Putnam INVESTMENTS by Franklin Templeton

April 2026

Sustainable Equity

Sustainability and impact report

Report highlights

A note on metrics and measurements

The field of sustainable investing continues to develop at a rapid pace. This means the data and tools we have available to analyze relevant sustainability issues are also developing, and they are not yet fully standardized or complete.

For the purposes of this report, we have chosen several portfolio-level metrics that give an indication of our sustainability characteristics, recognizing the range of reportable measures will continue to improve in quality, specificity, and usefulness over time. We believe the metrics reported here to be as accurate as possible, and we have provided extensive commentary on how and why we use the measures noted so readers have additional context for interpreting the information presented. In this regard, the report reflects the nature of our fundamental research, where we always aim to understand data within its relevant setting, not in isolation. It is also important to note that all investing involves risk, and favorable sustainability or ESG metrics for a portfolio do not guarantee positive investment results.

In order to provide the most straightforward sustainability analysis with the most complete underlying data, we have chosen to compare certain metrics for our portfolios with the same measures for the S&P 500 Index. The financial performance benchmark for Putnam Sustainable Leaders is the S&P 500 Index, and the benchmark for Putnam Sustainable Future is the Russell Midcap Growth Index.[1]

Please note that this report is not meant to review the strategies' investment performance, performance of our individual holdings, or the financial performance of our portfolio benchmarks. Content in this report is not intended to be comprehensive and does not reflect all relevant or recent developments. For comprehensive information, financial characteristics, and performance, please also refer to the shareholder reports and prospectus information available at putnam.com.

> **"Try to love the questions themselves, like locked rooms and like books that are written in a very foreign tongue. Do not now seek the answers, which cannot be given you because you would not be able to live them. And the point is, to live everything. Live the questions now. Perhaps you will then gradually, without noticing it, live along some distant day into the answer."**
>
> Rainer Maria Rilke, *Letters to a Young Poet*[2]

Introduction

We are pleased to share our annual commentary for Putnam Sustainable Leaders and Putnam Sustainable Future. The portfolios share a goal of long-term capital appreciation, and we aim to identify investments where excellence in sustainability leadership or solutions is fueling potential financial performance. We believe that business-relevant sustainability leadership and solutions-focused innovation can create compelling investment opportunities when combined with a strong analytical and fundamental process.

Thoughtful fundamental research is at the heart of our investment process, and the same research-centric approach is reflected in the form and substance of this report. Our intention is for this document to provide views of our investment process, certain sustainability metrics, and other research that complements our fundamental analysis. At the same time, we recognize that point-in-time analysis has inherent limitations, especially in a field that is actively evolving.

We are intense researchers and are eager to share the information and indicators in this report with you, and we are equally eager to share the questions that warrant ongoing research. Sustainability issues and environmental, social, and governance (ESG) data continue to evolve and develop, and the answers we have are not always complete or easily represented by simple empirical outputs. Therefore, we view this report as part of an ongoing dialogue with our investors and as part of our research process. For all lines of inquiry, we aim to combine thoughtful analysis with an active and iterative questioning process.

In years to come, we look forward to sharing continued progress with you, so eventually we will "live into the answers."

SECTION 1

Investment process

Research is the foundation that supports our process and products. Here we discuss the context for sustainable investing at Putnam and our integrated sustainable investment process.

Sustainable investing at Putnam

Putnam Investments is an active manager with over $166 billion in assets under management as of March 31, 2026, with more than 85 years of investment heritage. In May 2017, Putnam formed the Sustainable Investing team, and in March 2018, we launched the Putnam Sustainable Leaders and Putnam Sustainable Future strategies.

Our central investment premise is that certain sustainability issues are important to long-term business outcomes, and yet they are structurally under-researched. This creates opportunity for active managers with strong research capabilities. Putnam's firmwide fundamental research strength, long-term stock picking acumen, and collaborative culture all offer specific strengths that benefit our sustainable equity investment process.

Beyond these firmwide strengths, the Sustainable Equity team is composed of individuals with both deep fundamental investing expertise and deep sustainability expertise. Our holistic team design combines these skills, rather than treating them as side-by-side specialties, to create unique strengths that align with our integrated investment process.

Finally, our investment focus on identifying companies where sustainability excellence can enhance long-term fundamentals is designed to extend and amplify the fundamental research strengths noted above. We believe that sustainability leaders and solutions providers have the chance to create business advantages and strong long-term returns. Concentrating our process on identifying these positive attributes within a rigorous fundamental process allows our team to identify areas where we see the greatest potential for outperformance.

Our team has continued to develop and now includes:

Stephanie Dobson
Portfolio Manager,
Head of Sustainable Investing

Rob Forker
Portfolio Manager

Alexander Rickson, CFA
Portfolio Manager,
Quantitative Analyst

Samuel Alpert
Engagement and
Sustainability Analyst

Devin Ahearn
Equity Analyst

Drew Johnson
Equity Analyst

Michel Boulos, CFA, CAIA
Senior Client Portfolio Manager

Firmwide research integration

Since 2017, building on Putnam's longstanding research strengths, the firm has developed a fundamentally centered approach to analysis of relevant environmental, social, and governance issues. Our Sustainable Equity team extends this firmwide foundation further to develop research and investment processes that support our dedicated products and uncover investment opportunities for our clients.

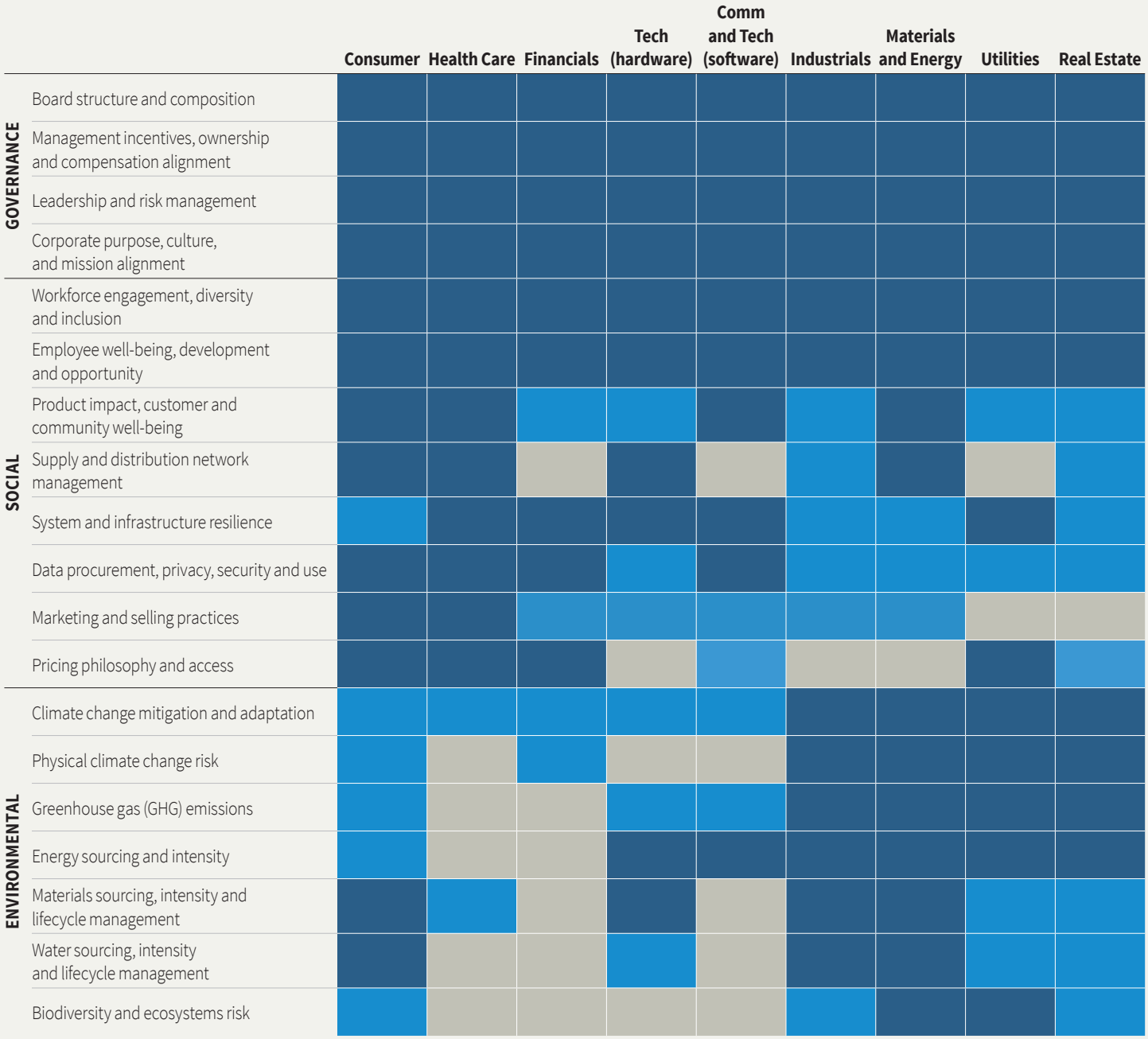
As noted in Putnam's ESG policy, we believe that certain environmental, social, and governance factors are relevant and material to long-term business fundamentals and, therefore, important to investors.[3] Relevant issues vary by sector, geography, security type, and company context.

