




LEA 02	Monetary	Gateway	Reason: PRI 1,2,3
Individual/ internal staff engagements	Type of engagement	Reason for interaction	
Collaborative engagements		<input checked="" type="checkbox"/> To support investment decisionmaking in & company's interests <input checked="" type="checkbox"/> To enhance corporate transition for clients/ the need to align with our <input checked="" type="checkbox"/> To engage through ESG issues <input checked="" type="checkbox"/> Other: specify	
Service provider engagements		<input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decisionmaking in & company's interests <input type="checkbox"/> To enhance corporate transition for clients/ the need to align with our <input type="checkbox"/> Other: specify	

# RI TRANSPARENCY REPORT

2020

## Franklin Templeton Investments

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Usage restrictions

Public Transparency Reports are the intellectual property of PRI. Under no circumstances, can this report or any of its contents be sold to third parties.

OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

9700

OO 02.4 Additional information. [Optional]

Franklin Templeton has more than 650 investment professionals in 28 countries around the world.

Franklin Templeton's multiple manager structure brings together specialized investment teams with distinct styles to offer clients a full range of investment capabilities. To give clients around the world access to our best products and ideas, our investment teams are supported by a global platform that includes rigorous compliance and active risk management.

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04.1 Indicate the year end date for your reporting year.

30/09/2019

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM  
 692,608,109,000 USD  
 692608109000 USD

OO 04.4 Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

- Not applicable as we do not have any assets under execution and/or advisory approach

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income	10-50%	0
Private equity	<10%	0
Property	<10%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	<10%
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

Private

Private

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

79

Developed Markets

21

Emerging Markets

0

Frontier Markets

0

Other Markets

OO 10	Mandatory	Gateway	General
OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.		
	Listed equity – engagement		
	<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors.		
	Listed equity – voting		
	<input checked="" type="checkbox"/> We cast our (proxy) votes directly or via dedicated voting providers <input type="checkbox"/> We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf		
	Fixed income SSA – engagement		
	<input checked="" type="checkbox"/> We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.		
	Fixed income Corporate (financial) – engagement		
	<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.		
	Fixed income Corporate (non-financial) – engagement		
	<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.		
	Fixed income Corporate (securitised) – engagement		
	<input checked="" type="checkbox"/> We engage with companies on ESG factors via our staff, collaborations or service providers. <input type="checkbox"/> We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.		

OO 11	Mandatory	Gateway	General
OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).		
	Listed equity		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Fixed income - SSA		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Fixed income - corporate (financial)		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Fixed income - corporate (non-financial)		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Fixed income - securitised		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Private equity		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Property		
	<input checked="" type="checkbox"/> We address ESG incorporation. <input type="checkbox"/> We do not do ESG incorporation.		
	Cash		
	<input type="checkbox"/> We address ESG incorporation. <input checked="" type="checkbox"/> We do not do ESG incorporation.		

OO 11.2	Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.
<b>Asset class</b>	<b>ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</b>
Hedge funds	<p>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</li> <li><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</li> <li><input type="checkbox"/> We do not do ESG incorporation</li> </ul>

OO 11.4	Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.
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Our manager research teams consider ESG credentials of external managers, including in on-going due diligence, and may require managers to adhere to certain conditions such as our Controversial Weapons policy.

OO 12	Mandatory	Gateway	General
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OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
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	<b>Core modules</b>
	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Organisational Overview</li> <li><input checked="" type="checkbox"/> Strategy and Governance</li> </ul>
	<b>RI implementation directly or via service providers</b>
	<b>Direct - Listed Equity incorporation</b>
	<input checked="" type="checkbox"/> Listed Equity incorporation
	<b>Direct - Listed Equity active ownership</b>
	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Engagements</li> <li><input checked="" type="checkbox"/> (Proxy) voting</li> </ul>
	<b>Direct - Fixed Income</b>
	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Fixed income - SSA</li> <li><input checked="" type="checkbox"/> Fixed income - Corporate (financial)</li> <li><input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)</li> <li><input type="checkbox"/> Fixed income - Securitised</li> </ul>
	<b>Direct - Other asset classes with dedicated modules</b>
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Private Equity</li> <li><input type="checkbox"/> Property</li> </ul>
	<b>Closing module</b>
	<input checked="" type="checkbox"/> Closing module

OO 12.2	Additional information. [Optional]
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For further detail regarding our Private Equity and Property investment approaches please see SG 16.

OO LE 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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Private

OO LE 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
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Private

OO FI 01	Mandatory to Report, Voluntary to Disclose	Gateway	General
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OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies
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SSA	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other
Corporate (financial)	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other
Corporate (non-financial)	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other
Securitised	<input type="checkbox"/> 0	Passive
	<input type="checkbox"/> 0	Active - quantitative (quant)
	<input type="checkbox"/> 100	Active - fundamental and active - other

OO FI 03	Mandatory	Descriptive	General
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OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

SSA	<input type="checkbox"/> 66	Developed markets
	<input type="checkbox"/> 34	Emerging markets

OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	<input type="checkbox"/> >50% <input checked="" type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	100%

OO PE 01	Mandatory	Descriptive	General
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OO PE 01.1 Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%

Growth capital	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%
(Leveraged) buy-out	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Distressed/Turnaround/Special Situations	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Secondaries	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Other investment strategy, specify (1)	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Other investment strategy, specify (2)	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%
Total 100%	

OO PE 02	Mandatory to Report, Voluntary to Disclose	Descriptive	General
Private			
OO PR 01	Mandatory to Report, Voluntary to Disclose	Descriptive	General
Private			
OO PR 02	Mandatory to Report, Voluntary to Disclose	Gateway	General
Private			
OO PR 03	Mandatory to Report, Voluntary to Disclose	Descriptive	General
Private			
OO Checks			Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.



**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

✓ Yes

**SG 01.2** Indicate the components/types and coverage of your policy.

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) Risk Management Approach <input checked="" type="checkbox"/> Other, specify(2) Responsible Investment Strategy Styles	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3** Indicate if the investment policy covers any of the following

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

**Other description (1)**

Controversial Weapons Policy

- Other RI considerations, specify (2)

**SG 01.4** Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

As a global investment manager and with a rich history of over 70 years in the business, at Franklin Templeton we are committed to supporting and strengthening the consideration of ESG opportunities and risks across our global platform. Our Responsible Investment Policies and Principles recognize the existing ESG integration practices that have been in place for many years.

The following are key tenets of our approach:

- Meeting client investment goals and objectives always comes first: Where material to a particular investment opportunity and consistent with client/strategy investment goals and objectives, Franklin Templeton seeks to consider environmental, social and/or governance factors that we believe may influence risks and rewards as an integrated element of our investment research and decision making processes.
- Independent groups, unique investment processes: Franklin Templeton remains committed to maintaining the independence of each of our investment groups, in order to provide our clients with the opportunity to build truly diversified portfolios. This includes unique approaches to considering and managing risks, including ESG related risks.

**SG 01.5** Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our fully integrated ESG approach leverages Franklin Templeton’s existing investment research teams and risk management framework. This approach applies broadly across our investment groups and has the flexibility to accommodate a number of distinct approaches to the analysis of ESG issues, in a manner consistent with each group’s individual investment style.

**A. Fundamental Research & Analysis**

Integration begins with our investment analysts considering material ESG risks and opportunities as part of their fundamental research. One of our key strategies for effective integration is to keep ESG consideration embedded in the work of our mainstream research teams. Consistent with their status as independent investment management groups, each investment manager determines the extent to which various research inputs are included and weighted in their investment decisions. As a fundamental bottom up manager, Franklin Templeton’s investment research is predominately generated internally by FT investment professionals.

**B. Portfolio Construction & Monitoring**

We strive to not only implement our RI Policies and Principles in research, but also uphold them throughout portfolio construction and maintenance.

As a part of their standard research activities, analysts are responsible for monitoring any material ESG considerations relevant to their analysis of a

particular security. They typically conduct this monitoring on an ongoing basis and incorporate their insights into their updated research notes and recommendations, which are discussed with the team in the course of making decisions related to portfolio construction.

C. Risk Management

We also strive to integrate ESG consideration into the existing risk management framework via the global Investment Risk Management Group (IRMG). Our dedicated ESG team works with IRMG's risk consultants and uses industry-leading tools to provide a top-down, portfolio level perspective on ESG factors. By introducing ESG analytics integrated into the regular and recurring portfolio performance and risk analysis and the related discussions with portfolio managers, our goal is to make ESG risk consideration part of the mainstream investment risk conversation.

No

SG 01 CC	Mandatory to Report, Voluntary to Disclose	Descriptive	General
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Private

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	

Screening / exclusions policy

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	

Engagement policy

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69t/uk-stewardship-code.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69t/uk-stewardship-code.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	

(Proxy) voting policy

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/emea-institutional/common/k0w5bogg">https://www.ftinstitutionalemea.com/download/emea-institutional/common/k0w5bogg</a>
<input type="checkbox"/> Attachment (will be made public)	

Other, specify (1)

	Other, specify (1) description
	Risk Management Approach
	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment (will be made public)	

Other, specify (2)

We do not publicly disclose our investment policy documents

SG 02.2	Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.
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Your organisation's definition of ESG and/or responsible investment and it's relation to investments

	URL/Attachment
<input checked="" type="checkbox"/> URL	<a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment	

Your investment objectives that take ESG factors/real economy influence into account

	URL/Attachment
<input checked="" type="checkbox"/> URL	

<https://www.ftinstitutionalemea.com/institutional/article?contentPath=html/ftthinks/common/institutional/social-infrastructure-impact-investing.html>

Attachment

Time horizon of your investment

Governance structure of organisational ESG responsibilities

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment

ESG incorporation approaches

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment

Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69t/uk-stewardship-code.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69t/uk-stewardship-code.pdf</a>
<input type="checkbox"/> Attachment

Reporting

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf">https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf</a>
<input type="checkbox"/> Attachment

Other RI considerations, specify (1)

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

Our approaches, governance structure, philosophy and definitions of ESG are detailed in our:

- Responsible Investment Policies and Principles <https://www.ftinstitutionalemea.com/download/abc/common/iu28m69r/Responsible-Investment-Policies-and-Principles-18-01-2019.pdf>
- UK Stewardship Code Statement (or regional code where applicable) <https://www.ftinstitutionalemea.com/download/abc/common/iu28m69t/uk-stewardship-code.pdf>
- Proxy Voting Policies <https://www.ftinstitutionalemea.com/download/emea-institutional/common/k0w5bogg>
- Code of Ethics <https://www.franklinresources.com/download/ftresources/common/jjv13zdw/code-of-ethics.pdf-23-10-2018.pdf>
- Corporate Governance Guidelines [http://www.franklinresources.com/corp/pages/generic\\_content/corporate\\_governance/frk\\_corporate\\_governance\\_guide.jsf](http://www.franklinresources.com/corp/pages/generic_content/corporate_governance/frk_corporate_governance_guide.jsf)
- Modern Slavery Act Statement <https://www.franklintempleton.co.uk/download/en-gb/common/jj095ftr7>

**SG 03** **Mandatory** **Core Assessed** **General**

**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

It is FT policy to take all reasonable steps to maintain and operate effective organisation and administrative controls to identify and manage actual or perceived conflicts of interest. All conflicts of interest will be resolved in the best interests of clients. FT is a large, diverse financial services firm with many affiliates that makes its best efforts to avoid conflicts of interest. Conflicts of interest, however, can arise in situations where the issuer is a client, vendor, distributor, broker/dealer, or director of FT.

We have adopted a Code of Ethics and Business Conduct with related compliance policies to address potential conflicts of interest. In addition, we have established a robust conflict of interest process as part of our proxy voting operations. Further details are available below.

No

**SG 03.3** Additional information. [Optional]

FT conducts its business according to the principle that it must manage conflicts of interest fairly between FT and its clients, or between multiple clients. As a global investment manager, FT takes actual, perceived or potential conflicts of interest very seriously. It is FT's policy to take all reasonable steps to maintain and operate effective organisational and administrative controls to identify and manage potential conflicts of interest.

In addition to our specific Franklin Templeton Conflict of Interest Policy and supporting documentation, FT explicitly addresses conflicts of interest in our Proxy Voting Policies.

#### Code of Ethics

FT has adopted a Code of Ethics and Business Conduct, as well as other related compliance policies, to address potential conflicts of interest. The Code of Ethics requires all Covered Persons (as defined in the Code of Ethics) to conduct themselves in a manner and with such ethics and integrity so as to avoid a conflict of interest, either real or apparent. All Covered Persons have a duty to avoid financial, business or other relationships that might be opposed to the interests of the Company or might cause a conflict with the performance of their duties.

