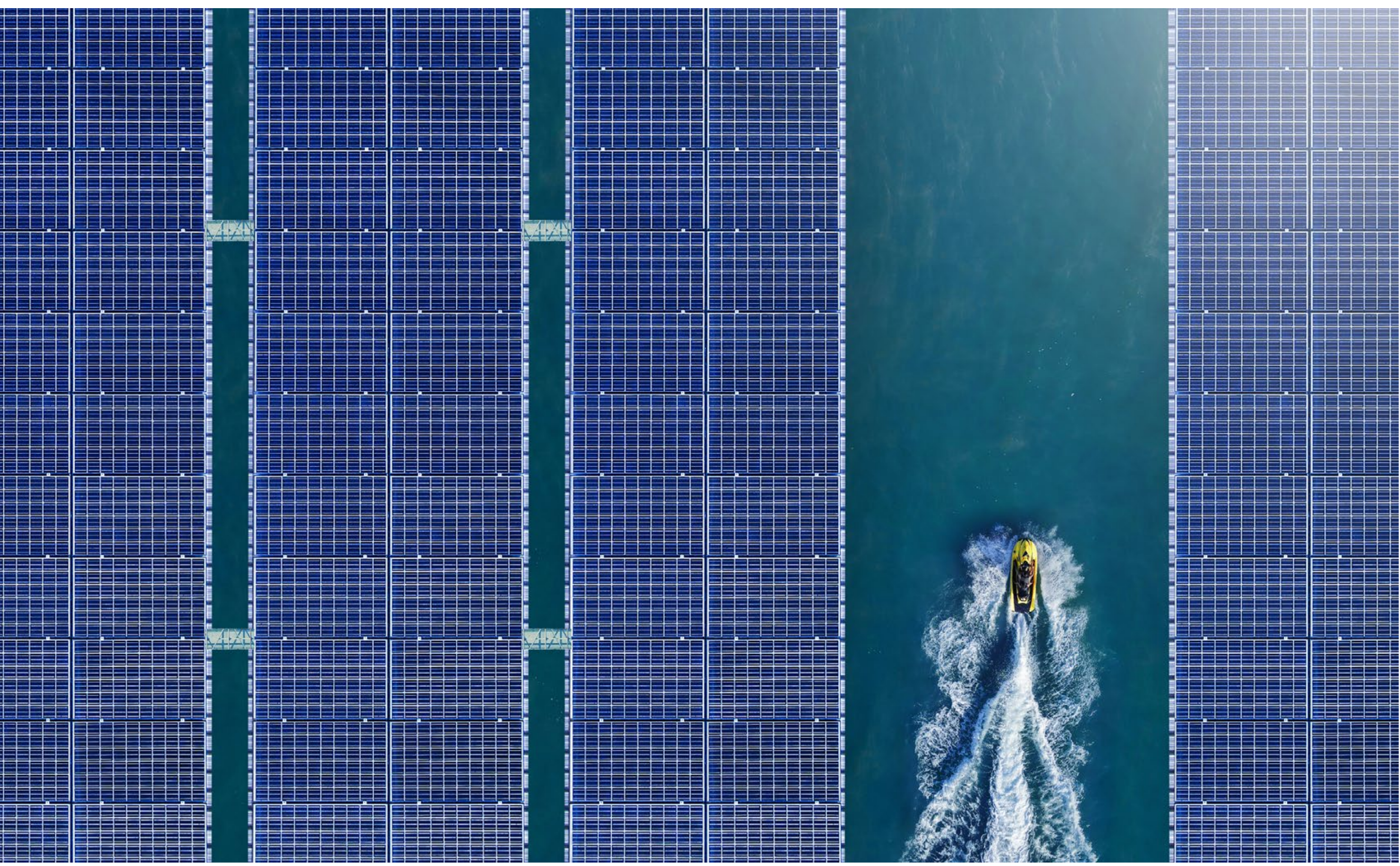
2. The inclusion of climate-related risks should not be construed as a characterization regarding materiality or financial impact of these risks. For a discussion of risks that Franklin Templeton has determined could be financially material, please see Item 1A. Risk Factors in Franklin Resources' Annual Report on Form 10-K, as well as the firm's subsequent Form 10-Q filings.