Given this backdrop, Putnam's ongoing sustainability research is guided by our internally developed materiality map, which was inspired and directly influenced by the work of the Sustainability Accounting Standards Board (SASB), now incorporated into the International Sustainability Standards Board (ISSB) and governed by the International Financial Reporting Standards (IFRS) Foundation.[4] We believe this kind of integrated, long-term research focus has the potential to mitigate risk and generate alpha.

In addition to information from company sources, government, non-profit, and scientific organizations, industry experts, and investment research providers, we also utilize ESG data from several third-party resources, in our research process.

We believe in the power of context-specific analysis. The map on page 5 shows that Putnam's equity research focuses on different environmental, social, and governance issues for different types of businesses. We believe this kind of tailored, financially relevant, and forward-looking research can contribute to long-term investment results.

Putnam equity materiality map



Source: Putnam Investments, adapted from SASB Materiality Map, as of December 31, 2025.

■ Most relevant ■ Often relevant ■ Less relevant

Putnam sustainable investing process

Unlocking alpha potential through sustainability analysis

Putnam's approach to sustainable equity investing offers three main attributes that reflect the strengths of our people, our investment process, and our portfolios:

1 Dedicated and integrated investment team

2 Focus on key sustainability issues alongside fundamentals and valuation

3 Robust risk management and portfolio construction

Dedicated and integrated investment team

We are investors first and foremost, and an integrated part of Putnam's investment group. Our team of tenured portfolio managers and dedicated analysts has significant experience in fundamental investing over multiple sectors and over multiple decades. Our team also has developed unique subject matter expertise across several sustainability related themes. The intersection of this experience is unique and differentiated. Our team was formed in 2017, and now consists of seven dedicated professionals. Portfolio managers Stephanie Dobson and Rob Forker manage the Putnam Sustainable Leaders and Putnam Sustainable Future portfolios together.

Portfolio Manager Stephanie Dobson is a founding member of Putnam's Sustainable Investing team and has nearly 15 years of investment experience, including 8 years at Putnam Investments. She crafted Putnam's approach to sustainable equity investing along with Katherine Collins and Alex Rickson, and has been involved in portfolio management for all Putnam sustainable equity products since inception. Earlier in her career, she served as Equity Research Analyst across multiple sectors at Fidelity Investments. Stephanie serves on the board of directors of Rosie's Place, a women-only sanctuary and shelter in Boston, and earned a B.A. with honors from Middlebury College.

Portfolio Manager Rob Forker has over 22 years of investment experience, and joined Putnam in 2024. Earlier in his career, he served as Portfolio Manager and Analyst at Polen Capital and as Senior Global Analyst at Loomis Sayles. He earned an M.B.A. and B.A. in Government from the University of Virginia. Rob worked on the sell-side for five years prior to business school and is a member of the Boston Economic Club, a non-partisan organization established in 1932 that fosters substantive, engaging, and well-informed dialogue on topics involving economics, finance, and public policy, with a goal of sharing diverse perspectives.

Portfolio Manager Alex Rickson has over 25 years of investment experience, including 23 years with Putnam. He is a member of the Sustainable Equity team and a Quantitative Analyst. Based in Putnam's London office, he is responsible for portfolio construction analysis, quantitative research, and risk management for a range of investment strategies. Alex's expertise includes analysis and visualization of environmental, social, and governance data and its application to the processes of risk management and portfolio construction. He earned a B.A. from the University of Sheffield.

In addition to the dedicated Sustainable Equity team members, we include the entire research department and our fellow portfolio managers as colleagues and collaborators. Our work intertwines with Putnam's broader equity research and portfolio management team all day, every day.

Our investment process incorporates sector analysis and stock recommendations from the core research team and insights from other portfolio managers. We are supported by Putnam and Franklin Templeton expertise in risk oversight processes, trading platforms, and compliance procedures.

Likewise, our Sustainable Equity team's thematic and company-specific research is actively shared with the entire investment team, with a goal of benefiting the whole. We focus on research that highlights investment-relevant environmental, social, and governance issues, along with forward-looking thematic trends. Our company-specific research is intended to complement and extend the fundamental work of the core research team. In addition to the firmwide supports noted above, our work is augmented by a series of internally developed tools that help us to assess ESG data and sustainability performance in a fundamentally relevant way.

Active fundamental investment process: Focused on key sustainability issues

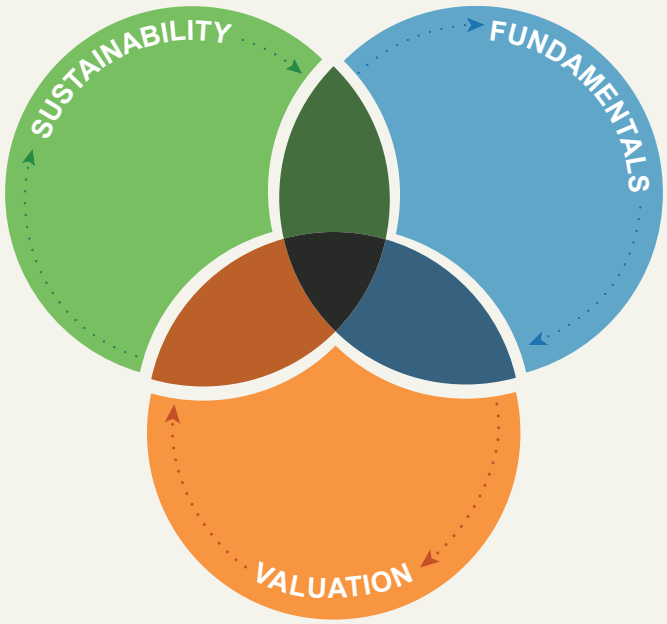
We seek companies with effective sustainability strategies that drive superior fundamental prospects, and stocks that reflect reasonable valuations. Specifically, we focus on identifying two types of companies where effective sustainability strategy can fuel fundamental success: sustainable leaders and sustainable solutions providers. We believe this integrated research approach contributes to our investment edge.

Focus on the most relevant sustainability issues and themes

Identify themes and issues where sustainability excellence and leadership can improve a company's business prospects

Take a disciplined approach to valuation

Assess valuation relative to business quality, growth prospects, and future cash flow generation



Identify compelling fundamentals

Look for durable growth, improving and defendable profit margins, high and improving returns on capital, and strong cash flow generation

For illustrative purposes only. No assurance can be given that the investment objective will be achieved or that an investor will receive a return of all or part of their initial investment. Actual results could be materially different from the stated goals. As with any investment, there is a potential for profit as well as the possibility of loss. Integration of environmental, social, and/or governance (ESG) factors into the investment process may not work as intended.

Portfolio management: Putnam's inclusionary investment approach

Portfolio management

Putnam's two portfolios with a dedicated sustainability focus are Putnam Sustainable Leaders and Putnam Sustainable Future. Both portfolios are supported by the integrated research approach described above. Each portfolio typically holds 50–80 stocks, and both seek long-term capital appreciation. The portfolios typically reflect a high level of active holdings at the stock, industry, and sector level, and risk managemen is focused on amplifying stock-specific decisions as the largest driver of long-term performance.

Neither portfolio employs a *priori* exclusionary screens; our investment process focuses on what deserves to be *included* in our holdings.

Putnam Sustainable Leaders: Focused on what matters

Putnam's Sustainable Leaders portfolio invests in companies that have demonstrated leadership in sustainability issues that are financially material to their businesses. Our investment thesis is that companies that exhibit this strength also often demonstrate potential for strong long-term financial performance. The stocks of these companies are often, but not always, considered to be growth stocks, and often are large cap in size.

Our sustainability leadership analysis focuses on what matters for a specific company's operating environment. Putnam's materiality map helps to identify the issues that are likely to be important for a given sector. Our more granular industry and company-level analysis is further tailored to address the individual company's business setting. Through our markers of sustainability leadership, we seek to identify corporate strategy that goes beyond compliance or sufficiency in a way that improves the company's long-term business prospects.