The management of multiple funds and accounts may also give rise to potential conflicts of interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. The investment manager seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline.

Accordingly, portfolio holdings, position sizes, and industry and sector exposures tend to be similar across similar portfolios, which may minimise the potential for conflicts of interest. Separate management of the trade execution and valuation functions from the portfolio management process also helps to reduce potential conflicts of interest. However, securities selected for one fund or account may outperform the securities selected for another fund or account. Moreover, if a portfolio manager identifies a limited investment opportunity that may be suitable for several funds or accounts, a single fund or account may not be able to take full advantage of that opportunity due to an allocation of that opportunity across all eligible funds and other accounts. The investment manager seeks to manage such potential conflicts by using procedures intended to provide a fair allocation of buy and sell opportunities among funds and other accounts.

The structure of a portfolio manager's compensation may give rise to potential conflicts of interest. A portfolio manager's base salary and bonus tend to increase with additional and more complex responsibilities that include increased assets under management. As such, there may be an indirect relationship between a portfolio manager's marketing or sales efforts and his or her compensation. Based on product structure, and in limited cases, portfolio managers may also be eligible to receive performance fees.

Finally, the management of personal accounts by a portfolio manager may give rise to potential conflicts of interest. FT believes that its Code of Ethics and other related compliance policies contain provisions reasonably designed to prevent a wide range of prohibited activities by portfolio managers and others with respect to their personal trading activities.

The FT Code of Ethics and Business Conduct may be found at: <https://www.franklinresources.com/download/ftresources/common/jjv13zdw/code-of-ethics.pdf-23-10-2018.pdf>

#### Proxy Voting

Investment managers who have the discretionary authority to vote proxies relating to securities held by their clients may have the ability to affect the outcome of shareholder votes and influence the governance of corporations. Investment managers are thus in a position to significantly affect the future of corporations and, as a result, the future value of securities held by their clients. Conflicts of interest can arise, for example, in situations where the issuer is a client of FT or the issuer is a vendor whose products or services are material or significant to the business of FT, etc.

Material conflicts of interest are identified by the Proxy Group based upon analyses of client, distributor, broker dealer, and vendor lists, information periodically gathered from directors and officers, and information derived from other sources, including public filings. The Proxy Group gathers and analyses this information on a best efforts basis, as much of this information is provided directly by individuals and groups other than the Proxy Group, and the Proxy Group relies on the accuracy of the information it receives from such parties.

In situations where a material conflict of interest is identified between the investment manager or one of its affiliates and an issuer, the Proxy Group may vote consistent with the voting recommendation of a third party proxy service or send the proxy directly to the relevant client(s) with the investment manager's recommendation regarding the vote for approval. When there is a conflict of interest and the investment manager wishes to vote with management, while the third party proxy service providers recommend to vote against management, the conflict will be resolved pursuant to the investment manager's proxy voting policies and procedures to ensure the investment manager is acting in the best interest of the clients.

The work of the Proxy Group is subject to review by the internal audit department of FT.

A copy of FT's Conflict of Interest Policy is published on our website and which is available on the Regulatory Information on the website [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk).

FT's Proxy Voting Policies are available on the ESG section of [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk)

SG 04	Voluntary	Descriptive	General
SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.		
	<input checked="" type="radio"/> Yes <input type="radio"/> No		
SG 04.2	Describe your process on managing incidents		
	<p>As a part of their ongoing research activities, analysts monitor any material ESG considerations relevant to stocks they cover. They incorporate their insights into updated research notes and recommendations, which are discussed with the team in the course of making decisions related to portfolio construction. Monitoring is further enabled through the integration of ESG ratings and controversy flags in equity risk reporting, research reports and availability on internal investment platforms.</p>		
SG 05	Mandatory	Gateway/Core Assessed	General
SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.		
	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad-hoc basis <input type="radio"/> It is not set/reviewed		

SG 05.2 Additional information. [Optional]

The ESG team has biannual strategy meetings to set objectives and set strategic commitments. However, progress against strategic targets are reviewed on an on-going basis with business partners on key initiatives, as well as at the ESG Investment Committee.

Franklin Templeton has established an ESG Committee, responsible for co-ordination of strategy and approach across all investment groups pertaining to ESG, which meets on a quarterly basis. The Committee is chaired by the Global Head of ESG and members include representatives from five asset classes and the executive committee.

In addition, ESG Asset Class Working Groups meet bi-monthly to review ESG integration at asset class level (amongst other activities), represented by ESG ambassadors that have been appointed in each investment team.

SG 06	Voluntary	Descriptive	General				
SG 06.1 List the main responsible investment objectives that your organisation set for the reporting year.							
Responsible investment processes							
<input checked="" type="checkbox"/> Provide training on ESG incorporation							
<table border="1"> <thead> <tr> <th data-bbox="323 595 467 624">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 633 1396 663">Range of training tools and methods to be employed</td> </tr> </tbody> </table>				Key performance indicator	Range of training tools and methods to be employed		
Key performance indicator							
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<table border="1"> <thead> <tr> <th data-bbox="323 674 467 703">Progress achieved</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 712 1396 831"> <ul style="list-style-type: none"> <li>ESG Training Tool developed for clients with FT Academy</li> <li>ESG Working Groups share best practices and initiatives</li> <li>Bespoke training and consultation delivered to investment teams</li> <li>Internal training for key business partners</li> <li>Mandatory web based training for all client facing teams</li> </ul> </td> </tr> </tbody> </table>				Progress achieved	<ul style="list-style-type: none"> <li>ESG Training Tool developed for clients with FT Academy</li> <li>ESG Working Groups share best practices and initiatives</li> <li>Bespoke training and consultation delivered to investment teams</li> <li>Internal training for key business partners</li> <li>Mandatory web based training for all client facing teams</li> </ul>		
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<input checked="" type="checkbox"/> Provide training on ESG engagement							
<table border="1"> <thead> <tr> <th data-bbox="323 898 467 927">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 936 1396 965">Focus on engagement at ESG Summit</td> </tr> </tbody> </table>				Key performance indicator	Focus on engagement at ESG Summit		
Key performance indicator							
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<table border="1"> <thead> <tr> <th data-bbox="323 976 467 1005">Progress achieved</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1014 1396 1099"> <ul style="list-style-type: none"> <li>Engagement has formed part of ESG working group session discussions</li> <li>Bespoke training and consultation delivered to investment teams</li> <li>Consultation with teams regarding existing stewardship practices</li> </ul> </td> </tr> </tbody> </table>				Progress achieved	<ul style="list-style-type: none"> <li>Engagement has formed part of ESG working group session discussions</li> <li>Bespoke training and consultation delivered to investment teams</li> <li>Consultation with teams regarding existing stewardship practices</li> </ul>		
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<input checked="" type="checkbox"/> Improved communication of ESG activities within the organisation							
<table border="1"> <thead> <tr> <th data-bbox="323 1167 467 1196">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1205 1396 1234">Regular ESG Communication</td> </tr> </tbody> </table>				Key performance indicator	Regular ESG Communication		
Key performance indicator							
Regular ESG Communication							
<table border="1"> <thead> <tr> <th data-bbox="323 1245 467 1274">Progress achieved</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1283 1396 1352"> <p>On a bi-monthly basis ESG working groups are convened in equity, fixed income and multi-asset solutions which are opportunities to discuss ESG themes, trends, research and share updates on on-going activities. The ESG Committee is convened on a quarterly basis to review and inform ESG activities across asset classes and at firm level.</p> </td> </tr> <tr> <td data-bbox="323 1361 1396 1433"> <p>The ESG team continued to release regular ESG Announcements on key ESG issues and trends. ESG Announcements are distributed to more than 550 investment and client facing professionals. During the period the team covered topics such as industry and regional AUM growth trends as well as policy briefings.</p> </td> </tr> <tr> <td data-bbox="323 1442 1396 1471"> <p>The team also meets regularly to provide updates on strategy and firm level goals to business partners.</p> </td> </tr> </tbody> </table>				Progress achieved	<p>On a bi-monthly basis ESG working groups are convened in equity, fixed income and multi-asset solutions which are opportunities to discuss ESG themes, trends, research and share updates on on-going activities. The ESG Committee is convened on a quarterly basis to review and inform ESG activities across asset classes and at firm level.</p>	<p>The ESG team continued to release regular ESG Announcements on key ESG issues and trends. ESG Announcements are distributed to more than 550 investment and client facing professionals. During the period the team covered topics such as industry and regional AUM growth trends as well as policy briefings.</p>	<p>The team also meets regularly to provide updates on strategy and firm level goals to business partners.</p>
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<input checked="" type="checkbox"/> Improved engagement to encourage change with regards to management of ESG issues							
<table border="1"> <thead> <tr> <th data-bbox="323 1576 467 1606">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1615 1396 1644">Enhancements to stewardship approach</td> </tr> </tbody> </table>				Key performance indicator	Enhancements to stewardship approach		
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<table border="1"> <thead> <tr> <th data-bbox="323 1655 467 1684">Progress achieved</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1693 1396 1736"> <p>Following revisions to the EU's Shareholder Rights Directive and the UK Stewardship Code, the firm committed to a review of stewardship activity policies and procedures.</p> </td> </tr> </tbody> </table>				Progress achieved	<p>Following revisions to the EU's Shareholder Rights Directive and the UK Stewardship Code, the firm committed to a review of stewardship activity policies and procedures.</p>		
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<input checked="" type="checkbox"/> Improved ESG incorporation into investment decision making processes							
<table border="1"> <thead> <tr> <th data-bbox="323 1807 467 1836">Key performance indicator</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1845 1396 1874">Enhance datasets and technology solutions</td> </tr> </tbody> </table>				Key performance indicator	Enhance datasets and technology solutions		
Key performance indicator							
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<table border="1"> <thead> <tr> <th data-bbox="323 1886 467 1915">Progress achieved</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 1924 1396 2018"> <ul style="list-style-type: none"> <li>Proprietary sovereign ESG models developed</li> <li>ESG data toolkit expanded to include CDP</li> <li>SASB Analytical Tool Developed</li> <li>ESG data portal developed</li> </ul> </td> </tr> </tbody> </table>				Progress achieved	<ul style="list-style-type: none"> <li>Proprietary sovereign ESG models developed</li> <li>ESG data toolkit expanded to include CDP</li> <li>SASB Analytical Tool Developed</li> <li>ESG data portal developed</li> </ul>		
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<input type="checkbox"/> Other, specify (1)							

- Other, specify (2)
- Other, specify (3)
- None of the above

**ESG characteristics of investments**

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon reduction targets for portfolio
- Other, specify (1)

**Other description (1)**

ESG Labels for Responsible Invested Marketed Products

**Key performance indicator**

Acquire regional ESG labels

**Progress achieved**

During 2019 the firm applied for and was awarded external ESG labels, by LuxFlag, FNG and the 'Towards Sustainability Quality Standard' awarded by Belgium's Central Labelling Agency, to provide an external and independent verification of the strength of our responsible investment processes and products.

- Other, specify (2)
- Other, specify (3)
- None of the above

**Other activities**

- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients

**Key performance indicator**

Capturing and reporting ESG Case studies

**Progress achieved**

Our investment and ESG teams have provided and presented a number of ESG research and engagement case studies to clients during the year across asset classes and regions.

- Other, specify (1)

**other description (1)**

Contribute to market research and develop

**Key performance indicator**

Client ESG Surveys

**Progress achieved**

In 2019 we commissioned and published a Global ESG Study to map the adoption journey of investors regionally with investors representing approximately \$25trn surveyed globally. <https://global.beyondbullsandbears.com/2020/01/16/esg-study-how-institutional-investors-embrace-responsible-investing/>

In addition, we undertook a UK study to assess the implications of responsible investment and the implications for defined contribution pension schemes. <https://global.beyondbullsandbears.com/2019/10/01/the-power-of-emotions-understanding-generation-dc/>

- Other, specify (2)
- Other, specify (3)
- None of the above

SG 07	Mandatory	Core Assessed	General
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**SG 07.1** Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Executive Committee
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Other description (1)

Performance and Investment Risk Managers

- Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

Proxy Voting Team

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

- External managers or service providers

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

The ESG team reports to the CIO of Multi-Asset Solutions who sits on the firm's Executive Committee, who reports to Franklin Templeton's CEO. In addition, CIOs each have responsibility for oversight and implementation of ESG research within their specific investment teams.