Physical risks

Extreme weather events including droughts, floods, earthquakes and hurricanes can impact the firm's locations or the location of a vendor servicing the firm, potentially resulting in workplace disruptions. In addition, heightened severity and frequency of extreme weather events, long-term gradual shifts in climate, and indirect effects of climate change such as loss of ecosystem services, including those provided by third-parties, could impact our employees, locations and our longer-term ability to acquire and retain the workforce talent and skills needed to achieve our business objectives.

Franklin Templeton maintains a global enterprise resilience program, which covers incident response planning to ensure business continuity in the event of disruptions, including those attributed to weather or other physical events.

Within our investments, acute and chronic risks can impact companies in which the firm invests on behalf of our clients, resulting in changes in valuations.



Climate-related opportunity

Franklin Templeton's robust business continuity program could be a material differentiator for our clients, increasing confidence in our ability to minimize potential business disruption and maintain service levels during severe climate change-related events.

As the demand from clients and investors for sustainable investment options evolves, Franklin Templeton will expand and/or modify our product continuum and support our investment teams' capacity to factor risks into their processes. We invest in a range of resources by subscribing to external data, research and analytics, as well as product capabilities and investment-related technologies in order to meet this opportunity. These resources assist our specialist investment managers in their evaluation of and response to the impact of environmental regulations and other transition-related opportunities.

Our ability to respond to changing regulatory requirements or shifting client needs and preferences, through sustainable product innovation and access to research and analytics, could be an opportunity to grow our business.

Scenario analysis

In partnership with Investment Risk, the Global Sustainability Strategy Team is currently developing a portfolio and benchmark-level scenario analysis tool to understand, capture, assess and consider physical and transition risks. The initial focus is on listed equity and corporate credit. Looking ahead, this work will be further developed to help investment teams understand climate-related risks, complement any existing climate-related analysis of portfolios and their underlying securities, and feed into future entity-level reporting. We anticipate sharing the findings of our initial scenario analysis in the future.