Markers of sustainable leadership help determine product fit

Material
Focused on strategic, business-relevant issues

Proactive
Actions that go beyond basic requirements to create potential business benefit

Transparent
Reporting that is relevant, timely, and candid

Effective
Creating benefits both within the firm and beyond its corporate borders

Putnam Sustainable Future: Focused on solutions

Putnam's Sustainable Future portfolio invests in companies whose products and services provide solutions to essential sustainability challenges. Our investment thesis is that solutions-oriented companies with potential to create positive social and environmental impact can also demonstrate potential for strong growth and long-term financial performance. The stocks of these companies are typically, but not always, considered to be growth stocks, and are often mid cap or small cap in size.

Our sustainable solutions analysis focuses on identifying products and services that contribute to thriving individuals, institutions, society, and planet, as described in Putnam's map of sustainability solutions on the following pages. This thematic view helps us to identify areas where innovation might solve key sustainability challenges. Our more specific company-level fundamental analysis assesses the prospects for success of individual business models. Through our markers of effective solutions, we seek to identify solutions that can contribute to a company's long-term growth potential and financial returns.

Investment mandates

Putnam Sustainable Leaders pursues its goal by investing mainly in common stocks of U.S. companies of any size, with a focus on companies we believe exhibit leadership in financially material sustainable business practices.

Putnam Sustainable Future pursues its goal by investing mainly in common stocks of U.S. companies of any size, with a focus on companies whose products and services we believe provide solutions that directly contribute to sustainable social, environmental, and economic development.

In both approaches, we aim to identify companies whose long-term business prospects are potentially enhanced by their excellence in sustainability.

(Note: These strategies may result in investing in securities or industry sectors that underperform the market as a whole, or may underperform others that do not invest with a similar focus.)

Markers of effective solutions help determine product fit

Relevant
Meeting an identified need and contributing to a thriving world

Advancing
Solutions that offer tangible improvement versus prior options

Expanding
Benefits that increase over time through added scope, scale or performance

Effective
Creating benefits both within the firm and beyond its corporate borders

Guide to thematic research and sustainability solutions

Below is Putnam's map of sustainability solutions across three overarching categories, Thriving People, Thriving Planet, and Thriving Public. It continues to evolve as our research unlocks new ideas.


Advanced computing tools
Automation, robotics, sensing and repair
Precision agriculture
Custom design and manufacturing
Additive and distributed manufacturing
Cloud computing
Analytics and connectivity
Shared transportation
Shared real estate
Shared manufacturing
Rental-based businesses
Productivity and quality tools
Digitization
Services supporting SMB's
Logistics solutions
Transport and distribution
Packaging innovation
Flexible production
Precision technology
Business process improvement
Shared infrastructure
Organizational effectiveness
Thriving Public®
Social health
Stakeholder wellness
Access and opportunity
Security and privacy
LEADERSHIP IN IMPROVING:
Employee well-being and work conditions
Supplier standards and stewardship
Customer value and safety
Benefit and connection to communities
Civic engagement and inclusion
Effectiveness of public policy
ACCESS TO:
Health care and nutrition
Information and education
Financial wellness
Decent shelter
Decent work
Physical safety
Data security, privacy, collection, and use
Infrastructure security
Circular economy
Water quality and access
Materials innovation
Supplier partnerships
Recycling and re-use
Design for durability and decomposition
Testing and monitoring systems
Solutions for cleaning, treatment and re-use
Improved infrastructure
Irrigation and water use solutions

Our sustainability research focuses on three overarching categories

HUMAN HEALTH AND WELL-BEING

EXPOSURE

Leaders	15%
Future	30%

ENVIRONMENTAL HEALTH AND RESOURCE STEWARDSHIP

EXPOSURE

Leaders	53%
Future	38%

SOCIAL HEALTH

EXPOSURE

Leaders	51%
Future	26%

ORGANIZATIONAL EFFECTIVENESS

EXPOSURE

Leaders	45%
Future	39%

Some holdings address multiple themes; therefore, exposures do not add to 100%. Data reflects Putnam calculations based on internal analysis and is as of December 31, 2025.

Contributions to the field

The field of sustainable investing is actively evolving, and each organization has an opportunity to contribute to the field's development. Putnam and our Sustainable Investing team are helping to advance the field through engaged ownership, research leadership, public speaking and media participation, and collaboration.

Engaged ownership

We believe active managers have a particular role to play in working with company management teams. In addition to involvement in key stewardship functions like proxy voting, our fundamental research process involves regular, direct, constructive dialogue with company leadership teams regarding corporate strategy and execution.

CEO letters

To complement these ongoing research discussions, we send annual, individually tailored letters to the CEOs of companies held within Putnam Sustainable Leaders and Putnam Sustainable Future portfolios. These letters focus on financially material sustainability issues that are specific to each company, acknowledging efforts to date and encouraging future progress. Response rates to these letters have been robust, and the exchanges often lead to opportunities for ongoing discussion, engagement, and learning that can improve our understanding of company strategy and fundamental business prospects.

Research

We share Putnam research and reflections on relevant sustainable investment issues in several different formats. Some of our publicly accessible research can be found in the Insights/Research section of Putnam's website. Additionally, we are members of the Applied Complexity Network of the Santa Fe Institute, where we are especially engaged with research on the "complexity of sustainability" — examining the interconnections between financial systems, social systems, and ecological systems.

Public speaking and media

We participate in many field-building events, contributing the perspective of active managers in sustainable investing. Since inception, our team has participated in dozens of guest lectures and other academic gatherings; spoken about the investment and strategic relevance of environmental, social, and governance issues in numerous investment and corporate settings; and addressed similar topics for a number of nonprofit organizations. Our investment work has been featured by *Barron's, Forbes, Investor's Business Daily, Bloomberg, Kiplinger, Ignites, Planet Money,* and the *Invest Like the Best* podcast.

Collaboration

In addition to our research-focused collaboration, Putnam is an advocate at the firmwide level for improved investment-relevant and decision-useful disclosures, and is affiliated with several organizations that support similar goals. More information on Putnam and Franklin Templeton firmwide affiliations can be found in the firms' respective reports.

Please see Putnam's annual Engagement and Stewardship report for more complete firmwide information on these topics.

A week in the life of an active manager

Our team's sustainability and impact analysis is interwoven with our core investment process, not an isolated function. This type of integration can be difficult to explain, as we are not simply adding separate sustainability analysis to Putnam's fundamental research. Rather, we are combining the two elements throughout the investment process. In doing so, we aim to create a holistic approach that is greater than the sum of its parts. Here we offer additional detail from a week of our team's meetings, to bring these processes more vividly to life. This summary represents a small subset of the total research and investment activity for our team within the given week. It also reflects only a small portion of such activity for Putnam's broader equity research group during the period. Our integrated approach to sustainability research helps us ask better questions, understand the strategic importance of various ESG issues, develop better investment insights, and engage on relevant ESG topics.

	MAJOR SECTOR	CATEGORY	THEMES
MONDAY			
Discussed developments in the insurance industry with Putnam's financials analyst, including changing underwriting standards related to severe weather and climate change.	Financials	Public/ Planet	Decarbonization/ Shared infrastructure
Met with the CEO of a packaging company to discuss new, vertically integrated investments that have the potential to drive more innovation for customers (including circularity and recyclability) and more efficient and profitable operations.	Industrial	Planet	Circular economy
TUESDAY			
Met with a cardio-focused medical device company raising funds for clinical trials and future R&D. Discussed how their design differs from products on the market today and what initial trial results suggest about patient health outcomes.	Healthcare	People	Tools and therapies
Virtually attended an investor day of a leading contract research organization that helps pharmaceutical and other healthcare customers run more efficient and inclusive clinical trials.	Healthcare	People	Tools and therapies
Hosted a fitness club operator to discuss how the company helps members live healthier/happier lives. Discussed expansion plans and ways to continue to innovate to improve the company's physical, mental, and social well-being offerings.	Consumer	People/ Public	Preventive care and wellness
Met with the CFO & President of the largest search and advertising company to discuss innovation in generative AI, investments in autonomous driving, and energy, capital and cost efficiency.	Technology	People/ Planet	Shared infrastructure/ Precision technology
Met with an information services company that provides research and analysis across many industries to discuss their competitive advantages in training, hiring, and retention, and how these link to future growth and cost advantages.	Technology	People/ Public	Precision technology/ Resource stewardship