**Executive Committee**

Ultimately, oversight of Responsible Investment sits with our executive committee whose members have ESG responsibilities within their verticals - legal, investments, distribution and operations. The Executive Committee is represented on the firm's ESG Committee by our General Counsel. In addition, CIOs sitting on the executive committee are responsible for oversight of ESG within their asset classes.

**Portfolio managers/Investment Analysts/Risk Managers**

Fund managers, risk managers and investment analysts are responsible for the incorporation and consideration of ESG data and analysis within their investment process. Furthermore, each investment team has appointed an ESG ambassador who is responsible for the oversight of ESG research within that investment team alongside the Director of Research and CIO.

**ESG Portfolio managers**

ESG fund managers have responsibility for the oversight of the ESG philosophy of their fund and in the oversight and implementation of ESG research, considerations and any restrictions in line with the fund's approach.

**Dedicated RI Staff**

There are eight full time RI staff, three ESG specialists in the firm's central ESG team, two impact investing specialists and three ESG analysts that are embedded within investment teams to support responsible investment products and ESG integration.

The ESG team, led by the Global Head of ESG, has responsibility for the setting, implementation and oversight of the firm's ESG strategy. The team also has responsibility for capacity building internally, ESG research, and working across functions to incorporate ESG in the investment process.

The Director of Impact is part of Franklin Real Asset Advisors (FRAA). In this position the Director leads efforts to launch and grow impact investing strategies within our Real Assets platform, beginning with the full integration of impact management into FRAA's process for investing in Social Infrastructure, Franklin Templeton's first explicitly impact-focused strategy.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

8

**SG 07.4** Additional information. [Optional]

Proxy voting activities are supported by the firm's dedicated proxy voting function. The Proxy Group is part of the Franklin Templeton Companies, LLC Legal Department and is overseen by legal counsel. There are five full-time staff members devoted to proxy voting administration and oversight. There are also other staff members that provide support and assistance as needed.

ESG is also incorporated in the work of teams including product management, compliance, sales and marketing and legal.

<b>SG 07 CC</b>	<b>Mandatory to Report, Voluntary to Disclose</b>	<b>Descriptive</b>	<b>General</b>
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Private

<b>SG 08</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>General</b>
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Private

<b>SG 09</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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**SG 09.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Sponsored PRI in Person 2019

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Franklin Templeton reports annually to the CDP regarding Franklin Resources' operations.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)



Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Franklin Templeton became a member of IIGCC in 2019

- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

Basic

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
UKSIF, Eurosif

Your organisation's role in the initiative during the reporting period (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

One of our ESG specialists sat on the UKSIF Analyst Committee until November 2019. The objectives of the Committee are:

- To effectively communicate emerging or ground-breaking issues in sustainable investment, principally reflecting policy and/or research that could be material to investment performance
- To encourage debate about advancing integration of sustainability factors into investment analysis and valuation
- To be the leading forum of knowledge, debate and community for analysts with an interest in sustainable investment
- To provide a multi-disciplinary platform across the financial industry on sustainability issues, engaging academia, policy makers and companies in the debate

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify  
Canadian Coalition for Good Governance (CCGG)

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The President and CEO of Franklin Templeton Investments Canada sits as a member of the Board of Directors. Franklin Templeton was a founding member of the CCGG.

A senior fund manager is a member of the Environmental & Social Committee of the CCGG, working to establish corporate governance guidelines for Canadian board members, including how to incorporate E&S issues at the board level.

As a member of this committee, this individual works to establish corporate governance guidelines for Canadian board members, including how to incorporate E&S issues at the board level.

- Other collaborative organisation/initiative, specify  
SASB

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Global Head of ESG sits on SASB's Investor Advisory Group

- Other collaborative organisation/initiative, specify  
Harvard Institutional Investors Forum

Your organisation's role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

One of Franklin Templeton's senior investment professionals is a member of the Forum and participates in Governance Roundtables.

- Other collaborative organisation/initiative, specify

Your organisation's role in the initiative during the reporting year (see definitions)
Advanced
Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
A senior fund manager participates actively in a working group on climate change with the Responsible Investment Association of Canada (RIA).

SG 09.2	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
Private			

SG 10	Mandatory	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
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Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description
Developed an ESG training module for investment advisors as part of the curriculum offered by the firm's FT Academy

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

Provided financial support for academic or industry research on responsible investment

Description
Commissioned a number of independent research reports including a survey of investors representing \$25trillion regarding ESG attitudes and practices. Sponsored numerous high profile ESG conferences including PRI in Person.

Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other

Provided input and/or collaborated with academia on RI related work

Description
Academic Partnership Program with Green Templeton College

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description
Contributed to SASB's Investor Advisory Group and spoke publicly at conferences and in the media to promote adoption of SASB standards.

Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually

- Less frequently than annually
- Ad hoc
- Other

Spoke publicly at events and conferences to promote responsible investment

Description
In addition to sponsoring RI conferences investment professionals, FT's Global Head of ESG and ESG Analysts spoke at conferences and industry events on a range of ESG issues.

Frequency of contribution
<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad hoc</li> <li><input type="radio"/> Other</li> </ul>

Wrote and published in-house research papers on responsible investment

Description
Investment teams have produced internal research papers on numerous responsible investment topics which are available on our website.

Frequency of contribution
<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad hoc</li> <li><input type="radio"/> Other</li> </ul>

Encouraged the adoption of the PRI

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

Wrote and published articles on responsible investment in the media

Description
Members of the ESG team and investment groups have been interviewed and provided comments for media publications on the topic of ESG.

Frequency of contribution
<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad hoc</li> <li><input type="radio"/> Other</li> </ul>

A member of PRI advisory committees/ working groups, specify

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
Franklin Templeton is represented on SASB's Investor Advisory Group, CCGG's Board, the Investment Association's Sustainability Committee, IA's Stewardship Reporting Working Group, ICI's ESG Working Group and ESMA's Stewardship, Market Integrity and ESG Investment Steering Committee

Frequency of contribution
<ul style="list-style-type: none"> <li><input checked="" type="radio"/> Quarterly or more frequently</li> <li><input type="radio"/> Biannually</li> <li><input type="radio"/> Annually</li> <li><input type="radio"/> Less frequently than annually</li> <li><input type="radio"/> Ad hoc</li> <li><input type="radio"/> Other</li> </ul>

Other, specify

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
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The ESG team has conducted numerous ESG focused meetings and calls with clients and consultants to discuss the firm's ESG Program and provide transparency on our efforts. In addition, the team has provided guidance and consultation to clients in emerging markets as they develop their responsible investment approach.

The firm, under the guidance of the ESG team, responds to as many ESG questionnaires as practical to encourage better transparency and disclosure of RI activities for the firm, and in so doing for the industry as well.

In addition, the Global Head of ESG and investment professionals have presented at a number of internal and external conferences on the topic of ESG as well as publishing internal and external blog posts and articles on the topic.

A selection of papers are available on our website: <https://www.ftinstitutionalemea.com/institutional/responsible-investing>

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.		
<input checked="" type="checkbox"/> Yes			
		If yes	
<input checked="" type="checkbox"/> Yes, individually <input checked="" type="checkbox"/> Yes, in collaboration with others			
SG 11.2	Select the methods you have used.		
<input checked="" type="checkbox"/> Endorsed written submissions to governments, regulators or public policy-makers developed by others <input checked="" type="checkbox"/> Drafted your own written submissions to governments, regulators or public-policy markers <input checked="" type="checkbox"/> Participated in face-to-face meetings with government members or officials to discuss policy <input type="checkbox"/> Other, specify			
SG 11.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.		
<input type="radio"/> Yes, publicly available <input checked="" type="radio"/> No <input type="radio"/> No			
SG 11.4	Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.		
<ul style="list-style-type: none"> <li>• Mexico - engaged with Bolsa Mexicana to eliminate the need for board approval to buy more than 5% of the stock.</li> <li>• Regional Stewardship Codes</li> <li>• EU Action Plan</li> <li>• Regional disclosures related to ESG and Climate Change</li> </ul>			

SG 12	Mandatory	Core Assessed	PRI 4
SG 12.1	Indicate whether your organisation uses investment consultants.		
<input type="checkbox"/> Yes, we use investment consultants <input checked="" type="checkbox"/> No, we do not use investment consultants.			

SG 13	Mandatory	Descriptive	PRI 1
SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).		
<input type="checkbox"/> Yes, in order to assess future ESG factors <input type="checkbox"/> Yes, in order to assess future climate-related risks and opportunities <input checked="" type="checkbox"/> No, our organisation does not currently carry out scenario analysis and/or modelling			
SG 13.3	Additional information. [OPTIONAL]		
We are exploring options to utilise scenario analysis in our ESG research.			

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.		
<input checked="" type="checkbox"/> Changing demographics <input checked="" type="checkbox"/> Climate change <input checked="" type="checkbox"/> Resource scarcity <input checked="" type="checkbox"/> Technological developments <input checked="" type="checkbox"/> Other, specify(1)			
		other description (1)	
Changing regulation and governance standards			
<input type="checkbox"/> Other, specify(2) <input type="checkbox"/> None of the above			

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

Established a climate change sensitive or climate change integrated asset allocation strategy

Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

Total AUM  
700,000,000 USD  
700000000 USD

Specify the framework or taxonomy used.

Across investments defined within our Templeton Global Climate Change fund and Franklin Green Bond Fund frameworks.

Phase out your investments in your fossil fuel holdings

Reduced portfolio exposure to emissions intensive or fossil fuel holdings

Used emissions data or analysis to inform investment decision making

Sought climate change integration by companies

Sought climate supportive policy from governments

Other, specify

other description

We have created customised portfolios for clients to reduce exposure to carbon intense industries or fuels. In 2018 we launched the Templeton Global Climate fund.

None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

Scenario analysis

Disclosures on emissions risks to clients/trustees/management/beneficiaries

Climate-related targets

Encouraging internal and/or external portfolio managers to monitor emissions risks

Emissions-risk monitoring and reporting are formalised into contracts when appointing managers

Weighted average carbon intensity

Carbon footprint (scope 1 and 2)

Portfolio carbon footprint

Total carbon emissions

Carbon intensity

Exposure to carbon-related assets

Other emissions metrics

Other, specify

None of the above

**SG 14.4** If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

In the formulation of Franklin Templeton's Climate Change Fund, the investment team has begun to incorporate the Guidelines from the Task Force on Climate-related Financial Disclosures into engagement activities by encouraging disclosure and analysis consistent with the TCFD recommendations.

We continue to work with our clients in creating carbon footprint reports in line with their requirements and to prepare to disclose publicly in line with TCFD.

SG 14 CC	Voluntary	General
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**SG 14.6 CC** Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets				
Weighted average carbon intensity				
Carbon footprint (scope 1 and 2)				
Portfolio carbon footprint				
Total carbon emissions				
Carbon intensity				
Exposure to carbon-related assets				

**SG 14.7 CC** Describe in further detail the key targets.

Target type	Baseline year	Target year	Description	Attachments

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

✓ Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

.2%

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

**Area**

- Energy efficiency / Clean technology
- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing

**Asset class invested**

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- 15Percentage of AUM (+/-5%) per asset class invested in the area
- Hedge funds
- Cash

**Brief description and measures of investment**

Through the Franklin Templeton Social Infrastructure fund Franklin Templeton invests in social infrastructure which we define as the physical assets that facilitate social services, helping build strong communities. Assets include healthcare and education facilities, social and affordable housing, and buildings related to justice, emergency and civic services. Governments continue to account for the majority of investments in social infrastructure.

- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Climate Change transition

**Asset class invested**

- Listed equity
- .1Percentage of AUM (+/-5%) per asset class invested in the area
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Hedge funds
- Cash

**Brief description and measures of investment**

The Templeton Climate Change Fund is an actively-managed, globally-diversified, value portfolio aligned with global climate change goals. The Fund seeks to maximise long-term returns by investing in attractively valued companies preparing for the transition to a lower carbon economy.

The approach to stock selection combines climate change analysis with Templeton's bottom-up valuation discipline. We seek to align the portfolio with lower carbon trajectories consistent with a <2 degree Celsius scenario through multi-dimensional assessment of climate change risks and opportunities. Through fundamental analysis and active engagement, the team assesses a firm's exposure risk, solutions progress, executive leadership and strategic implementation. We identify companies with management teams, corporate cultures and business strategies that demonstrate a genuine commitment to the reduction of carbon emissions and

proliferation of renewable sources of energy.