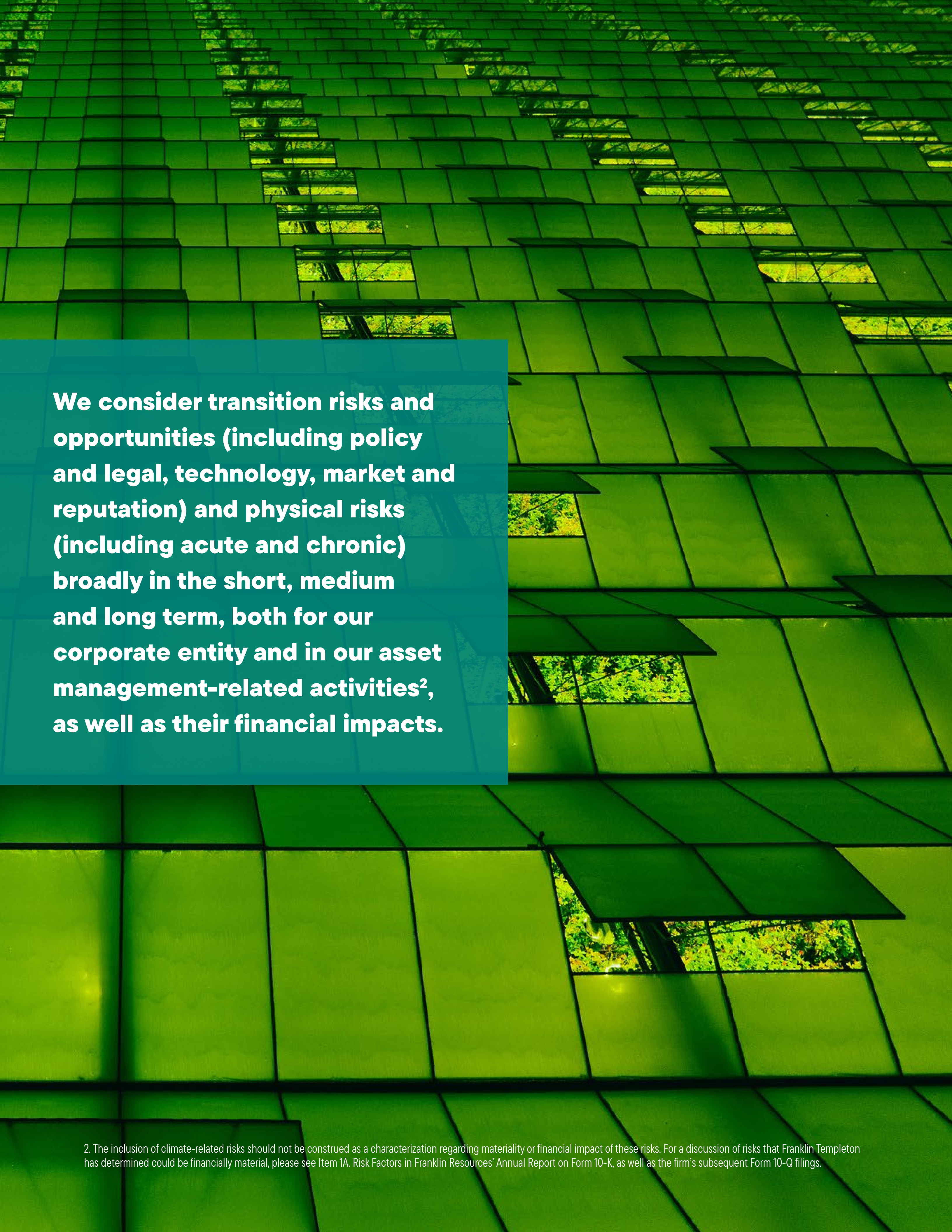
IN FOCUS

Addressing climate-related risk in operational footprint

At a corporate level, we consider the climate-related risks in our supply chain for our own office spaces. Franklin Templeton's Corporate Real Estate and Facilities team integrates strategies to reduce the environmental impact, including the carbon footprint, of the design and materials employed in the firm's owned facilities.

Strategies to reduce our environmental impact include the following:

- Collaborating with suppliers to purchase materials with low embodied emissions to facilitate our green design considerations for facilities
- Specifying locally sourced sustainable materials, green cleaning products and recycled-content paper goods
- Using design elements to increase energy efficiency and flexible and efficient workspaces, such as "daylighting" (making use of windows and skylights to reduce the need for artificial lighting)



We consider transition risks and opportunities (including policy and legal, technology, market and reputation) and physical risks (including acute and chronic) broadly in the short, medium and long term, both for our corporate entity and in our asset management-related activities[2], as well as their financial impacts.

2. The inclusion of climate-related risks should not be construed as a characterization regarding materiality or financial impact of these risks. For a discussion of risks that Franklin Templeton has determined could be financially material, please see Item 1A. Risk Factors in Franklin Resources' Annual Report on Form 10-K, as well as the firm's subsequent Form 10-Q filings.

TCFD pillar 3: Risk management

While this report focuses on the impacts and outcomes associated with climate-related risk, we consider this risk to be interrelated and impactful to the key risks we manage at both the overall enterprise level as well as the risks occurring in our day-to-day activities. To further highlight these impacts, we have attempted to show how climate and broader sustainability factors are considered alongside all other types of risk in our wider governance structures, enterprise risk program and process. For more detail on our risk management framework, see the Responsible Corporate Practices section of our CSR report.