	MAJOR SECTOR	CATEGORY	THEMES
TUESDAY			
Met with CFO of the largest semiconductor company to discuss GPU investments over time, the importance of hardware and software integration, and systemic risk management and corporate governance as the company rapidly grows.	Technology	People/ Public/ Planet	Precision technology/ Resource stewardship
Met with the management team of a software company that helps customers with positioning expertise for application in architecture and design, construction, and agricultural settings. The company's solutions help customers run more energy- and cost-efficient operations.	Technology	Public	Precision technology/ Sustainable agriculture
WEDNESDAY			
Hosted a leading health savings account (HSA) benefit provider and discussed governance and succession planning, innovation, policy, and consumers' ability to save for future healthcare costs.	Healthcare	People/ Public	Access and opportunity/ Preventive care and wellness
Met with the CFO of a regional bank to understand the impact of technological investments and their potential long-term productivity benefits. We also discussed expected regulatory changes in the financial system.	Financials	Public	Access and opportunity/ Security and privacy
Met with the CFO of a large rideshare company to discuss the possible evolution of the ridesharing industry toward autonomous vehicles. Topics included the competitive landscape, logistical, technical, and regulatory hurdles , and potential benefits for consumers and automobile fleet efficiency.	Consumer	Public/ Planet	Security and privacy/ Shared infrastructure
Met with a large social media company for a demo of an upcoming VR product and to discuss the application of generative AI to this company's products and the unique nature of social data. In an engagement call the week prior with the same company, we discussed privacy and community standards enforcement, changing privacy policies pertaining to teen users, and environmental commitments.	Technology	People	Security and privacy
Met with a leading provider of security software to discuss recovery from technological disruptions, customer impact, and alignment of incentives with corporate goals.	Technology	People	Security and privacy
THURSDAY			
Hosted a call with the CFO of a software company that provides electronic signature solutions to discuss evolution in sales force, and innovation in products that provide productivity and environmental benefits to customers.	Technology	Planet / Public	Business processes improvement
FRIDAY			
Met with a restaurant chain to discuss their value proposition, improvements to the customer and employee experiences, and ways to drive sales and margins in a more challenging environment.	Consumer	Public	Stakeholder wellness and equity
Attended a lecture featuring postdoc research in complexity science, including mechanisms of cognitive discovery, institutional resilience, and causality in social systems, with relevance for understanding innovation, corporate health, and links between business and society.	All	Public	Business process improvement/ access and opportunity

SECTION 2

Portfolio analysis and ESG metrics

In this section, we provide analysis of several key issues that have relevance for our portfolios and our investors.

Analytics related to ESG data continue to develop, with data availability and accuracy steadily improving. For some topics, information is fairly complete and metrics are well established, while for others, the questions and information are at an earlier stage of development. As researchers and active investors, our team views this varied analytical landscape as being full of opportunity.

This analysis explores several important measures of our portfolios' ESG and sustainability characteristics, noting why we've chosen these measures, what they show with respect to our portfolios, how we use each metric, and where we aim to focus future research and attention.[5] Please refer to Putnam's shareholder reports and regular performance updates for details on the financial characteristics of the portfolios in order to create a more complete view of the portfolios.

Before exploring the details, we'd like to emphasize the principles we embrace regarding analysis and data representation

We recognize this type of analysis is ongoing and evolving — for us and for the whole field. Even with perfect data availability, there is always more nuance to explore, and new questions are constantly emerging.

We are researchers. We add context and analysis to data. We seek to understand the "how" and the "why" that are underneath the "what."

We embrace unanswered questions. We recognize that getting to a better question or to a partial answer is an important form of advancement.

Metric 1: Carbon intensity

Why is this relevant?

Carbon dioxide and other greenhouse gases (GHGs) trap thermal radiation from Earth's surface, sustaining natural life. However, human activities, such as burning fossil fuels, are increasing the concentration of greenhouse gases, which is leading to rapid increases in climate-related risks.[6] Environmental impact is an important topic for our sustainability analysis, and a key focus of the UN's Sustainable Development Goals (including SDG 7: Affordable and Clean Energy and SDG 13: Climate Action). The data involved in company- and portfolio-level environmental analysis is complex and often incomplete.

Standard disclosures for metrics like GHG emissions and carbon intensity offer important insights, particularly when combined with company-specific context and an understanding of potential future change. For example, lower or decreasing carbon intensity means a company is generating fewer emissions per unit of revenue, which can be better for the climate, and often better for a company's cost structure, than higher or rising carbon intensity.

The aggregate emissions data for any investment portfolio often depends heavily on sector allocation: Companies in utility and energy sectors inherently have higher direct emissions (scope 1) when compared with less energy-intensive sectors like healthcare or financials, for example. Taken together, the four largest emitting sectors (utilities, energy, materials, and industrials) account for more than 80% of the S&P 500 Index emissions, though they constitute less than 20% of the index weight.[7]

When we assess potential investments in carbon intensive sectors, a key consideration is our analysis of the rate of change in those metrics and the magnitude of improvement we expect given individual company strategies. For the purposes of this report, we focus on carbon intensity, which measures the ratio of carbon emissions (scopes 1 and 2) to revenues. This is one important element of environmental efficiency.

What does this measure show, and why?

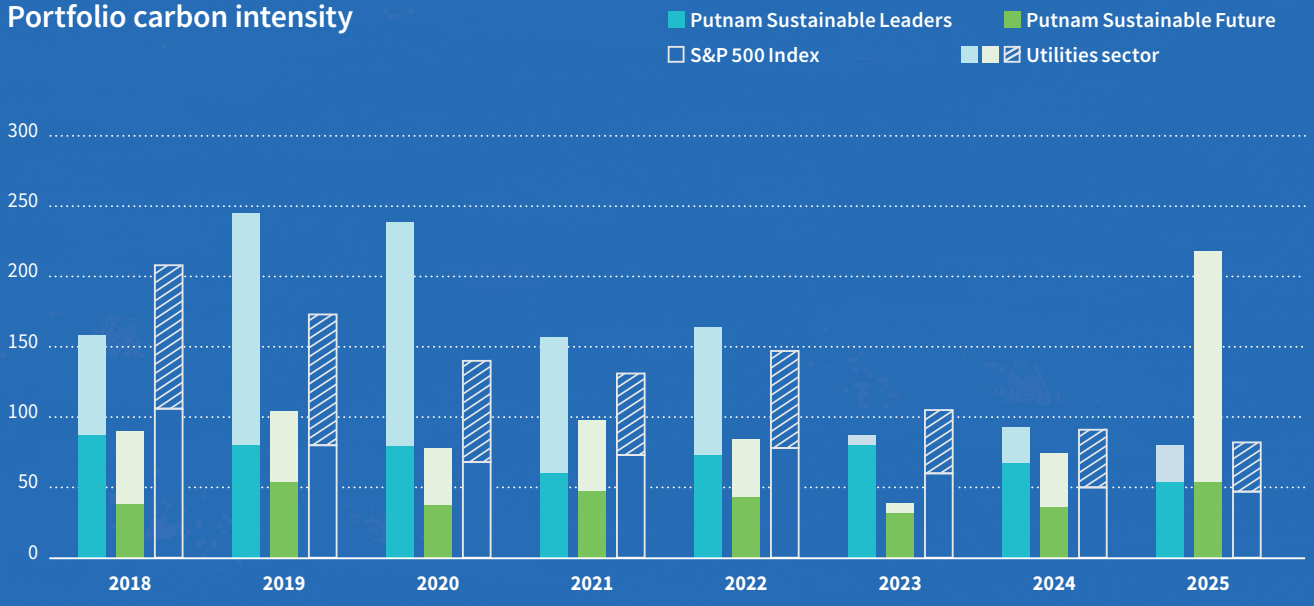
The carbon intensity measure shows the ratio of the total scope 1 and 2 emissions to revenues. Scope 1 emissions are direct emissions from owned or controlled sources, and scope 2 emissions are indirect emissions from the generation of purchased energy. The portfolio level calculation aggregates the company-level intensity measures for all held securities. This metric offers the benefit of normalizing for company size, but in doing so, it necessarily obscures the absolute level of emissions, which is also important when considering a company's impact on our climate.

The weighted average carbon intensity of Putnam Sustainable Leaders portfolio is lower than the S&P 500 Index, which we use as a representation of the broader market. This metric is higher for the Sustainable Future portfolio. Over the past year, the carbon intensity for Sustainable Leaders decreased by 14%, and for Sustainable Future, this measure nearly doubled. In both cases, the changes were mainly due to differences in portfolio holdings from year to year.