The Fund will invest in:

- Companies that are trying to remediate the impacts of climate change through lower carbon solutions, such as renewable energy
- Transition-resilient companies, which we see as companies whose business models are well prepared for a transition to a lower carbon future
- Transitional companies, who are already operating in higher carbon industries but are actively moving their businesses into lower carbon intensity areas.

No

SG 16	Mandatory	Descriptive	General
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**SG 16.1** Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - Securitized	<p>Our investment and ESG teams are assessing approaches related to integration of ESG factors in this asset class and continue to scope how investors can address ESG effectively in this space. Social and governance issues tend to be the most material considerations for our investment group. Securitized assets remain an under explored asset class as it relates to ESG and there are a number of challenges in trying to create a value additive ESG or stewardship approach.</p> <p>There is an inherent governance and social component within these securities. They have the full faith and credit backing of the US government and are heavily regulated by its agencies. These investments can also be socially beneficial from many aspects, including developing communities and accumulation of wealth. For example, GNMA allows lower down payments and fosters mortgage credit to first time homebuyers and lower credit score borrowers.</p>
Private equity	<p>ESG considerations are incorporated and evaluated throughout the private equity investment process.</p> <p>Prior to any investment, material issues are identified at the initial review and are evaluated during the due diligence phase. During due diligence, project-specific matters are considered, along with a legal (regulatory and anti-corruption), accounting, market and environmental review.</p> <p>Upon review, ESG factors are evaluated, together with all other considerations pertinent to the transaction.</p> <p>Where required, ESG issues will form part of definitive agreements. ESG factors are then considered as part of the investment decision alongside all other considerations of the deal.</p> <p>Where an investment is made, material ESG issues are incorporated into on-going monitoring and engagement with investee companies.</p>
Property	<p>Franklin Real Asset Advisors believes that the analysis of ESG issues is of importance in the construction of a diversified real estate portfolio.</p> <p>Keeping in mind our first and foremost objective of delivering strong risk adjusted returns for clients, the private real estate team of FRAA employs a rigorous and comprehensive investment process that seeks to measure the risk/return profile of the underlying real estate funds and co-investments in which we invest. As part of our research effort, and in seeking to compare the broader universe of managers, we seek to identify the sustainability initiatives of underlying real estate funds and co-investments during our due diligence process, and formally through the inclusion of dedicated questions in our due diligence questionnaire.</p> <p>After FRAA has made an investment, we provide ongoing monitoring of the investment and underlying manager with a focus on detecting issues at an early stage. Ongoing monitoring is facilitated through our roles as advisory board members, periodic manager and property visits and quarterly questionnaires. Members of the investment team maintain an active dialogue with both managers and other investors, and are actively involved on advisory boards.</p>

SG 17	Mandatory	Descriptive	General
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**SG 17.1** Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

Asset Class	Describe what processes are in place and the outputs or outcomes achieved		
Hedge funds - DDQ	<table border="1" style="width: 100%;"> <tr> <td style="background-color: #0070C0; color: white;">Select whether you use the PRI Hedge Fund DDQ</td> </tr> <tr> <td> <input type="radio"/> Yes  <input checked="" type="radio"/> No                 </td> </tr> </table>	Select whether you use the PRI Hedge Fund DDQ	<input type="radio"/> Yes <input checked="" type="radio"/> No
Select whether you use the PRI Hedge Fund DDQ			
<input type="radio"/> Yes <input checked="" type="radio"/> No			
Hedge funds	<p>K2 has over 20 years of investment experience in the hedge fund industry, we participate in more than 1,000 manager meetings annually, giving us detailed and extensive knowledge of what we believe are "best in class" managers across a variety of strategies. Our ability to monitor managers portfolios through our position level transparency offers a unique view into the underlying managers portfolio and their potential to be included in specific ESG/SRI mandates.</p> <p>K2 has had multiple clients with sustainable, responsible and/or ethical mandates since 2002 and has a strong understanding of the issues and benefits in implementing sustainable and responsible investing.</p>		

SG 18	Voluntary	Descriptive	General
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**SG 18.1** Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

**SG 18.2** Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

We recognise the importance for the consideration of ESG factors not only from an alpha dimension to generate long term sustainable returns, but also from a downside risk mitigation perspective.

To that end, we see consideration of ESG factors as an extension of effective risk management and have integrated ESG in Franklin Templeton's risk framework. We leverage the established risk framework and resources of 100+ staff spread across 18 global locations to roll out ESG risk management practices. By so doing, we equip the existing risk managers and analysts to introduce and socialise ESG risk and opportunity factors within their regular risk management dialogues through the development of internal ESG performance and risk fund reporting. This enables us to introduce consideration of ESG in a disciplined, structured and systematic manner.

We have integrated ESG analytics into the existing risk framework as part of regular performance and risk review of equity funds. We are committed to expanding this into other asset classes.

Importantly Franklin Templeton is committed to ESG integration across all asset classes. We have been one of the first investment houses to develop quantitative ESG scoring methodologies for sovereign investing and continue to deepen our ESG process in traditionally under-explored asset classes such as municipal bonds, private debt and alternatives.

Our ESG investment approach is owned and led by investment teams, supported by a central ESG team. A network of 60+ ESG ambassadors, CIOs and Directors of Research champion ESG integration and work collaboratively to share best practices across the firm, both within and across asset classes.

No

**SG 19** **Mandatory** **Core Assessed** **PRI 2, 6**

**SG 19.1** Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

**Listed equity - Incorporation**

**Do you disclose?**

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

**Disclosure to public and URL**

**Disclosure to public and URL**

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

Annually

<http://www.unpri.org>  
<https://www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing>

**Listed equity - Engagement**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**The information disclosed to clients/beneficiaries is the same**

- Yes
- No

**Disclosure to public and URL**



Disclosure to public and URL	
<input checked="" type="checkbox"/>	Details on the overall engagement strategy
<input type="checkbox"/>	Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
<input checked="" type="checkbox"/>	Number of engagements undertaken
<input type="checkbox"/>	Breakdown of engagements by type/topic
<input type="checkbox"/>	Breakdown of engagements by region
<input type="checkbox"/>	An assessment of the current status of the progress achieved and outcomes against defined objectives
<input checked="" type="checkbox"/>	Examples of engagement cases
<input type="checkbox"/>	Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
<input type="checkbox"/>	Details on whether the provided information has been externally assured
<input checked="" type="checkbox"/>	Outcomes that have been achieved from the engagement
<input type="checkbox"/>	Other information
Annually	
<a href="http://www.unpri.org">http://www.unpri.org</a> <a href="https://www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing">https://www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing</a>	

### Listed equity – (Proxy) Voting

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Disclose all voting decisions
<input checked="" type="radio"/>	Disclose some voting decisions
<input type="radio"/>	Only disclose abstentions and votes against management
Annually	
<a href="https://www.franklintempleton.com/investor/accounts/support/resources/voting-records">https://www.franklintempleton.com/investor/accounts/support/resources/voting-records</a>	

### Fixed income

Do you disclose?	
<input type="radio"/>	We do not disclose to either clients/beneficiaries or the public.
<input type="radio"/>	We disclose to clients/beneficiaries only.
<input checked="" type="radio"/>	We disclose to the public
The information disclosed to clients/beneficiaries is the same	
<input checked="" type="radio"/>	Yes
<input type="radio"/>	No

Disclosure to public and URL	
Disclosure to public and URL	
<input type="radio"/>	Broad approach to RI incorporation
<input checked="" type="radio"/>	Detailed explanation of RI incorporation strategy used
Annually	
<a href="http://www.unpri.org">http://www.unpri.org</a> <a href="https://www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing">https://www.franklintempleton.co.uk/investor/our-company/our-firm/responsible-investing</a>	

SG 19.2

Additional information [Optional]

We welcome the opportunity to discuss additional reporting requirements with our clients.

SG Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

- Screening alone (i.e., not combined with any other strategies)
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	96.3%
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- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	3.5%
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- Thematic and integration strategies

Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%	.2%
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- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

We incorporate screening alongside integration for those clients who have directed us to apply specific restrictions on their separate portfolios. We also provide a range of Sharia compliant funds which are managed with restrictions. Across equity, fixed income and alternatives we offer a number of funds which incorporate responsible investment approaches - these include:

- Best-in-Class: LibertyQ Global SRI ETF

- Impact Investing: Franklin Templeton Social Infrastructure Fund, Franklin Templeton Global Impact Strategy

- Thematic: Templeton Global Climate Change Fund, Franklin Green Target Income 2024 Fund, Franklin Municipal Green Bond, Franklin Liberty Euro Green Bond UCITS ETF

- Values Drive: Templeton Shariah Global Equity Fund, Franklin Diversified High Yield Global Sukuk 2022 Fund, Franklin Global Sukuk Fund, Franklin Malaysia Sukuk Fund, Franklin European Total Return Fund

LEI 02.1

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

- Raw ESG company data
- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – analyst or portfolio manager
- Company-related analysis or ratings
- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – analyst or portfolio manager
- Sector-related analysis or ratings
- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – analyst or portfolio manager
- Country-related analysis or ratings
- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – analyst or portfolio manager
- Screened stock list
- ESG research provider
  - Sell-side
  - In-house – specialised ESG analyst or team
  - In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Other, specify
  - Fund level ESG risk exposure reporting and analysis
- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager

**LEI 02.2** Indicate whether you incentivise brokers to provide ESG research.

Yes

**LEI 02.3** Describe how you incentivise brokers.

In addition to compensation we hold regular meetings with brokers who have ESG research functions and provide a feedback loop on either emerging ESG trends or themes. We believe these actions stimulate the ongoing development and enhancement of the quality of ESG broker research.

No

**LEI 02.4** Additional information. [Optional]

**LEI 03** Voluntary Additional Assessed PRI 1

**LEI 03.1** Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

- Engagement
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.
- (Proxy) voting
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.

**LEI 03.2** Additional information. [Optional]

Engagement is conducted at the discretion of an individual analyst or portfolio manager. Primary contact and company engagement is maintained by our investment professionals within their investment groups who record such notes and outcomes in their research/call reports, which are maintained in their respective research database. As such, engagement insights are systematically accessible and shared with the respective investment teams.

With many years of experience, our investment managers understand that their proxy voting decisions may affect the value of portfolio holdings, and they are committed to fulfilling their fiduciary duty to vote proxies in the best interests of their fund shareholders and advisory clients. Analysts are systematically contacted by the proxy voting team in relation to upcoming meetings and proactively make voting decisions.

**LEI 04** Mandatory Descriptive PRI 1

**LEI 04.1** Indicate and describe the type of screening you apply to your internally managed active listed equities.

- Negative/exclusionary screening
  - Product
  - Activity
  - Sector
  - Country/geographic region
  - Environmental and social practices and performance
  - Corporate governance

**Description**

With the exception of Franklin Templeton's Controversial Weapons policy (which screens against cluster munitions, biological and chemical weapons, as well as anti-personnel landmines) and sanction lists, screens are applied for separate mandates only. We utilize external research and ESG data to create custom solutions for our clients.

- Positive/best-in-class screening
  - Product

- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description
-------------

Screens are applied for separate mandates only. We utilize external research and ESG data to create custom solutions for our clients.

Norms-based screening

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

Client defined

Description
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Screens are applied for separate mandates only. We utilize external research and ESG data to create custom solutions for our clients.

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.		
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Recognizing that different clients have different socially responsible investment priorities, FT does not have a firm-wide exclusion/screening policy. Instead, we work with clients individually, and we have the capability to accommodate specific investment restrictions to meet each client's SRI policy. In doing so, we assess both the practicality of such restrictions and their potential impact upon the performance and risk profile of the portfolio.

LEI 05	Mandatory	Core Assessed	PRI 1
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LEI 05.1	Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.		
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- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
  - Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
  - External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
  - Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
  - Trading platforms blocking / restricting flagged securities on the black list.
  - A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
  - A periodic review of internal research is carried out.
  - Review and evaluation of external research providers.
  - Other; specify
- Clients provide bespoke lists
- None of the above

LEI 05.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.		
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- <10%
- 10-50%
- 51-90%
- >90%

LEI 05.3	Indicate how frequently third party ESG ratings are updated for screening purposes.		
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- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.4	Indicate how frequently you review internal research that builds your ESG screens.		
----------	--	--	--

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 05.5	Additional information. [Optional]		
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As previously advised in LEI 04.2, whilst FT does not have a firm wide exclusion policy, for those client accounts that are managed incorporating screens and exclusions the above selected responses would apply.

ESG integration occurs as part of the research process so is incorporated also for funds where clients have selected to have additional screening.  
 A bi-annual review of our controversial weapons list and methodology is undertaken also.