At the corporate level

The firm maintains enterprise risk management programs and standards for identifying, assessing and managing risks from areas of its global operations, inclusive of those related to climate, extreme weather events and ensuing physical risk. These programs and standards consider risks broadly—including those related to our strategy, ongoing business objectives, operational activities as well as those that are newly emerging.

While we maintain and support a culture and process where managing risk is every employee's responsibility, we provide additional governance, standards and monitoring through our Enterprise Risk Management program and process, overseen by the ERMC with further reporting to the Executive Committee as well as Franklin Resources' Board and Audit Committee. The program and process seek to ensure that we appropriately identify, assess and manage risks across our global firm.

The firm's experience in managing business continuity impacts has resulted in robust responses to numerous events over the years that have minimized the potential disruption to our normal business operations. Our overarching crisis management program addresses site level and company-wide risks and also manages incidents when they occur. In addition, we have robust insurance policies in place to mitigate the impact of physical risk. Finally, Franklin Templeton's facility managers for all company-owned real estate identify risks and opportunities by continuously tracking facility performance metrics, which also support the firm in managing and reporting our carbon footprint.

As an asset manager

Each of Franklin Templeton's specialist investment managers considers sustainability risks and opportunities through the prism of their proprietary investment processes, reflecting the nuances of their investment philosophy and the particular asset class in which they specialize, and always subject to their fiduciary duty and the terms of the relevant client's mandate and fund disclosures.

By identifying the shared principles across our approaches to sustainable investing, we have outlined a common theme – "Beyond ESG." As active managers in today's complex markets, we consider an extensive range of investment risks, encompassing not only environmental, social and governance (ESG) factors, but also considerations of factors such as geopolitics, inflation, liquidity, and regulatory/technological disruptions that can impact the generation of repeatable, risk-adjusted returns.

Portfolio managers and investment analysts identify risks and opportunities using one or a combination of measures, including proprietary ESG models, relevant external ratings and data, qualitative assessments and dialogue with issuers.

Stewardship: aligned on climate but differentiated in approach

Franklin Templeton has been a signatory of the UN Principles for Responsible Investment since 2013. Our investment teams are active owners and incorporate sustainability factors into their stewardship policies and practices (PRI 2) according to the terms of the client's mandate. Signatories are also expected to seek appropriate disclosures from the entities they invest in on sustainability issues (PRI 3).

In Franklin Templeton's Stewardship Report, we identified climate as a systemic risk that can impact company performance across markets. As an active asset manager, we engage with companies to understand their climate-related risks and opportunities. At the product level, specialist investment managers, which have autonomous investment processes, take differing approaches.

While all of our specialist investment managers have autonomy in how they address climate risk, they all benefit from the support of Franklin Templeton Stewardship (part of the Global Sustainability Strategy team), which provides engagement and research services, as well as its Proxy Group, which provides operational voting services. This team sources information related to climate risk from independent third-party providers for voting and related engagements, which informs our evaluation of the governance and strategy of the companies within our clients' portfolios. Research provided by independent third parties contributes to contextual analysis and evaluation of potential climate-related risks. The Franklin Templeton Stewardship team evaluates and delivers this information to investment teams to support their voting decision making process. In cases of a specific investment mandate or asset allocation strategy, some investment teams may use specific sustainability-focused research that puts a greater focus on climate risks or other sustainability-related factors.

Product and investment strategies

As the sustainable investing regulatory landscape continues to rapidly evolve, we maintain a high level of product governance discipline to meet expanding sustainable fund labeling demands. We have cross-functional teams responsible for adapting current investment strategies and developing new ones as needed. We also continue to monitor changing regulatory standards in core markets, with regulators notably focusing on rules covering ESG fund labeling, ESG fund naming, sustainability disclosures and anti-greenwashing.

In addition, Franklin Templeton regularly responds to requests for information from clients who also must adhere to regulatory requirements or report to their boards and shareholders on material climate-related risks.