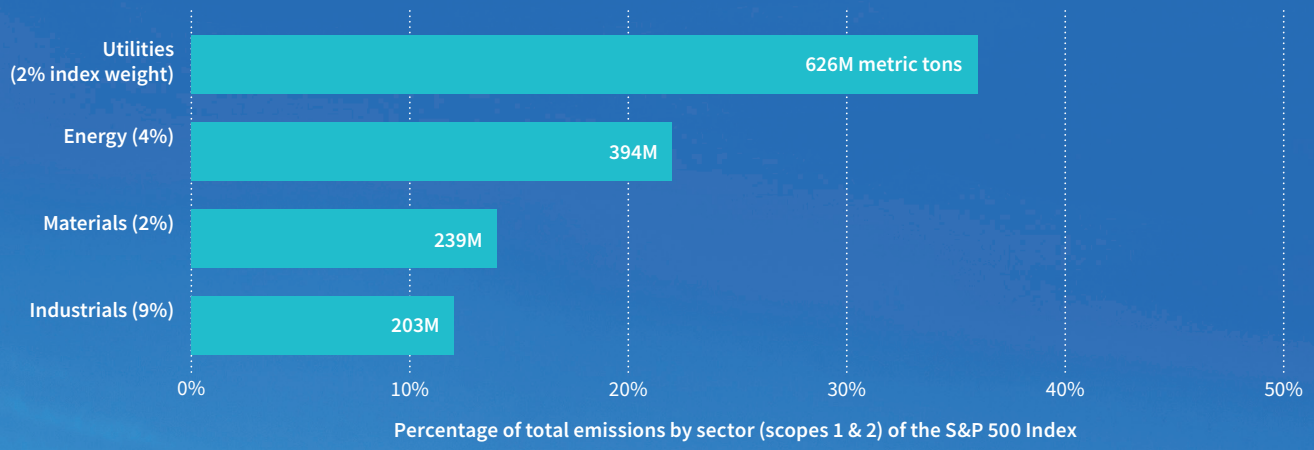
The lower carbon intensity of Sustainable Leaders this year versus last year was mainly due to portfolio changes, including trimming or liquidation of higher carbon intensity holdings over the year in the materials and consumer discretionary sectors.

The large increase in carbon intensity of Sustainable Future was a function of portfolio change. The most notable impact was our increased weight in the utility sector. The portfolio's Russell Mid Cap Growth Index also saw an increase in weighted average carbon intensity in 2025.

Portfolio carbon intensity



Less than 20% of the S&P 500 Index accounts for more than 80% of total emissions



Sources: MSCI ESG Research LLC data as of December 31, 2025, and Putnam analysis. Carbon intensity is measured as a ratio of scopes 1 and 2 CO2e metric tons to sales (USD millions). Portfolio carbon intensity is calculated as the weighted average of the carbon intensity for the stocks held, with uncovered assets dropped and holdings rescaled to 100%. Uncovered assets refer to cash held in the portfolio and holdings for which there is no carbon intensity score available. Some data may be estimated.

How do we use this measure?

We do not explicitly exclude or screen out energy or utility holdings (which often have high carbon intensity) in our investment process, though it is typically rare for companies in these sectors to meet our investment criteria. As active managers, we can selectively own and engage with companies that are committed to transitioning away from carbon-intensive energy sources in ways that benefit their business prospects. Therefore, when we assess potential investments in carbon-intensive sectors, key considerations in our analysis include the rate of change in those metrics, the magnitude of improvement we expect given individual company strategies, and the potential implications of these changes on company fundamental prospects and valuation.

For example, Putnam Sustainable Leaders invests in an industrial company, Linde PLC, that has relatively high current carbon emissions but contributes meaningfully to the energy transition and to lowering emissions of its customers. Linde made up 1.5% of the portfolio as of December 31, 2025, but constituted approximately 18% of the portfolio's aggregate carbon intensity exposure.

Putnam Sustainable Leaders also invests in two utility companies: Constellation Energy Corporation and NextEra Energy. Constellation Energy Corporation has much lower carbon intensity than the overall utility sector given its focus on carbon-free nuclear power generation. NextEra Energy is one of the largest enablers of renewable energy deployment in the US. NextEra makes up 26% of the total portfolio's carbon intensity and is the top contributor to this metric. While utilities made up 2.8% of our portfolio holdings at the end of 2025 (slightly more than the index at 2.2%), our utility holdings constituted ~33% of the portfolio's carbon intensity. Despite that, the carbon intensity of our aggregate utility holdings is meaningfully lower than that of the S&P 500.

Why have we chosen to invest in these companies?

We believe that climate change is one of the most pervasive risks of our era, as it is inherently linked to almost all other risks, including food supply disruptions, economic loss, and social instability. And, as noted above, fossil fuel use is a key contributor to greenhouse gas emissions and climate-related risk. One option for investors is to avoid all exposure to fossil fuel generation and use, and this approach has some merits. As active managers, though, we believe that part of our opportunity is to identify companies that are essential in leading the systemic shift to renewable and lower-carbon sources of energy. Some of the most impactful ways to support this shift involve investing in companies that are most actively changing the sources of global power generation. We have three main conditions for our selective investments in carbon-intensive businesses: There must be a demonstrated and meaningful commitment to shift towards improved carbon intensity; there must be regular and transparent reporting on progress; and the company must also meet our other investment criteria.

From an analytical perspective, historical standardized data is useful, but it is inherently backward looking, while our investment research is forward-looking and focused on analyzing individual businesses. For example, Linde PLC is a leading industrial gas and engineering company. Linde has set clear goals for its own emissions reduction, and Linde's business also contributes directly to helping customers reduce their emissions. Linde has invested in blue and green hydrogen, carbon capture and storage, renewable diesel, and batteries, and its portfolio of technologies contributes to avoiding, capturing, and storing carbon. Linde has clear initiatives in place to decarbonize its own operating footprint, decarbonize its customer's businesses, and establish and grow into new markets, all of which can drive future financial returns for the company.[8]

As of March 31, 2026, Linde PLC represented 1.62% of Sustainable Leaders assets and was not held in Sustainable Future; NextEra Energy represented 1.75% of Sustainable Leaders assets and 0.67% of Sustainable Future assets.

NextEra Energy is a leading clean energy company. NextEra owns Florida Power & Light Company, which is America's largest electric utility and also owns NextEra Energy Resources, the world's largest generator of renewable energy from solar and wind and a leader in battery storage. More than 95% of NextEra Energy Resources' energy mix is made up of wind, solar, and nuclear energy, and the company has plans to invest approximately $100b in clean energy infrastructure in the US through 2027.[9] While FPL does still utilize hydrocarbons to power its fleet (a mix of natural gas, nuclear, and solar), the generation fleet has a CO2 emissions rate that is 20% lower than the national average. FPL also has clear plans to grow emissions-free generation from 26% of the fleet to >50% of the fleet in the next 10 years.[9] The total company has clear emissions reduction targets with a goal of zero-carbon emissions by no later than 2045.[9] NextEra's positioning gives the company a unique cost and scale advantage to continue growing renewable energy deployment and contribute meaningfully to the energy transition.

A closer examination of the higher carbon intensity of these holdings and others illustrates our investment philosophy: We recognize historical data is most useful when it is linked to understanding a company's specific operating context and potential future performance. We also recognize that research and engagement of companies that are in the midst of strategic shifts, or enabling strategic shifts for their customers, is a useful approach for active managers to take, and can help identify companies that are both enacting important change and driving strong operational performance. We will selectively own companies with optically poor current metrics if our research has convinced us of the trajectory of positive change and of the potential investment value of the shift.

Where do we see opportunities for further research and focus?

We expect to see continued improvements in the accuracy, breadth, and timeliness of environmental data, which will provide new opportunities for relevant and accurate analysis. Energy reliability is becoming an increasingly important consideration for power customers, in addition to emissions and cost. And the availability of reliable power is becoming a more important topic for the broader economy and the drivers of economic growth. The growth of generative AI, and the data centers that accompany that growth, create growing demand for reliable energy that is changing the dynamics of the utility sector, and the broader equity markets, and creating additional areas for research and company differentiation.

Metric: Gender diversity on boards of directors

Why is this relevant?

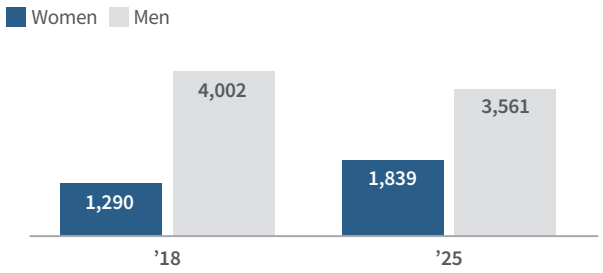
Analysis of the impact of diversity on corporate boards is nuanced and complex, and the distinction between correlation and causation is important in this arena. Numerous studies of board gender diversity have shown that diverse board composition can be associated with higher financial returns, higher firm value, higher profitability, increased investment in research and development, lower volatility, and improved corporate disclosures.[10] Gender diversity is also an important goal addressed in several of the UN's Sustainable Development Goals: for example, SDG 5: Gender Equality; SDG 8: Decent Work and Economic Growth; and SDG 10: Reduced Inequalities. Board-level data is the most complete corporate demographic information available, and gender data is more complete than other measures of diversity. We view this narrow, specific indicator as a starting point for broader analysis of all forms of diversity and how different skills and capabilities can influence corporate strategy and long-term success.