LEI 06	Voluntary	Additional Assessed	PRI 1
LEI 06.1	Indicate which processes your organisation uses to ensure fund criteria are not breached.		
	<input checked="" type="checkbox"/> Systematic checks are performed to ensure that stocks meet the fund's screening criteria <input checked="" type="checkbox"/> Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit function <input type="checkbox"/> Periodic auditing/checking of the organisations RI funds by external party <input checked="" type="checkbox"/> Other; specify <p style="margin-left: 20px;">Review and checks by compliance function as part of daily monitoring. Restrictions can also be hard-coded to prohibit trading.</p> <input type="checkbox"/> None of the above		
LEI 06.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.		
	<p>Franklin Templeton has a robust process in place for dealing with investment breaches and trade errors. Errors which are identified prior to the end of day on T+1 will be allocated to our internal error account so they have no impact on our funds or client accounts. Erroneous trades identified after T+1 will remain in the account to which they were originally allocated. Corrective action will be implemented immediately. Should any gain accrue as a result of the error it will be retained within the fund or client account. Should a loss accrue, Franklin Templeton will reimburse the fund accordingly. All errors are reported to Senior Management and corrective action is put in place wherever possible to prevent re-occurrence.</p>		

LEI 07	Mandatory	Descriptive	PRI 1
LEI 07.1	Indicate the type of sustainability thematic funds or mandates your organisation manages.		
	<input checked="" type="checkbox"/> Environmentally themed funds <input checked="" type="checkbox"/> Socially themed funds <input type="checkbox"/> Combination of themes		
LEI 07.2	Describe your organisation's processes relating to sustainability themed funds. [Optional]		
	<p>The firm offers a range of climate aligned strategies and also social infrastructure products. Further detail is available on each strategy.</p>		

LEI 08	Mandatory	Core Assessed	PRI 1																										
LEI 08.1	Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.																												
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LEI 08.2 Additional information. [Optional]

Our ESG research approach applies to all of our listed equity research and E, S and G issues are systematically considered in the investment processes of our investment teams.

ESG research is incorporated as one aspect of fundamental research but is mandatory as part of the process. Investment teams determine the manner by which material ESG factors are included in the research process and this may include systematic incorporation of ESG ratings, sector KPIs, and explicit ESG commentary. As a fundamental bottom up manager, FT's investment research is predominately generated by FT investment professionals. To the extent they believe ESG issues are material and have the potential to impact the long-term sustainability of a company's business and hence earnings, these would be incorporated into company analysis and valuation.

Additionally, ESG analytics in the form of security and aggregated fund level ratings and scores are now systematically incorporated into regular fund review

reporting.

LEI 09	Mandatory	Core Assessed	PRI 1
LEI 09.1	Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.		
<input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products			
<input checked="" type="checkbox"/> Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies			
<input checked="" type="checkbox"/> Third-party ESG ratings are updated regularly			
<input checked="" type="checkbox"/> A periodic review of the internal research is carried out			
<input checked="" type="checkbox"/> Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team			
<input checked="" type="checkbox"/> ESG risk profile of a portfolio against benchmark			
<input type="checkbox"/> Analysis of the impact of ESG factors on investment risk and return performance			
<input checked="" type="checkbox"/> Other; specify			
Independent risk team analyses ESG fund level exposures on a quarterly basis			
<input type="checkbox"/> None of the above			
LEI 09.2	Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.		
<input type="radio"/> <10%			
<input type="radio"/> 10-50%			
<input type="radio"/> 51-90%			
<input checked="" type="radio"/> >90%			
LEI 09.3	Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.		
<input type="radio"/> Quarterly or more frequently			
<input type="radio"/> Bi-Annually			
<input checked="" type="radio"/> Annually			
<input type="radio"/> Less frequently than annually			
LEI 09.4	Indicate how frequently you review internal research that builds your ESG integration strategy.		
<input checked="" type="radio"/> Quarterly or more frequently			
<input type="radio"/> Bi-Annually			
<input type="radio"/> Annually			
<input type="radio"/> Less frequently than annually			
LEI 09.5	Describe how ESG information is held and used by your portfolio managers.		
<input checked="" type="checkbox"/> ESG information is held within centralised databases or tools, and it is accessible by all relevant staff			
<input checked="" type="checkbox"/> ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff			
<input checked="" type="checkbox"/> Systematic records are kept that capture how ESG information and research were incorporated into investment decisions			
<input checked="" type="checkbox"/> Other; specify			
Systematic part of established risk management framework. Investment teams also include ESG systematically in research notes as well as engagement actions and outcomes.			
<input type="checkbox"/> None of the above			
LEI 09.6	Additional information. [Optional]		
ESG data feeds into all investment teams research tools. This enables investment teams to access ESG data and research reports within existing workflows they are already familiar with. Analysts form their own assessment of ESG factors and these are reviewed and challenged in the normal course of the investment process e.g. stock and sector reviews.			
We have integrated ESG data into existing risk model and fund review reports which provides aggregated fund level ESG scores and company level ratings. The content of these reports will be reviewed and discussed on a systematic basis with various investment teams.			
On an ongoing basis we regularly meet with or arrange calls when needed to validate the ESG research we get from our service providers. These meetings cover methodology changes, deep-dives into ratings and scores, providing a feedback loop on enhancements, and development of new ESG tools and services. The ESG team also regularly evaluates our research sources and assesses alternative providers in terms of product options, quality and coverage.			
We are developing an ESG data portal to house multiple ESG datasets, research and portfolio tools, the prototype was developed and tested during 2018. We also support internal ESG models built by investment teams.			

LEI 10	Mandatory to Report, Voluntary to Disclose	Core Assessed	PRI 1
LEI 10.1	Indicate which aspects of investment analysis you integrate material ESG information into.		
<input checked="" type="checkbox"/> Economic analysis			
Proportion of actively managed listed equity exposed to investment analysis			
<input type="radio"/> <10%			
<input type="radio"/> 10-50%			

- 51-90%
- >90%

Industry analysis

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Quality of management

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Security sensitivity and/or scenario analysis

Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis	
<input type="radio"/>	<10%
<input type="radio"/>	10-50%
<input type="radio"/>	51-90%
<input checked="" type="radio"/>	>90%

Other; specify

**LEI 10.2** Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- Valuation multiples
- Other adjustments; specify

**LEI 10.3** Describe how you integrate ESG information into portfolio weighting.

Fund managers may consider ESG factors in their sector or macro outlooks and subsequent portfolio weightings.

**LEI 10.4** Describe the methods you have used to adjust the income forecast/valuation tool.

Analysts utilise a range of methods to adjust their valuation models based on ESG factors. Analysts may choose to apply a discount/premium to valuations based on an identified material ESG factor. For example, analysts have built in higher estimations for remediation costs in company valuations based on legacy environmental issues.

**LEI 10.6** Additional information. [OPTIONAL]

ESG integration applies to all of Franklin Templeton's equity investments. To the extent an ESG factor is considered material and requires inclusion in valuation adjustments and portfolio positioning analysts will do so.

As a fundamental bottom up manager, FT's investment research is predominately generated by FT investment professionals. Where they believe ESG issues are material and have the potential to impact the long-term sustainability of a company's business and hence earnings, these would be incorporated into company analysis and valuation.

Additionally, ESG analytics in the form of security and aggregated fund level ratings and scores are being systematically incorporated into regular fund review reporting which the internal risk managers along with a member of the ESG team where required, reviews on a systematic basis with the various



investment teams.

Analysts also may make adjustments when deploying a portfolio's risk budget in part because of ESG characteristics.

LEI Checks

Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1 Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

<https://www.ftinstitutionalemea.com/institutional/responsible-investing>

LEA 01.3 Indicate what your active engagement policy covers:

#### General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

#### Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other, (specify)

Stock Lending

- (Proxy) voting approach

#### Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other, (specify)

Other

None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

No

LEA 01.6 Additional information [optional]

At Franklin Templeton (FT), our engagement approach is detailed in our Responsible Investment Policy, Proxy Voting policies and UK Stewardship Code Statement. The following describes our general approach and related policies.

We believe that active ownership encompasses our investment professionals' activities related to meetings and dialogue with company management and directors, advisory board participation, and proxy voting (where authorized to do so by our clients), as appropriate and applicable to the various investment strategies across the firm.

With many years of experience, our investment managers understand that their proxy voting decisions may affect the value of shareholdings, and they are committed to fulfilling their fiduciary duty to vote proxies in the best interests of their fund shareholders and advisory clients. Proxy voting policies and procedures serve as guidelines for proxy voting decisions and detail the process by which such decisions are made, including votes related to Environmental, Social and Governance issues. To support transparency for fund shareholders, both proxy voting policies and voting records are available publicly or as legally required in certain countries.

Franklin Templeton portfolio managers and analysts hold regular discussions to engage with the executives and board members (as appropriate) of investee companies on issues that we believe are material to the long-term success of each company. Primary contact with companies is maintained through our global network of investment professionals who are responsible for producing regular investment opinions on each of the companies they cover. These reports aim to cover everything which they believe is relevant and material to the decision on whether or not to invest in the company in question.

Meetings with management play an important role in our research process. They provide our portfolio managers and analysts with an understanding of management's forward planning and facilitate an assessment of progress toward that plan. During company meetings, we seek to understand the company's long-term strategy, not just its immediate goals. Our objective is to truly understand management's strategic thinking over the long-term and to take a detailed look at each company that extends beyond routine financial analysis. These discussions cover a range of topics including company strategy, operational performance, acquisition and disposal strategy, Board issues, executive/board performance, and material environmental, social and governance issues, to the extent company management is able to share this information publicly with their shareholder community.

We have not adopted rigid guidelines on when and how escalation of our ESG engagement activities should take place, instead opting to evaluate each situation individually.

At their discretion, Franklin Templeton's investment managers select the engagement approach(es) that will be most appropriate and effective for each situation. Our Analysts, Portfolio Managers, Directors of Research and Chief Investment Officers work together closely within each investment team and form a case-by-case judgment of how best to proceed in particular circumstances. We generally believe that constructive dialogue direct with the key parties is more effective than public action, though our investment managers have engaged publicly in select cases where deemed appropriate and necessary to protect shareholder interests. Franklin Templeton typically does not comment on engagement activities involving portfolio companies.

LEA 02	Mandatory	Core Assessed	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
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Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.4	Additional information. [Optional]
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While our preference for engagement is individual direct engagement with companies, we may collaborate with other institutional investors in engaging with companies when we believe that doing so is likely to advance clients' interests, is consistent with our firm's policies and is permissible under applicable laws and regulations.

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
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Yes

LEA 03.2	Indicate the criteria used to identify and prioritise engagements for each type of engagement.
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Type of engagement	Criteria used to identify/prioritise engagements

Individual / Internal staff engagements	<table border="1"> <tr> <th colspan="2" style="background-color: #0070C0; color: white;">Individual / Internal staff engagements</th> </tr> <tr> <td style="width: 30px;"><input checked="" type="checkbox"/></td> <td>Geography/market of the companies</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Materiality of the ESG factors</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Exposure (size of holdings)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Responses to ESG impacts that have already occurred</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Responses to divestment pressure</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Consultation with clients/beneficiaries</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Follow-up from a voting decision</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Client request</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Breaches of international norms</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other; (specify)</td> </tr> <tr> <td colspan="2" style="background-color: #0070C0; color: white; text-align: center;">specify</td> </tr> <tr> <td colspan="2" style="text-align: center;">In line with investment strategy e.g. thematic funds</td> </tr> <tr> <td><input type="checkbox"/></td> <td>We do not outline engagement criteria for our individual engagements</td> </tr> </table>	Individual / Internal staff engagements		<input checked="" type="checkbox"/>	Geography/market of the companies	<input checked="" type="checkbox"/>	Materiality of the ESG factors	<input checked="" type="checkbox"/>	Exposure (size of holdings)	<input checked="" type="checkbox"/>	Responses to ESG impacts that have already occurred	<input type="checkbox"/>	Responses to divestment pressure	<input checked="" type="checkbox"/>	Consultation with clients/beneficiaries	<input type="checkbox"/>	Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)	<input checked="" type="checkbox"/>	Follow-up from a voting decision	<input checked="" type="checkbox"/>	Client request	<input checked="" type="checkbox"/>	Breaches of international norms	<input checked="" type="checkbox"/>	Other; (specify)	specify		In line with investment strategy e.g. thematic funds		<input type="checkbox"/>	We do not outline engagement criteria for our individual engagements				
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No

LEA 04	Mandatory	Core Assessed	PRI 2
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LEA 04.1		Indicate whether you define specific objectives for your organisation's engagement activities.
Individual / Internal staff engagements		<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements		<input checked="" type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 05	Mandatory	Core Assessed	PRI 2
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LEA 05.1		Indicate whether you monitor and/or review engagement outcomes.
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Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

**LEA 05.2** Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

**LEA 05.3** Additional information. [Optional]

We are currently reviewing our stewardship processes, including milestone tracking.