IN FOCUS

Our response to Hurricane Irma, the largest significant local weather event to impact Franklin Templeton over the past 10 years, has informed key elements of our program. Hurricane Irma remains significant because crisis management teams were active for eight days, business continuity plans were activated for 2–3 days, and disaster recovery solutions ran production for a week to manage the event. The team interaction, stakeholder communication and steps taken to assist our employees are now long-standing elements in our severe weather response guides. More recent responses to Hurricane Dorian in 2019 and Hurricane Idalia in 2023 have further refined the program.

The firm's experience in managing business continuity impacts has resulted in robust responses to numerous events over the years that have minimized the potential disruption to our normal business operations.

TCFD pillar 4: Metrics and targets

One of the most important methods of measuring climate-related impacts at both a corporate and an investment level is our carbon footprint.

Corporate entity

Our corporate-level emissions target is to reduce scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 baseline.[3]

Through energy reduction initiatives at company-owned and leased facilities and flexible work strategies, we reduced our Scope 1 and 2 emissions by more than 50% from 2007 (the year we began to inventory emissions for CDP reporting) through 2022, despite significant expansion of our business through organic growth and acquisitions.[4]

See chart on page 17 for year over year progress against our current emissions target reflecting a 2019 baseline. More information on Scope 1, Scope 2 and specific Scope 3 categories can be found in our Corporate Social Responsibility Report.

Key metrics

Scope 1 and 2 greenhouse gas emissions

Scope 3 categories, including purchased goods & services, capital goods and business travel

As an asset manager

At an investment level, tools are in place for teams to identify the portfolio carbon footprints of scope 1, 2 and 3 GHG emissions associated with funds' underlying investments, where data is available or can be reasonably estimated.

Investment groups, as part of the European Union's Sustainable Finance Disclosure Regulation and the requirements to report against the principal adverse impact indicators, provide regulatory reporting on carbon footprints of sustainability-aligned funds sold in the EU. We also report on the carbon footprints of funds sold in Hong Kong and will do so for UK funds later in 2024.

3. The corporate-level emissions target set in 2021 included Franklin Templeton and its material subsidiaries and specialist investment managers except for Clarion Partners, Brandywine Global, Lexington Partners, Martin Currie, O'Shaughnessy Asset Management, Putnam Investments, Royce Investment Partners and Western Asset Management. We continue to assess emissions-related boundaries and may adjust in the future.

4. Revised the scope 1 base year figure in 2020 to include mobile emissions associated with two facilities inadvertently excluded in the past as all emissions for these two facilities were previously estimated. Revised the scope 2 base year figure in 2020 to include natural gas, refrigerant and electricity emission estimates for leased facilities less than 10,000 square feet, as well as natural gas and refrigerant emission estimates for other leased facilities for which we were unable to obtain actual data.

Metrics and targets vary by investment strategy. Individual investment groups develop views on the materiality of specific sustainability-related topics by considering their proprietary ESG research as well as research from a variety of external sources. Some have also developed proprietary measurement tools to deepen portfolio managers' and analysts' understanding of material sustainability issues, which include climate-related issues.

Not all investment groups currently routinely measure the carbon footprints of the funds they manage, but we are exploring ways to expand the information we have as part of our net-zero commitments. The Global Sustainability Strategy team is assessing how to obtain the best carbon data for integration into the investment process given challenges with data quality. Investment groups are also working with clients to further understand their needs with regard to carbon footprinting. Additionally, future regulation and reporting requirements may enhance the accessibility of portfolio and issuer carbon data.

We plan to encourage investment groups to further integrate scenario analysis into their investment process, with the Global Sustainability Strategy team and data vendor partners providing insight and training on methodology. The Stewardship and Sustainability Council and Global Sustainability Strategy team also facilitate discussions on data sourcing and usage to promote best practice and generation of ideas.

View more on our CSR commitments and global citizenship at Franklin Templeton **here**.