What does this measure show, and why?

While most of the boards of companies in which we invest have not reached gender parity, the level of gender diversity is increasing. Holdings in the Sustainable Leaders portfolio had a weighted average of approximately 37% female representation, and the Sustainable Future portfolio had a weighted average of 34% as of December 2025. As shown below, both measures are higher than their respective benchmarks. In 2025, for the first time since we began measuring this data in 2018, the weighted average percentage of women on boards declined (modestly) for both the S&P 500 and the Leaders portfolio. The asset-weighted averages for the Russell Midcap Growth Index increased modestly in 2025, though remain lower than those of the S&P 500 Index, indicating that larger company boards generally have a higher level of gender diversity.

Additionally, our portfolios have a higher-than-market representation of companies where women comprise 30% or more of total board membership. This level is important because once women comprise 30% of a group, the inputs they might give shift from being perceived as "a woman's point of view" to "an added point of view."[11] In short, this level of participation can allow the potential benefits of diversity to be more effectively realized. As shown in the charts, this measure improved for Future in the past year, and was down slightly for Leaders. 86% of our Sustainable Leaders holdings and 81% of our Sustainable Future holdings with available data are above the crucial 30% threshold. While this metric for the S&P 500 has improved from 25% in 2018 to over 75% today, it was also down slightly year-over-year in 2025. Despite the improvement in the metrics above, around 3,600 S&P 500 board seats are held by men while just under 1,900 are held by women. Progress is notable over the last five years, yet at a ratio of ~2:1 male to female, U.S. corporate boards are still far from gender parity.

S&P 500 company board seats by gender



How do we use this measure?

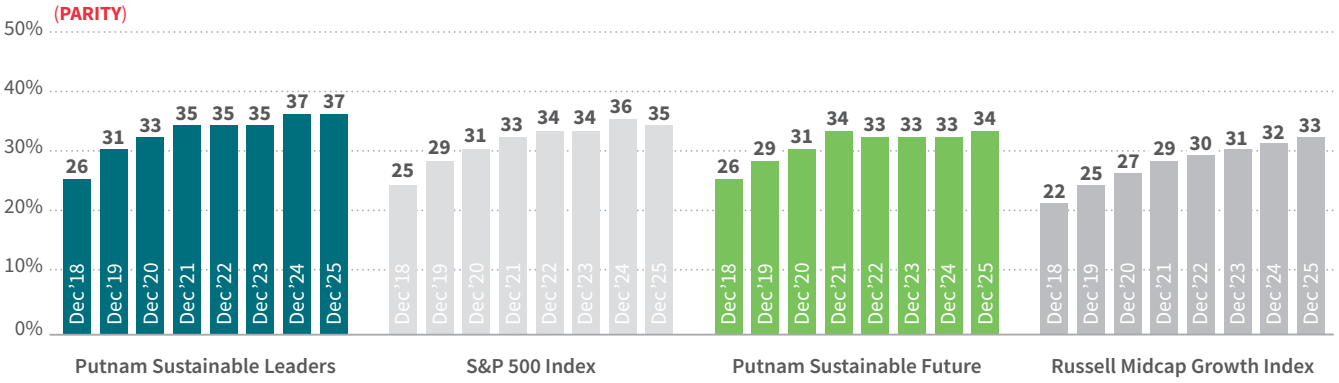
Gender diversity is one broadly available metric that we are able to assess across our company holdings. Our research process extends beyond the specific metric of women on boards, with an aim of understanding how companies prioritize different perspectives in all forms and at all levels of the organization. Teams with diversity of perspectives and expertise have stronger decision-making ability, particularly when facing dynamic and complex problems, and therefore, this is a relevant set of issues for companies and investors.[12]

Where do we see opportunities for further research and focus?

These metrics combine with analysis of other aspects of board health — including assessment of relevant skills, experiences, and perspectives, accountability to stakeholders, and transparency — to help investors assess governance strengths and opportunities for a company. The association between diverse boards and strong business and strategic outcomes serves as a starting point for more complete analysis of team composition beyond the boardroom. For example, availability of information on executive and team composition is improving, and these statistics often show different patterns than observed at the board level. As data continues to advance, investors will be able to analyze related questions in a more complete and useful way.

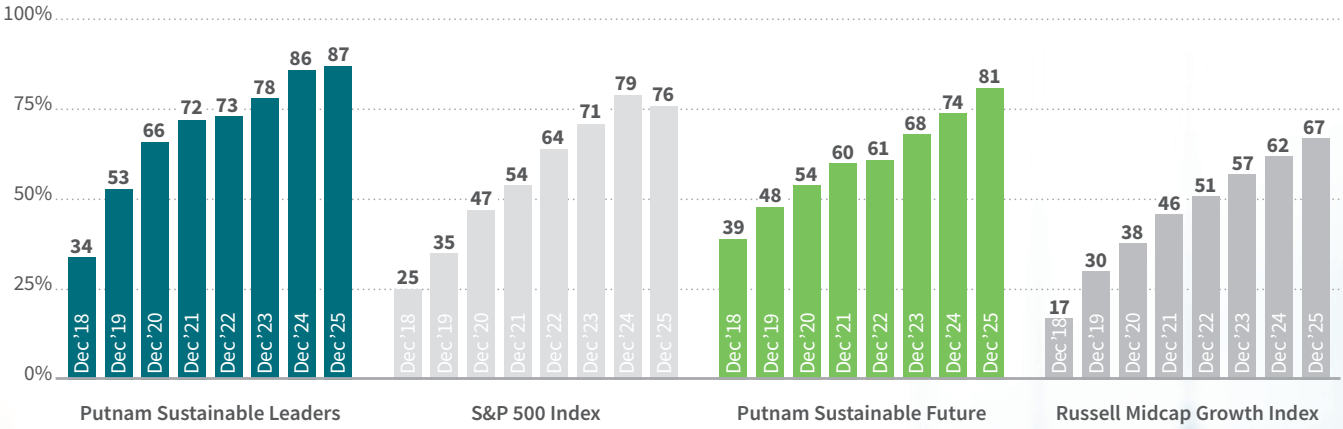
Percentage of board members who are women

Weighted average percentage; 50% represents parity



Source: Data from MSCI ESG Research LLC, as of December 31, 2025. Calculations by Putnam.

Percentage of portfolio/index companies with women comprising at least 30% of board



Source: Data from MSCI ESG Research LLC, as of December 31, 2025. Calculations by Putnam.

Final note: Connection and Evolution

Putnam's sustainable equity team has developed in breadth and depth over the past nine years. We are encouraged by progress to date with respect to our team, research, investment process, engagement, and impact, and we also know that our efforts will continue to evolve to meet the changing operating conditions of our profession and our world.

Throughout this report, one essential element shines through: All of our endeavors require partnership and connection.

Our research process involves collaboration with colleagues at Putnam, at other research and investment firms, and at the companies in which we invest. Our portfolio management processes involve support from our own team, Putnam's independent risk team, and experts at the broader Franklin Templeton organization. Our portfolio analysis involves partnership with external standard-setting bodies, data providers, academic researchers, and governmental and nongovernmental organizations. Our thematic research and engagement activity requires connection at all levels of systems, including practitioners, community members, scientific experts, and policymakers. Investing is often perceived as a purely competitive endeavor, but our portfolios and our shareholders benefit from the broad and deep community that supports our work.

For our team, 2025 was a year of change and evolution, but what remains consistent is our ongoing focus on creating value for our clients. As previously disclosed, Katherine Collins retired at the end of 2025, Stephanie Dobson continued in her Portfolio Manager role and took on the role of Head of Sustainable Investing, and Rob Forker joined the Portfolio Management team. All of these team transitions followed a long and thoughtful period of planning.

As our team has grown and evolved over the past nine years, so too has the world. And we believe we are in a position of strength to continue to probe, analyze, and ask questions about the investment opportunity set ahead of us. Our team's experience and our strong foundation of integrating relevant sustainability analysis into our investment process will continue to drive differentiated investment insights. And applying these insights alongside rigorous fundamental research and strong risk management is our team's primary focus.

We deeply value your partnership and trust. We will continue to work diligently and with the highest integrity on your behalf, connecting investing with the world it is intended to serve.

APPENDIX 1

UN Sustainable Development Goals

We explain how our sustainable investment themes align with the 17 UN Sustainable Development Goals, a global guide to sustainability efforts.

The Sustainable Development Goals are a set of global priorities developed by countries, NGOs, businesses, scientific communities, and other stakeholders from around the world. The SDGs were not explicitly devised as an investment framework, but serve as a guide for companies' and investors' long-term sustainability efforts and as a mandate to address the challenges facing our world.