**LEA 06** Mandatory Additional Assessed PRI 2,4

**LEA 06.1** Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

**LEA 06.2** Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitted a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

No

**LEA 06.3** Additional information. [Optional]

We generally do not comment publicly on engagements but may choose to do so. Our investment teams may utilise a number of strategies to escalate unsuccessful engagement, including the above where it is the best interest of our clients.

**LEA 07** Voluntary Additional Assessed PRI 1,2

**LEA 07.1** Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
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<b>LEA 07.2</b>	Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.
<input checked="" type="checkbox"/> Involving investment decision-makers when developing an engagement programme <input checked="" type="checkbox"/> Holding investment team meetings and/or presentations <input checked="" type="checkbox"/> Using IT platforms/systems that enable data sharing <input type="checkbox"/> Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels <input type="checkbox"/> Other; specify <input type="checkbox"/> None	

<b>LEA 07.3</b>	Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.						
<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 30%;">Type of engagement</th> <th>Insights shared</th> </tr> </thead> <tbody> <tr> <td><b>Individual/Internal staff engagements</b></td> <td> <input type="checkbox"/> Yes, systematically  <input checked="" type="checkbox"/> Yes, occasionally  <input type="checkbox"/> No                 </td> </tr> <tr> <td><b>Collaborative engagements</b></td> <td> <input type="checkbox"/> Yes, systematically  <input checked="" type="checkbox"/> Yes, occasionally  <input type="checkbox"/> No                 </td> </tr> </tbody> </table>		Type of engagement	Insights shared	<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No	<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
Type of engagement	Insights shared						
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No						
<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No						

<b>LEA 07.4</b>	Additional information. [Optional]
<p>A strength of our ESG integration approach is that company engagement is not conducted in a function separate to the investment teams. Rather, primary contact and company engagement is maintained by our investment professionals who record such notes and outcomes in their research/call reports, which are maintained in their respective research database. As such, engagement insights are systematically accessible and shared within the respective investment teams.</p> <p>We are currently enhancing our stewardship reporting for clients.</p>	

<b>LEA 08</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 2</b>
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<b>LEA 08.1</b>	Indicate whether you track the number of your engagement activities.						
<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 30%;">Type of engagement</th> <th>Tracking engagements</th> </tr> </thead> <tbody> <tr> <td><b>Individual/Internal staff engagements</b></td> <td> <input type="checkbox"/> Yes, we track the number of our engagements in full  <input checked="" type="checkbox"/> Yes, we partially track the number of our engagements  <input type="checkbox"/> We do not track                 </td> </tr> <tr> <td><b>Collaborative engagements</b></td> <td> <input type="checkbox"/> Yes, we track the number of collaborative engagements in full  <input checked="" type="checkbox"/> Yes, we partially track the number of our collaborative engagements  <input type="checkbox"/> We do not track                 </td> </tr> </tbody> </table>		Type of engagement	Tracking engagements	<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, we track the number of our engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track	<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, we track the number of collaborative engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input type="checkbox"/> We do not track
Type of engagement	Tracking engagements						
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, we track the number of our engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track						
<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, we track the number of collaborative engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input type="checkbox"/> We do not track						

<b>LEA 08.2</b>	Additional information. [Optional]
<p>Whilst engagement is recorded and tracked within individual investment teams' processes, we do not yet have a framework that tracks this across all investment teams. This is currently under development in line with the revisions to the UK Stewardship Code.</p>	

<b>LEA 09</b>	<b>Mandatory to Report, Voluntary to Disclose</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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Private

<b>LEA 10</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate which of the following your engagement involved.
<input checked="" type="checkbox"/> Letters and emails to companies <ul style="list-style-type: none"> <li><input type="checkbox"/> In a minority of cases</li> <li><input checked="" type="checkbox"/> In a majority of cases</li> <li><input type="checkbox"/> In all cases</li> </ul> <input checked="" type="checkbox"/> Meetings and/or calls with board/senior management <ul style="list-style-type: none"> <li><input type="checkbox"/> In a minority of cases</li> <li><input checked="" type="checkbox"/> In a majority of cases</li> <li><input type="checkbox"/> In all cases</li> </ul> <input checked="" type="checkbox"/> Meetings and/or calls with the CSR, IR or other management	

- In a minority of cases
- In a majority of cases
- In all cases
- Visits to operations
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Participation in roadshows
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Other

LEA 11	Voluntary	Descriptive	PRI 2
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**LEA 11.1** Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Individual / Internal
Objectives	Our investment teams have been engaging with companies that are pivotal to energy transition, as well as being vulnerable to the low carbon transition. Teams have been engaging with leading oil & gas producers to understand procedures being put in place to reduce emissions and improve energy efficiency. They have also engaged to understand growth opportunities in sequestration and gasification technologies to mitigate CO2 production and exploit stranded, "dirty" assets in a more environmentally friendly manner.
Scope and Process	Teams have held multiple and detailed conversations to understand the operating environments, available technology, specific company strategies and likely trajectories.
Outcomes	Increased understanding / information

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> Other governance
Conducted by	Individual / Internal
Objectives	Discussion with company management to understand certain related party transactions reported in the financial accounts.
Scope and Process	This was carried out through questioning management and sell side analysts. We found certain related party transactions (e.g. petty cash being inappropriately used by management) to be against what we would consider best practice and raised concerns over governance within the business.
Outcomes	Divestment

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Cyber security
Conducted by	Individual / Internal
Objectives	Highlight the importance of ESG consideration in operational and other decisions. We spoke with a financial company about the importance of data security given its potential impact to the company's bottom-line. We stressed our concerns over past issues with breaches and asked for information from the company on how they would improve moving forward.

Scope and Process	<p>One of our investments suffered a cyber security data breach in 2019 that raised serious concerns about their ability to handle sensitive customer financial data. We engaged with the CFO, IR and others about the importance of data security and their need to address this area of weakness.</p> <p>We encouraged the company to take a proactive approach given the importance to their reputation, which is a key concern for a financial institution. The company committed to acting on the recent news by highlighting that they would dedicate more resources in terms of man hours, education and dollars to improve their ESG practices. We believe they have a good idea of how to be better regarding data security in the future.</p>
Outcomes	Company committed to change

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Diversity
Conducted by	Individual / Internal
Objectives	Address lack of gender diversity on the board of a biotechnology company
Scope and Process	Our analyst flagged that the board of one of our biotechnology companies did not have any female directors. The analyst engaged with both the CEO and Chairman of the board to encourage increased diversity. The company has since appointed a non-independent female director to the board in response, and the team continue to engage around the need for greater diversity and board independence.
Outcomes	Company changed practice

Add Example 5

ESG Topic	<input checked="" type="checkbox"/> Other governance
Conducted by	Collaborative
Objectives	The parent company of one of our telecom companies for an extended period of time, has mistreated minority shareholders in various shapes and forms. Examples include: a shareholder loan to the company with above market rates, directing the un-voted shares of the global depository receipts (GDR) program in favor of the parent's proposals in related party transactions, cancelling the GDR program under the false excuse of cost cutting, irresponsible buyback of shares accelerating their holding in the company without conducting a mandatory tender for minority shareholders and finally attempting to acquire some of telecom's assets at distressed valuations.
Scope and Process	<p>We talked to other minorities and build a consensus of what the management of the telecom needs to do and communicated that to both the management of the company and the board.</p> <ul style="list-style-type: none"> <li>• We hired a specialized IFA to come up with an independent valuation for the company assets.</li> <li>• We communicated our collective frustration on the performance of management and the parent policies and practices to the capital market regulator.</li> <li>• We helped bridge the gap between the company and the local tax authority to resolve pending taxes issues for the past 10 years.</li> <li>• Additionally, we also formed even a bigger block of minority shareholders that succeeded numerous times in blocking various attempts by the company and the parent to continue mistreating minority shareholders.</li> </ul> <p>We finally managed to bring the parent company to buy all minorities out through a mandatory tender offer with a considerable premium to the market price at that point.</p>
Outcomes	Other

Add Example 6

ESG Topic	<input checked="" type="checkbox"/> General ESG <input checked="" type="checkbox"/> Health and Safety <input checked="" type="checkbox"/> Other governance <input checked="" type="checkbox"/> Other
Conducted by	Individual / Internal
Objectives	To seek management feedback and plans to address our environmental concerns regarding the development of a hydroelectric dam project



Scope and Process	<p>The company was awarded one of the largest hydroelectric dam projects in Africa, to build a \$3 billion hydroelectric plant on a World Heritage site in Tanzania, that will more than double the country's power generation capacity.</p> <p>The World Wildlife Fund conservation group said in a report the proposed hydropower dam "puts protected areas of global importance, as well as the livelihoods of over 200,000 people who depend upon the environment, at risk".</p> <p>Different stakeholders had also raised concerns surrounding the environmental risks of such project.</p> <p>Management has been open to discussions with us and several investors. Our discussions with the management have spanned over several interactions.</p> <p>Following discussions, management solicited the help of an independent consultant to study the project and release an environmental report detailing the risk and the procedures taken by the company to mitigate those risks. As a result, adjustments have been made to the original planning and the company has accommodated some of the report findings.</p> <p>Company has historically had a Health, Safety and Environment department which monitors and implements standards and procedures. We continue to engage with the company on Hydroelectric project specifically as well as general activities of the firm.</p>
Outcomes	Ongoing

Add Example 7

ESG Topic	<input checked="" type="checkbox"/> Climate Change <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Pollution <input checked="" type="checkbox"/> General ESG
Conducted by	Individual / Internal
Objectives	<p>We meet regularly with a large oil and gas company held in portfolios. Among the topics discussed are how the company has improved its climate change strategy, particularly, progress toward aligning its business with global climate change and related emission reduction goals. Such companies are also often exposed to ESG controversies that may suggest inadequate oversight. We seek regular updates on how the company is addressing controversies, including progress toward resolution that satisfies all stakeholders and measures to avoid future controversies.</p>
Scope and Process	<p>In terms of controversies, the company is involved in multiple incidents related to governance, environmental impacts and alleged human rights violations. We are pleased to see the company increasingly shifting away from regions where social unrest has frequently resulted in environmental and safety incidents. However, we wished to send a strong signal to the company that more needs to be done.</p> <p>We voted against the board chair given that the chair of the board ultimately shoulders the most responsibility for failing to effectively supervise the management of ESG risks to the company and its shareholders.</p>
Outcomes	Company committed to change

Add Example 8

ESG Topic	<input checked="" type="checkbox"/> Labour practices and supply chain management <input checked="" type="checkbox"/> Other
Conducted by	Individual / Internal
Objectives	<p>One of our railway holdings is a long-standing holding, which entered the portfolio in 2012 following an upheaval of the Board and Management that set the business on a new course. Of the two railroads in the region, the company had historically been run much less efficiently than its primary counterpart. We have engaged with the company around strategy, labour management and culture.</p> <p>The counterpart had been very successful at cutting costs, including extensive layoffs, while maintaining the integrity of its rail network and in turn achieving material improvements in productivity. The opportunity to replicate such success at our holding was recognised and has been implemented over the past approximately 8 years. While the aggressive improvements in cost structure in recent years has resulted in significant strides in improving the profitability of the overall business, these changes have included major layoffs, strike action and rapid change.</p> <p>We have been closely monitoring this transition to ensure its sustainability. We engaged with management as part of our efforts to continually assess the ability of management to enact this labour change and foster a continuing strong culture that is supportive of the business plan going forward.</p>
Scope and Process	<p>With the layoffs having been methodically implemented over recent years, as well as a new culture that further embraces achievers, the company appears to be in strong stead to continue to advance their business plan going forward. Much of the risk from this change is behind the company, and with a new culture in recent years we remain hopeful that the constructive tension that comes from a culture of accountability provides a strong base for the company to build on going forward.</p> <p>Ultimately, we believe their success going forward will be to maintain balance within the organization, but the move towards a higher performance culture has paid great dividends to date and does not seem to have created instability within the organization. If anything, it may have improved stability relative to the underperforming organization it was prior to 2012.</p> <p>Management report strong company morale and feel that collaboration with employees has meaningfully improved, as well as a sense of ownership in the Company's success which shows. In some key areas of the organization, turnover has now significantly declined over time.</p>
Outcomes	Ongoing