The Net Zero asset managers initiative

Franklin Templeton investment groups signed up to the Net Zero Asset Managers (NZAM) initiative in 2021.[5] This international collaborative effort from asset managers is aimed at supporting clients wishing to implement strategies bringing greenhouse gas emissions down to net zero by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. As part of our commitment, we have published interim targets for assets considered "in scope" (US$27.2 billion as of September 2022).

For more detail on our approach to the NZAM initiative, please see our statement at policies (franklinresources.com).

Beginning our journey with Net Zero alignment

In 2023, the Global Sustainability Strategy team developed a tool that takes third-party climate data provided by MSCI and uses in-house analysis to overlay the International Energy Agency's Net Zero by 2050 sectoral decarbonization pathways for key high-emitting sectors. This tool takes a benchmark-relative approach (using available third-party index data) to both point-in-time and cumulative emissions pathways. When in production, this tool will aid our investment teams in tracking the carbon footprint of their portfolios and in setting more granular, science-based portfolio decarbonization targets.[6]

IN FOCUS

Building management

Our recently constructed office building in Poznań, Poland, was designed to Leadership in Energy and Environmental Design (LEED) standards and certified LEED Platinum, the highest rating available. Optimization of the HVAC system in this office has allowed us to efficiently reduce energy consumption. Our overall effort to efficiently manage the building has led to a 55% reduction of heating energy consumption in the fourth quarter of 2022 compared to the prior quarter and a 45% reduction in electricity demand in the same period.

5. Specialist investment managers ClearBridge Investments, Brandywine Global and Martin Currie are also NZAM initiative signatories, with their own net-zero targets and methodologies.
6. Targets to be set based on the International Energy Agency's Net Zero by 2050 Scenario.