Per the United Nations, the SDGs "are a call for action by all countries — poor, rich, and middle-income — to promote prosperity while protecting the planet. They recognize that ending poverty must go hand in hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection."

The 17 SDGs are at the heart of the 2030 Agenda for Sustainable Development, which was adopted by all United Nations Member States in 2015. These goals "provide a global blueprint for dignity, peace, and prosperity for people and the planet, now and into the future."[13]

Sustainable Development Goals

	End poverty in all its forms everywhere		Reduce inequality within and among countries
	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture		Make cities inclusive, safe, resilient, and sustainable
	Ensure healthy lives and promote well-being for all at all ages		Ensure sustainable consumption and production patterns
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		Take urgent action to combat climate change and its impacts
	Achieve gender equality and empower all women and girls		Conserve and sustainably use the oceans, sea, and marine resources
	Ensure access to water and sanitation for all		Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
	Ensure access to affordable, reliable, sustainable, and modern energy		Promote just, peaceful, and inclusive societies
	Promote inclusive and sustainable economic growth, employment, and decent work for all		Revitalize the global partnership for sustainable development
	Build resilient infrastructure, promote sustainable industrialization, and foster innovation		

Mapping Putnam sustainable equity themes to the UN SDGs

The United Nations Sustainable Development Goals (listed in the far left columns of the tables below) serve as a guide to the world's most important sustainability priorities. Here we show the connections between our investment themes and the SDG framework, based on internal analysis. As more companies link their own operating activities to the SDG framework, we expect this type of analysis to extend and deepen over time.

● Direct connection
○ Indirect connection

	Thriving People			Thriving Public			
United Nations Sustainable Development Goals (SDGs)	Delivery of care	Tools and therapies	Preventive care and wellness	Access and opportunity	Stakeholder wellness	Security and privacy	Business process improvement
Shared infrastructure	○	○	○	●	○		
Hunger	○	○	○	●	○		
Health	●	●	●	●	○		
Education	○	○	○	●	○		
Economy				●	●	●	○
Infrastructure and industry						○	●
Cities				○	○	○	●
Consumption and production					○		●
Water and sanitation				○			
Energy				○			○
Climate change							○
Oceans							
Land							
Gender equality	○	○	○	○	○	○	
Reduced inequalities	○	○	○	●	●	○	
Peace and justice	○	○	○	○	○	○	
SDG partnership							

● Direct connection
○ Indirect connection

Thriving Public

Thriving Planet

United Nations Sustainable Development Goals (SDGs)	Precision tech and shared infstr.	Circular economy	Biological solutions	Sustainable agriculture	Resource stewardship	Water quality and access	Decarbon-ization
1 Shared infrastructure					○		
2 Hunger	○		○	●	○		
3 Health	○		○	○	○	○	
4 Education							
8 Economy	○	○	○				
9 Infrastructure and industry	●	●	○	○	○	○	○
11 Cities	●	○			○	○	○
12 Consumption and production	●	●	○	○	○	○	○
6 Water and sanitation	○	○		●	●	●	
7 Energy	○	○	○		○		●
13 Climate change	○	●	●	●	●	●	●
14 Oceans		○	○	○	○	●	○
15 Land		○	○	●	●	○	○
5 Gender equality					○		
10 Reduced inequalities					○	○	○
16 Peace and justice					○		
17 SDG partnership							

APPENDIX 2

Sustainability summary reports

We share the sustainability scoring, analysis, and indicators for our portfolios as provided by Sustainalytics, an ESG research and data provider.

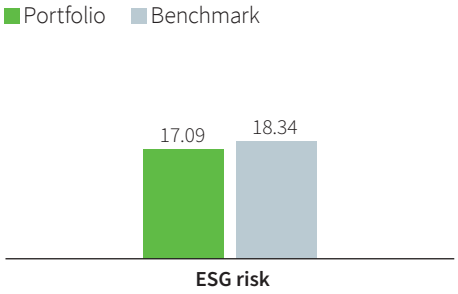
Some clients find these metrics useful, and selected metrics may be required in certain regulatory settings. As noted throughout this report, our investment process often analyzes and adjusts standardized third-party data to reflect more accurate, timely, or decision-useful information. Additionally, we assess the utility of specific calculations and methodologies involved in ESG data reporting, since many metrics are complicated and rely on partial or estimated data. Please refer to the footnotes and terms and definitions sections of these reports for more detailed information.

Sustainability summary report

Name: Putnam Sustainable LeadersBenchmark: S&P 500 Index
As of December 31, 2025

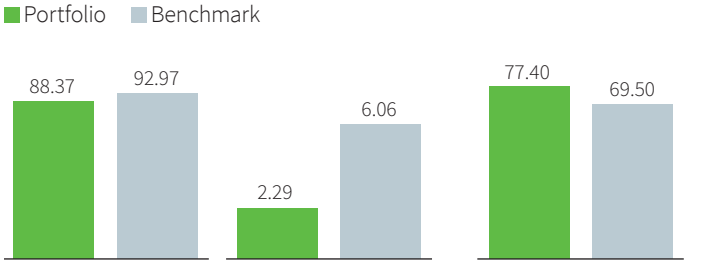
The Putnam Sustainable Leaders seeks long-term capital appreciation. The portfolio invests in companies we believe have strong fundamentals linked to leadership in financially material sustainability issues. Our investment process does not utilize third-party ESG scores to drive the overall decision-making process. Putnam uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities. In no case do ESG scores or models result in automatic buy or sell decisions for the portfolio.

Portfolio summary scoring



For definitions of Sustainalytics scores, please see the Appendix. Portfolios with lower ESG risk scores, based on Sustainalytics ratings, have lower ESG risk.

Key sustainability metrics

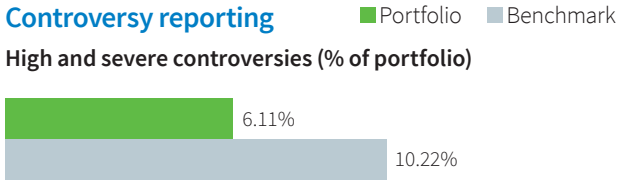


Business involvement

Business involvement	Revenue threshold	Count	% of portfolio
Private prisons	>10%	0	0.00%
Thermal coal	>10%	0	0.00%
Tobacco	>10%	0	0.00%
Gaming	>10%	0	0.00%
Controversial weapons*	>0%	0	0.00%

* Controversial weapons include the following: anti-personnel mines, biological and chemical weapons, cluster weapons, white phosphorus, depleted uranium, and nuclear weapons.

Controversy reporting



Controversy breakdown

Greatest controversy	Portfolio count	% of portfolio	Benchmark count	% of benchmark
Category 5 (severe)	0	0.00%	1	0.15%
Category 4 (high)	1	6.11%	10	10.07%

For definitions of Sustainalytics Category 4 and Category 5 controversy reporting, please see the Appendix.

Source: Sustainalytics, a third-party ESG research and data provider. Sustainalytics' data is aggregated at the portfolio-level and is for illustrative purposes only. Franklin Templeton uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities.

For the purposes of this report, we have chosen several portfolio-level ESG metrics (key sustainability indicators) that we believe provide a diverse set of factors that can be used to highlight the portfolio's ESG characteristics and are intended to illustrate Franklin Templeton's assessment of ESG-related information. Sustainability and ESG metrics are not uniformly defined, and applying these metrics involves subjective assessments. Sustainability and ESG scoring can vary across third-party data providers and may change over time.

ESG-related information generated by third-party data providers may be inaccurate, incomplete, inconsistent, and/or out-of-date, which may adversely impact analysis of the ESG factors relevant to a company, issuer, or portfolio. Use of quantitative and ESG modeling techniques is no guarantee of investment success or positive performance.

Key sustainability indicators

Name: Putnam Sustainable Leaders
As of December 31, 2025

The indicators below aim to provide additional ESG metrics for the portfolio and were adapted from the European Union's Sustainable Finance Disclosure Regulation. This document simply serves as a way to demonstrate Putnam's capabilities to report these metrics through the use of a third-party vendor, such as Sustainalytics. This document does not serve in meeting any regulatory requirements.