Add Example 9

ESG Topic	<input checked="" type="checkbox"/> Diversity
Conducted by	Individual / Internal
Objectives	To meet with companies falling short of the 30% Club's vision for gender representation
Scope and Process	<p>We engaged with a number of companies that were failing to meet the 30% Club's vision for gender representation at the time.</p> <p>Our discussions included a focus on their plans for board renewal and their plans to achieve this diversity objective.</p> <p>We sought an understanding of the reasons why board positions had not been filled by a female when vacancies had arisen.</p> <p>We formed a better understanding, in most cases, of their commitment to achieving board diversity.</p> <p>We plan to continue to engage with the minority where their level of commitment is less tangible.</p>
Outcomes	Ongoing

Add Example 10

ESG Topic	<input checked="" type="checkbox"/> General ESG
Conducted by	Individual / Internal
Objectives	To increase our understanding of the many and varied sustainability issues faced by one company in our universe which is a conglomerate
Scope and Process	<p>We met with the CEO and Sustainability Manager on this matter. The company's overarching objective is to deliver satisfactory returns to shareholders, with sustainability being key to delivering on this objective over the long term.</p> <p>Topics discussed at the meeting included:</p> <ul style="list-style-type: none"> <li>Ethical sourcing – the company is exposed to retail supply chains in Australia and offshore. The company released its third Modern Slavery Statement which is compliant with new local legislation on the matter.</li> <li>The scientific consensus on climate change – the company is proactive in managing associated risks. It applies a shadow carbon price in its analysis when making decisions on capital expenditure.</li> <li>Its bid for a rare earths producer which had been in sensitive discussions with a foreign government regarding low-level radioactive waste at its plant. Subsequent to bidding, the company met with the foreign government, a tactic which raised governance concerns for some investors and generated negative media attention. The CEO provided a strident defence of their actions as part of their due diligence on the potential acquisition.</li> </ul> <p>The meeting reinforced our existing view, formed over many years of covering this company, that the approach to managing sustainability is deeply embedded in this company's culture</p>
Outcomes	Increased understanding / information

LEA 12	Mandatory	Descriptive	PRI 2
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LEA 12.1	Indicate how you typically make your (proxy) voting decisions.
----------	--

Approach	
<input type="radio"/>	We use our own research or voting team and make voting decisions without the use of service providers.
<input checked="" type="radio"/>	We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
Based on	
<input type="radio"/>	The service-provider voting policy we sign off on
<input checked="" type="radio"/>	Our own voting policy
<input type="radio"/>	Our clients' requests or policies
<input type="radio"/>	Other (explain)
<input type="radio"/>	We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
<input type="radio"/>	We hire service providers who make voting decisions on our behalf.

LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.
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With many years of experience our investment teams have a strong knowledge of governance best practices and principles. They vote all proxies in our clients' best interests, utilising inputs from external service providers and their own deep knowledge of the company.

LEA 12.3	Additional information.[Optional]
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All proxies received by the Proxy Group will be voted based upon the relevant Franklin Templeton investment manager's instructions and/or policies.

Across the firm, to assist it in analysing proxies, Franklin Templeton subscribes to Institutional Shareholder Services Inc. ("ISS"), an unaffiliated third-party corporate governance research service that provides in-depth analysis of shareholder meeting agendas and vote recommendations. In addition, Franklin Templeton subscribes to ISS's Proxy Voting Service and Vote Disclosure Service. These services include receipt of proxy ballots, custodian bank relations, account maintenance, vote execution, ballot reconciliation, vote record maintenance, comprehensive reporting capabilities, and vote disclosure services.

Also, Franklin Templeton subscribes to Glass, Lewis & Co., LLC ("Glass Lewis"), an unaffiliated third-party analytical research firm, to receive analysis and

vote recommendations on the shareholder meetings of publicly held U.S. companies, as well as a limited subscription to its international research. Although analyses provided by ISS, Glass Lewis, or another independent third-party proxy service provider (each a "Proxy Service") are thoroughly reviewed and considered in making a final voting decision, the investment manager does not consider recommendations from a Proxy Service or any third party to be determinative of their ultimate decision. Rather, each investment manager exercises its independent judgment in making voting decisions.

The investment managers have adopted general guidelines for voting proxies. In keeping with their fiduciary obligations, the investment managers review all proposals, even those that may be considered to be routine matters. Although the guidelines are to be followed as a general policy, in all cases each proxy and proposal (including both management and shareholder proposals) will be considered based on the relevant facts and circumstances on a case-by-case basis. The investment managers may deviate from the general policies and procedures when they determine that the particular facts and circumstances warrant such deviation to protect the best interests of their shareholders and clients.

All conflicts of interest will be resolved in the best interests of clients. The Franklin Templeton investment managers are part of a large, diverse financial services firm with many affiliates and use their best efforts to avoid conflicts of interest. However, conflicts of interest can arise in certain situations. In situations where a material conflict of interest is identified between the investment manager or one of its affiliates and an issuer, the Proxy Group may vote consistent with the voting recommendation of a third party proxy service or send the proxy directly to the relevant clients with the investment manager's recommendation regarding the vote for approval.

Periodically, a due diligence is conducted with each proxy service either via an onsite meeting and/or in the form of a due diligence questionnaire.

LEA 14	Voluntary	Additional Assessed	PRI 2
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LEA 14.1	Does your organisation have a securities lending programme?
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Yes

LEA 14.3	Indicate how the issue of voting is addressed in your securities lending programme.
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- We recall all securities for voting on all ballot items
  - We maintain some holdings, so that we can vote at any time
  - We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
  - We recall some securities so that we can vote on their ballot items on an ad-hoc basis
  - We empower our securities-lending agent to decide when to recall securities for voting purposes
  - We do not recall our securities for voting purposes
  - Other (specify)
- No

LEA 14.4	Additional information. [Optional]
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Franklin Templeton Services, LLC handles the securities lending program. If the Franklin Templeton Services, LLC Global Trade Services team learns of a vote that may affect a security on loan from a proprietary registered investment company, Global Trade Services will notify the investment manager.

If the investment manager decides that the vote is material and it would be in the best interests of shareholders to recall the security, the investment manager will advise Global Trade Services to contact the lending agent in an effort to retrieve the security.

If so requested by the investment manager, Global Trade Services will use its best efforts to recall any security on loan and will use other practicable and legally enforceable means to ensure that the investment manager is able to fulfil its fiduciary duty to vote proxies for proprietary registered investment companies with respect to such loaned securities. However, there can be no guarantee that the securities can be retrieved for such purposes. Global Trade Services advises the Proxy Group of all recalled securities.

LEA 15	Mandatory	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
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- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

LEA 15.3	Additional information. [Optional]
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We do not currently track this information and the above is a conservative estimate.

LEA 16	Mandatory	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
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- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations

**LEA 16.2** Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Vote(s) concern selected markets
- Vote(s) concern selected sectors
- Vote(s) concern certain ESG issues
- Vote(s) concern companies exposed to controversy on specific ESG issues
- Vote(s) concern significant shareholdings
- Client request
- Other

**LEA 16.3** In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

**LEA 16.4** Additional information. [Optional]

We do not currently track the number of rationales communicated and the above is a conservative estimate.

**LEA 17** Mandatory Core Assessed PRI 2

**LEA 17.1** For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)
98%

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
- Of the total number of company meetings at which you could have voted
- Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

**LEA 17.2** Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received on time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other (explain)

**LEA 17.3** Additional information. [Optional]

The relevant investment manager(s) will generally attempt to process every proxy received for all domestic and foreign securities. However, there may be situations in which the investment manager may be unable to successfully vote a proxy, or may choose not to vote a proxy, such as where:

- (i) a proxy ballot was not received from the custodian bank;
- (ii) a meeting notice was received too late;
- (iii) there are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting;
- (iv) there are legal encumbrances to voting, including blocking restrictions in certain markets that preclude the ability to dispose of a security if the investment manager votes a proxy or where the investment manager is prohibited from voting by applicable law, economic or other sanctions, or other regulatory or market requirements, including but not limited to, effective powers of attorney;
- (v) additional documentation or the disclosure of beneficial owner details is required;
- (vi) the investment manager held shares on the record date but has sold them prior to the meeting date;
- (vii) a proxy voting service is not offered by the custodian in the market;

- (viii) due to either system error or human error, the investment manager's intended vote is not correctly submitted;
- (ix) the investment manager believes it is not in the best interest of the client to vote the proxy for any other reason not enumerated herein; or
- (x) a security is subject to a securities lending or similar program that has transferred legal title to the security to another person.

LEA 18	Voluntary	Additional Assessed	PRI 2
LEA 18.1	Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.		
	<input checked="" type="checkbox"/> Yes, we track this information		
LEA 18.2	Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:		
	<b>Voting instructions Breakdown as percentage of votes cast</b> For (supporting) management recommendations 89% Against (opposing) management recommendations 10% Abstentions 1%		
	<input type="checkbox"/> No, we do not track this information		
LEA 18.3	In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.		
LEA 18.4	Additional information. [Optional]		
	We do not currently track the above metric.		

LEA 19	Mandatory	Core Assessed	PRI 2
LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.		
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
LEA 19.2	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.		
	<input checked="" type="checkbox"/> Contacting the company's board <input checked="" type="checkbox"/> Contacting the company's senior management <input type="checkbox"/> Issuing a public statement explaining the rationale <input checked="" type="checkbox"/> Initiating individual/collaborative engagement <input type="checkbox"/> Directing service providers to engage <input type="checkbox"/> Reducing exposure (holdings) / divestment <input type="checkbox"/> Other		
LEA 19.3	Additional information. [Optional]		
	Investment teams may choose to engage with companies to explain voting rationales with the board or management as appropriate. We do not generally comment on ongoing engagements and as long-term shareholders endeavour to engage with companies to improve practices.		

LEA 20	Voluntary	Descriptive	PRI 2
LEA 20.1	Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.		
	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
LEA 20.7	Additional information. [Optional]		
	While we have filed shareholder resolutions in previous years, we have not filed any resolutions in the period under review.		

LEA 21	Voluntary	Descriptive	PRI 2
LEA 21.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.		
	<input checked="" type="checkbox"/> Add Example 1		
	ESG Topic	<input checked="" type="checkbox"/> Other governance	
	Conducted by	Individual/Internal	
	Objectives	In advance of voting the proxy of a smaller capitalization oil and gas producer, we noted the proxy advisor (ISS) opined that a board member was potentially "over-boarded" as the director held multiple directorships. The director himself is a fixture of the industry and is well-regarded for his industry knowledge and corporate contacts, and we felt that his expertise would be of continued benefit to this smaller capitalization company, given its future financing needs.	