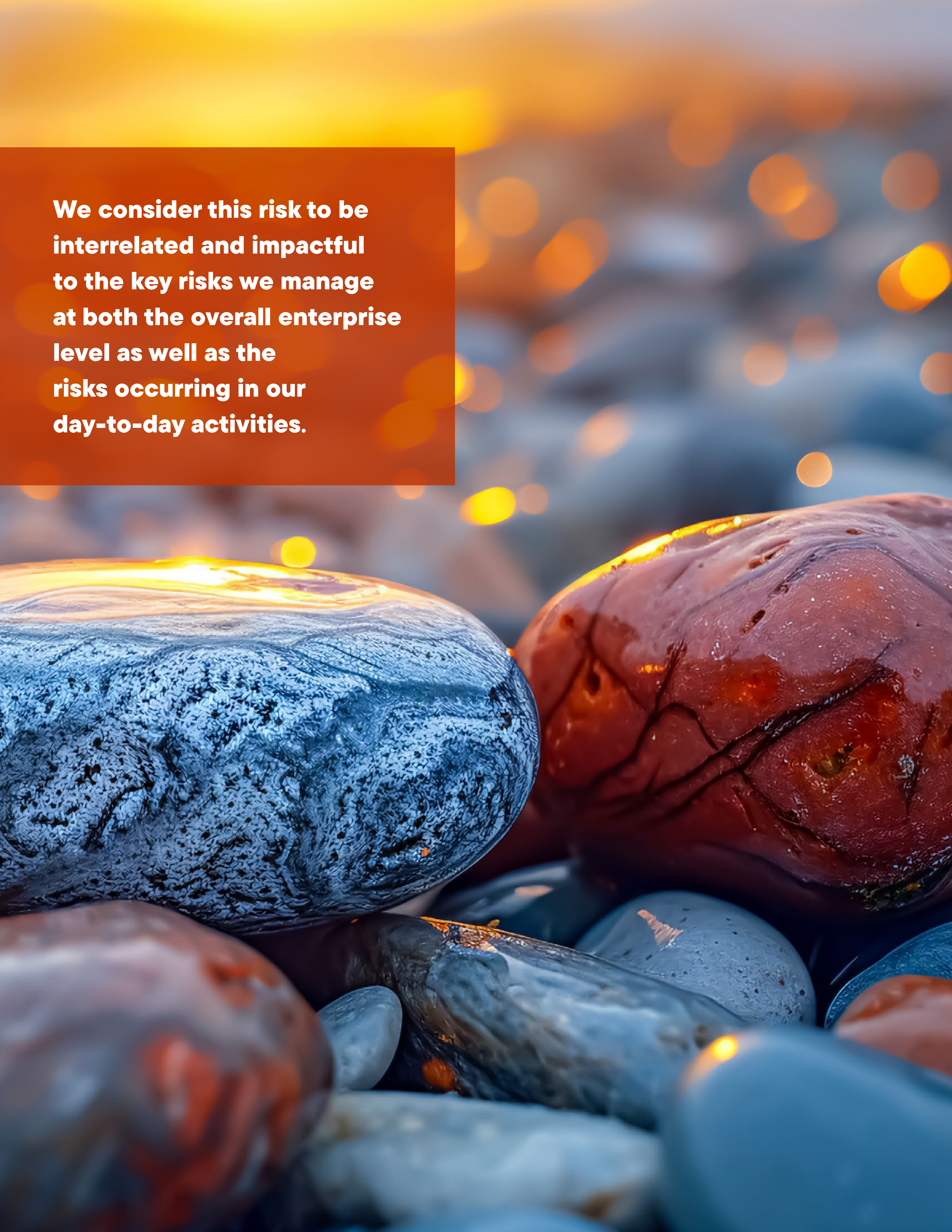
Corporate emissions

The following table provides Franklin Resources' corporate greenhouse gas emissions for scopes 1, 2 and where applicable scope 3 emissions for 2019 as a baseline and subsequent years through 2022, as reported in our 2023 CDP submission.[7]

In Metric Tons CO_2e	2019 (Baseline)	2020	2021	2022	% Change from 2019–2022
Scope 1 and 2					
Scope 1	11,804	6,730	9,943	11,655	-1
Scope 2 (market-based)	28,139	23,798	21,990	22,096	-21
Scope 2 (location-based)	29,927	23,063	22,517	20,948	-30
Total scope 1 and 2 (market-based)	39,943	30,528	31,933	33,751	-16
Total scope 1 and 2 (location-based)	41,731	29,793	32,460	32,603	-22
Scope 3					
1) Purchased goods & services	Not calculated		101,386	75,449	N/A*
2) Capital goods	Not calculated		12,979	13,772	N/A*
3) Fuel- and energy-related activities	Not calculated		7,834	9,655	N/A*
4) Transportation and distribution			Not calculated		
5) Waste generated in operations			Not calculated		
6) Business travel	10,342	1,486	758	3,017	N/A*
7) Employee commuting	26	4,939	4,402	5,564	N/A*
8) Upstream leased assets	Not relevant			18	Not relevant
9) Downstream transportation and distribution			Not relevant		
10) Processing of sold products			Not relevant		
11) Use of sold products			Not relevant		
12) End of life treatment of sold products			Not relevant		
13) Downstream leased assets	1,165	718	869	1,985	N/A*
14) Franchises			Not relevant		
15) Investments			Not calculated		
Total Scope 3	**11,533**	**7,143**	**128,228**	**109,442**	**N/A***

7. The corporate-level emissions inventory included Franklin Templeton and its material subsidiaries and specialist investment managers except for Clarion Partners, Brandywine Global, Lexington Partners, Martin Currie, O'Shaughnessy Asset Management, Putnam Investments, Royce Investment Partners and Western Asset Management. We continue to assess emissions-related boundaries and may adjust in the future. Scope 1, 2 and 3 categories follow the Greenhouse Gas (GHG) Protocol outlined at ghgprotocol.org.

We consider this risk to be interrelated and impactful to the key risks we manage at both the overall enterprise level as well as the risks occurring in our day-to-day activities.



IMPORTANT INFORMATION

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