Scope and Process	<p>We discussed the issue with the company. Although we acknowledged that over-boarding is a practice best avoided, ultimately we believed the best course of action would be to retain this individual as a director. Although the number of board positions exceeded industry best practices, the director's attendance at meetings was 100%, and so we were prepared to vote in favour of the continued board appointment.</p> <p>The director decided not to stand for re-election for board of a different company and thus reduced the total number of boards on which he is represented.</p>
Outcomes	Company committed to change

Add Example 2

ESG Topic	<input checked="" type="checkbox"/> General ESG
Conducted by	Individual/Internal
Objectives	We voted in favour of the publication of a sustainability report that would be produced by management in an effort to get more information from the company regarding risks that they see and target setting to mitigate these. Though we will not always favour a sustainability report shareholder resolution where disclosure is sufficient, we felt that the requested information in the proposal was reasonable and would lead to better getting investors some necessary insights.
Scope and Process	In early 2019, shareholders put forth a proposal for the company to issue an annual sustainability report that outlined policies, performance and targets is it would relate to material ESG risks and greenhouse gas targets. The proposal further highlighted it should be prepared in a reasonable timeframe for a reasonable cost and should not include any proprietary information. At the time of the proposal, the company only disclosed philanthropic efforts on its website. We felt that the wording in the proposal was fair, and that investors would benefit from having more information on management practices and policies around how they are thinking about sustainability within the business.
Outcomes	Voting

Add Example 3

ESG Topic	<input checked="" type="checkbox"/> Shareholder rights <input checked="" type="checkbox"/> Other governance
Conducted by	Individual/Internal
Objectives	Vote against management's agenda which we are not agreeable with.
Scope and Process	<p>Analysts voted against re-election of the CEO, various directors and the auditor in the case of one company. The rationale is that they were not considered to be independent and had been appointed by the parent group, without being value additive to the board.</p> <p>The team had also been engaging with management to increase the dividend payout to shareholders through numerous meetings and letters. As part of this engagement the team indicated that they would vote against management if no increases occurred.</p> <p>The team following the voting decisions have also decreased their holding in the company.</p>
Outcomes	Voting

Add Example 4

ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration
Conducted by	Individual/Internal
Objectives	Review remuneration increases that were flagged by our service provider.
Scope and Process	<p>We voted in favour of proposed remuneration policy which allowed for an increase in the total pay opportunity for the CEO and CFO of the business for FY2020 in anticipation of the bank achieving level 2 CRD IV bank status.</p> <p>We believed that the salary increases and backdating of pay (from Oct 2019) was appropriate given the wider achievements of the CEO and CFO in running the business and is reflective of the increased bank status.</p>
Outcomes	Voting

Add Example 5

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Individual/Internal

Objectives	To consider resolutions proposed by shareholders to amend the constitution of a company in relation to climate change and global warming targets
Scope and Process	<p>We consider each such resolution in its particular context and use our knowledge of the company formed through detailed analysis and engagement to assess the merits of the proposed resolutions.</p> <p>In general, our investment team votes against shareholder resolutions seeking to change the constitution of a company. It is our view that the existing corporate regulations are sufficiently effective in permitting appropriate shareholder resolutions to be put forward and in ensuring that questions of importance can be raised directly with directors. We also feel it best that any additional scope to allow shareholder resolutions is best handled via a regulatory change that would apply to all companies rather than through changes to the constitution of each individual company.</p> <p>We typically vote against these resolutions where through our engagement with the company we are confident the resolution is not necessary to ensure that climate change risks are being adequately managed.</p> <p>Whilst these resolutions are typically unsuccessful, it must be noted that there has been a significant and beneficial increase in disclosures made by companies on climate-related strategies.</p>
Outcomes	Voting

Add Example 6

ESG Topic	<input checked="" type="checkbox"/> Other governance
Conducted by	Individual/Internal
Objectives	Due to involvement in various legal proceedings, including an investigation for bribery in Greece, our custom sustainability policy recommended against discharge of the board and senior management at a European pharmaceutical company. The intent was to send a message to the board on the need to more effectively supervise ESG risks.
Scope and Process	<p>The company has cooperated with the investigation and expanded anti-corruption measures which seek to reduce the incentives for bribery and restrict its promotional practices.</p> <p>We were encouraged by the positive actions under the new CEO appointed in 2018 and noted that members of the board of directors and executive management were not known to be implicated in the investigations at the time of our vote.</p> <p>As such, we decided to support the board and senior management in director elections, but we will include and closely monitor these legal, regulatory and reputational risks as a focus in our engagement discussions, to assess if the incidents should be seen as an indication of insufficient procedure for preventing compliance breaches. We may in future take a stronger stance should the company continue to be implicated in material investigations related to bribery and corruption.</p>
Outcomes	Voting

Add Example 7

ESG Topic	<input checked="" type="checkbox"/> Climate Change
Conducted by	Individual/Internal
Objectives	<p>We evaluated two shareholder resolutions requiring oil and gas companies to establish stronger emissions reduction targets.</p> <p>For the first company, a proposal required it to issue a report on how the company's strategy is consistent with the Paris Agreement, including enhanced reporting. A second shareholder proposal at this company required the setting of aggressive targets for reduction.</p> <p>For the second company, the proposal requested it to set and publish targets for Greenhouse Gas Emissions.</p>
Scope and Process	<p>We voted for the first proposal requiring the company to issue a report on how the company's strategy is consistent with the Paris Agreement, including enhanced reporting.</p> <p>We voted against an overly prescriptive binding proposal for the company to set and publish GHG reduction targets aligned with the Paris Agreement. We noted its current targets are to reduce emissions from its own operations to net zero by 2025, and the company has agreed to align its business with the 2015 Paris climate agreement goals, including new targets to reduce emissions from the fuels and products sold (Scope 3). We viewed the commitment as similar to industry best practice, but we will continue to monitor progress and details on how it will achieve its targets.</p> <p>For the second case the proponent withdrew its support after the company responded to the issues raised in the proposal by way of the company's Net Carbon Footprint ambition. The company's emissions reduction target (50% by 2050, 20% by 2035 and annual targets, 10% of bonus driven by achievement of targets) includes all the emissions from the life cycle of its energy products, from production to final use (Scope 3).</p>
Outcomes	Voting

Add Example 8

Add Example 9

Add Example 10

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

SSA	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
Corporate (financial)	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	100
	Screening + integration strategies	0
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0



**FI 01.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

At Franklin Templeton we believe that ESG factors should be considered alongside traditional financial measures since many ESG-related issues can have a direct influence on the issuer's overall financial and risk profile.

**FI 14** Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2  
Private

**FI 15** Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

**FI 15.1** Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 15.2** Indicate how your organisation prioritises engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)
Size of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit quality of the issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Duration of holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Quality of transparency on ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific markets and/or sectors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Specific ESG themes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Issuers in the lowest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Issuers in the highest ranks of ESG benchmarks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Specific issues considered priorities for the investor based on input from clients and beneficiaries	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 15.3** Indicate when your organisation conducts engagements with issuers.

	SSA	Corporate (financial)	Corporate (non-financial)
We engage pre-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage post-investment.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues that have already affected the issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage prior to ESG-related divestments.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If 'other' has been selected, please give a description

We may also engage during debt restructuring

**FI 15.4** Indicate what your organisation conducts engagements with issuers on.

	SSA	Corporate (financial)	Corporate (non-financial)
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We engage on specific ESG themes across issuers and industries (e.g., human rights).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**FI 15.5** Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

	SSA	Corporate (financial)	Corporate (non-financial)
Ensuring regular cross-team meetings and presentations.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sharing engagement data across platforms that is accessible to ESG and investment teams.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encouraging ESG and investment teams to join engagement meetings and roadshows.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Delegating some engagement dialogue to portfolio managers/credit analysts.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Considering active ownership as a mechanism to assess potential future investments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

In 2018 we established an ESG Fixed Income working group that meets on a bi-monthly basis to discuss ESG issues, enhancements to existing research processes such as scoring models, and to encourage engagement efforts where appropriate.

FI 16	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1,2
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FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

- Yes  
 No

FI 16.3 Additional information [OPTIONAL]

Our Responsible Investment policy covers all asset classes. In line with changes to the UK Stewardship Code we expect to provide additional asset class specific policies in the forthcoming year.

FI 17	Mandatory to Report, Voluntary to Disclose	Additional Assessed	General
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FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

	SSA	Corporate (financial)	Corporate (non-financial)
We measure whether incorporating ESG impacts portfolio risk.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure whether incorporating ESG impacts portfolio returns.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We measure the ESG performance/profile of portfolios (relative to the benchmark).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 18	Voluntary	Descriptive	PRI 1,2
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FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

Example 1

Corporate (non-financial)

ESG issue and explanation

**Vehicle emissions standards in European auto sector**

A credit analyst reviewed how auto manufacturers are responding to the requirement to minimise emissions in Europe. Meeting these standards will require significant investment spending and new product development, representing a material source of margin pressure for many industry participants and opportunity for others. Autos will meet these requirements typically by making their combustion engines cleaner or by electrification. The challenge to all auto manufacturers is that electric is still too expensive to generate high market penetration – something that is required to fund the strategic move from combustion engine to electric. The responses by autos has largely been a reflection for how these autos are positioning themselves for the electrification trend.

The findings were that 2020 was poised to be a difficult year in the European auto sector. Demand has been lacklustre and tighter emissions regulations that have taken effect will likely pressure results as OEMs launch lower margin electrified products and/or face significant fines for failing to meet new emissions regulations.

Integration

Impact on investment decision or performance
<p>Understanding the issue and how autos are responding led to an underweight recommendation for the European Investment Grade auto sector overall and changing our view to a sell rating on two of our bigger names.</p> <p><b>Note this should not be construed as investment advice</b></p>

Example 2

Corporate (financial)
ESG issue and explanation
<p><b>Governance and anti-money laundering at European banks</b></p> <p>Between 2012 and 2018, European banks paid over \$16bn in fines for facilitating money laundering, trade sanction breaches and weaknesses in money laundering compliance controls. The money laundering failures not only identified shortcomings in individual banks' customer due diligence and governance failures, but it also highlighted shortcomings in how regulators police the financial system. Money laundering is regulated at a national level and individual member states in Europe have divergent supervisory practises and allocate different levels of resources to tackle financial crime.</p>
Integration
Impact on investment decision or performance
<p>Our European banks' analyst has undertaken an assessment to see how each company is managing this risk and adjusted investment views accordingly. Where litigation risk has been identified this includes an assessment of whether the overall ESG management and balance sheet strength offset threats to solvency.</p>

Example 3

Corporate (non-financial)
ESG issue and explanation
<p><b>Carbon emissions – European utilities and emissions trading scheme</b></p> <p>The primary objectives of the EU Emissions Trading System (EU ETS) were to reduce GHG emissions and promote private sector investment in low-carbon technologies. Companies are allocated emissions allowances, with each allowance representing the legal right to emit 1 tonne of carbon dioxide. Those companies that are likely to emit more than they have been allocated must either cut their emissions or purchase additional allowances. The introduction of the EU ETS has pushed some utilities towards changing their generation fuel-mix in order to reduce their overall carbon footprint.</p> <p>One of the largest producers and distributors in Europe has doubled their renewables generation capacity over the last decade. Those that are still heavily reliant on coal or more carbon intensive fuel sources, are dealing with higher costs in terms of permits or fines.</p>
Integration
Impact on investment decision or performance
<p>The investment team have reviewed the implications for a particular European utility which has above-average coal exposure in its fuel mix and have adjusted valuations accordingly.</p>

Example 4

SSA
ESG issue and explanation
<p><b>Concerns around fiscal management and governance</b></p> <p>In 2019 our Emerging Market Debt team engaged with but ultimately divested from a position owing to concerns around management changes, failure to execute strategy, asset sales not in bondholder interests and breaches of covenants.</p> <p>Through meetings with management onsite, it was established that the decision to sell a particular asset was a return to the previous use of the company for political rather than commercial means. This prompted concerns around fiscal management that were not allayed by onsite visits and discussion.</p>
Engagement
Impact on investment decision or performance
<p>A reversion to the previous weak governance framework for the company changed our long-term view of the company's prospects and therefore positions have been reduced with a view to sell completely.</p>

Example 5

SSA
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	ESG issue and explanation
	<p><b>Social and Political Risk. The risk of disruption to productivity presented by widening social ideologies and political parties.</b></p> <p>During 2019 the European Investment team maintained an underweight position in the French government, as they believed that latent social risks existed.</p> <p>France's overall risk profile deteriorated owing to adverse political, economic and/or external developments. France's domestic politics are characterised by fierce ideological differences between parties of the left and right. Trade unions form an important part of the French business environment, contributing to a more challenging business environment as their powers of public mobilisation give them a large role in opposing government policy. There is low employment rate among young people and older workers, and a low tolerance for economic policies that disproportionately impact the working class.</p> <p>The team believed that social tensions could continue to inflict a drag on France's economy, although if their 'Large Investment Plan', is implemented properly, will provide insulation against business competitiveness, response to climate change, and building a competent society</p>
Integration	
	Impact on investment decision or performance
	<p>The team maintained an underweight position in French sovereign debt which contributed positively to fund performance.</p>

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified</li> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> <input checked="" type="checkbox"/> Other, specify Reviewed by legal team <input type="checkbox"/> None of the above			
CM1 01.2	Additional information [OPTIONAL]		
Submissions are reviewed by the ESG team, ESG Committee and legal team.			
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input checked="" type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year.			
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input checked="" type="checkbox"/> Other, specify Responses are reviewed by our legal department <input type="checkbox"/> None of the above			
CM1 03.5	Additional information [OPTIONAL]		
The firm has had a number of funds certified by external organisations including LuxFlag, Belgium's Central Labelling Agency (CLA) and FNG.			
CM1 04	Mandatory	Descriptive	General
Private			
CM1 07	Mandatory	Descriptive	General
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed		
<input type="checkbox"/> CEO or other Chief-Level staff <input type="checkbox"/> The Board <input type="checkbox"/> Investment Committee <input type="checkbox"/> Compliance Function <input checked="" type="checkbox"/> RI/ESG Team <input checked="" type="checkbox"/> Investment Teams <input checked="" type="checkbox"/> Legal Department <input checked="" type="checkbox"/> Other (specify)			
		specify	
ESG Committee			