		Indicator	Portfolio aggregate	Coverage ratio	Unit of measure
ENVIRONMENTAL	Greenhouse gas emissions	Scope 1	67,093.74	98.82	tCO_2eq
		Scope 2	21,956.76	98.82	tCO_2eq
		Scope 3	1,077,386.02	95.10	tCO_2eq
		Total GHG	89,050.50	98.82	tCO_2eq
		Carbon footprint	256.47	95.10	tCO_2eq/EUR M invested
		Greenhouse gas intensity	89.15	98.82	tCO_2eq/EUR M invested
		Exposure to companies active in the fossil fuel sector	2.29	2.29	Percentage of portfolio
		Non-renewable energy consumption	44.57	78.56	Percentage of total energy sources
		Non-renewable energy production	27.24	57.17	Percentage of total energy sources
	Energy consumption intensity in high-impact climate sector	Agriculture, Forestry & Fish	—	—	GWh/EUR M revenue
		Construction	—	—	GWh/EUR M revenue
		Electricity, Gas, Steam & Air Conditioning	7.11	2.77	GWh/EUR M revenue
		Manufacturing	0.14	46.36	GWh/EUR M revenue
		Mining & Quarrying	—	—	GWh/EUR M revenue
		Real Estate Activities	0.11	1.46	GWh/EUR M revenue
		Transportation & Storage	—	—	GWh/EUR M revenue
		Water Supply, Sewerage, Waste Management & Remediation Activities	0.60	1.00	GWh/EUR M revenue
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles	0.11	3.02	GWh/EUR M revenue
		Activities negatively affecting biodiversity-sensitive areas	3.55	3.55	Percentage of portfolio
		Emissions to water	—	—	t/EUR M invested
		Hazardous waste	169.08	98.82	t/EUR M invested (weighted average)
		Air pollutants	77.20	98.82	t/EUR M invested
		Investments in companies without carbon emissions reduction initiatives*	18.24	18.24	Percentage of portfolio
GOVERNANCE AND SOCIAL		Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	0.00	0.00	Percentage of portfolio
		Lack of processes and compliance to UNGC and OECD	63.87	63.87	Percentage of portfolio
		Unadjusted gender pay gap	6.40	8.77	Percentage
		Board gender diversity	35.93	98.82	Percentage
		Exposure to controversial weapons	0.00	0.00	Percentage of portfolio
		Lack of anti-corruption and anti-bribery policies	0.00	0.00	Percentage of portfolio
		Lack of a supplier code of conduct*	1.5	1.45	Percentage of portfolio

Source: Sustainalytics.
* Optional PAI metrics.

Source: Sustainalytics, a third-party ESG research and data provider. Sustainalytics' data is aggregated at the portfolio-level and is for illustrative purposes only. Franklin Templeton uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities.

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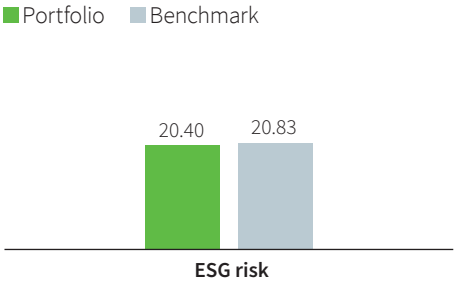
Sustainability summary report

Name: Putnam Sustainable Future
Benchmark: Russell Midcap Growth
As of December 31, 2025

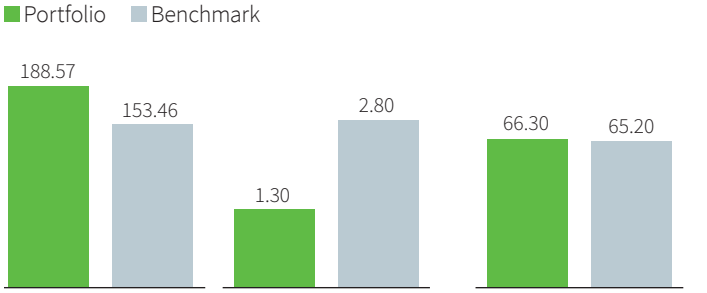
The Putnam Investments Sustainable Future seeks long-term capital appreciation by investing in companies with the potential to produce strong financial returns and positive environmental and social outcomes. The portfolio invests in companies whose products and services provide solutions to essential sustainability challenges. Our investment process does not utilize third-party ESG scores to drive the overall decision-making process. Putnam uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities. In no case do ESG scores or models result in automatic buy or sell decisions for the portfolio.

Portfolio summary scoring



For definitions of Sustainalytics scores, please see the Appendix. Portfolios with lower ESG risk scores, based on Sustainalytics ratings, have lower ESG risk.

Key sustainability metrics

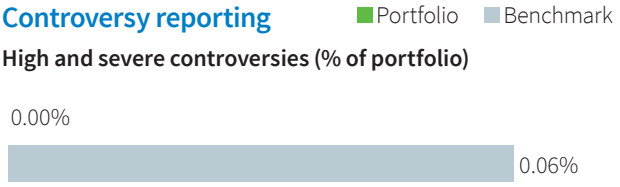


Business involvement

Business involvement	Revenue threshold	Count	% of portfolio
Private prisons	>10%	0	0.00%
Thermal coal	>10%	2	3.75%
Tobacco	>10%	0	0.00%
Gaming	>10%	0	0.00%
Controversial weapons*	>0%	1	1.35%

* Controversial weapons include the following: anti-personnel mines, biological and chemical weapons, cluster weapons, white phosphorus, depleted uranium, and nuclear weapons.

Controversy reporting



Controversy breakdown

Greatest controversy	Portfolio count	% of portfolio	Benchmark count	% of benchmark
Category 5 (severe)	0	0.00%	0	0.00%
Category 4 (high)	0	0.00%	1	0.06%

For definitions of Sustainalytics Category 4 and Category 5 controversy reporting, please see the Appendix.

Source: Sustainalytics, a third-party ESG research and data provider. Sustainalytics' data is aggregated at the portfolio-level and is for illustrative purposes only. Franklin Templeton uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities.

For the purposes of this report, we have chosen several portfolio-level ESG metrics (key sustainability indicators) that we believe provide a diverse set of factors that can be used to highlight the portfolio's ESG characteristics and are intended to illustrate Franklin Templeton's assessment of ESG-related information. Sustainability and ESG metrics are not uniformly defined, and applying these metrics involves subjective assessments. Sustainability and ESG scoring can vary across third-party data providers and may change over time.

ESG-related information generated by third-party data providers may be inaccurate, incomplete, inconsistent, and/or out-of-date, which may adversely impact analysis of the ESG factors relevant to a company, issuer, or portfolio. Use of quantitative and ESG modeling techniques is no guarantee of investment success or positive performance.

Key sustainability indicators

Name: Putnam Sustainable Future
As of December 31, 2025

The indicators below aim to provide additional ESG metrics for the portfolio and were adapted from the European Union's Sustainable Finance Disclosure Regulation. This document simply serves as a way to demonstrate Putnam's capabilities to report these metrics through the use of a third-party vendor, such as Sustainalytics. This document does not serve in meeting any regulatory requirements.

		Indicator	Portfolio aggregate	Coverage ratio	Unit of measure
ENVIRONMENTAL	Greenhouse gas emissions	Scope 1	15,246.51	92.18	tCO_2eq
		Scope 2	812.14	92.18	tCO_2eq
		Scope 3	40,905.96	87.20	tCO_2eq
		Total GHG	16,058.65	92.18	tCO_2eq
		Carbon footprint	352.45	92.18	tCO_2eq/EUR M invested
		Greenhouse gas intensity	197.53	97.24	tCO_2eq/EUR M invested
		Exposure to companies active in the fossil fuel sector	1.30	1.30	Percentage of portfolio
		Non-renewable energy consumption	62.78	51.53	Percentage of total energy sources
		Non-renewable energy production	41.87	21.68	Percentage of total energy sources
	Energy consumption intensity in high-impact climate sector	Agriculture, Forestry & Fish	—	—	GWh/EUR M revenue
		Construction	0.17	3.07	GWh/EUR M revenue
		Electricity, Gas, Steam & Air Conditioning	13.45	5.54	GWh/EUR M revenue
		Manufacturing	0.06	29.83	GWh/EUR M revenue
		Mining & Quarrying	—	—	GWh/EUR M revenue
		Real Estate Activities	0.00	1.09	GWh/EUR M revenue
		Transportation & Storage	0.01	0.91	GWh/EUR M revenue
		Water Supply, Sewerage, Waste Management & Remediation Activities	0.60	1.18	GWh/EUR M revenue
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles	0.08	1.27	GWh/EUR M revenue
		Activities negatively affecting biodiversity-sensitive areas	1.44	1.44	Percentage of portfolio
		Emissions to water	—	—	t/EUR M invested
		Hazardous waste	15.74	92.18	t/EUR M invested (weighted average)
		Air pollutants	23.57	92.18	t/EUR M invested
		Investments in companies without carbon emissions reduction initiatives*	59.19	59.19	Percentage of portfolio
GOVERNANCE AND SOCIAL		Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	0.00	0.00	Percentage of portfolio
		Lack of processes and compliance to UNGC and OECD	77.09	77.09	Percentage of portfolio
		Unadjusted gender pay gap	16.18	2.94	Percentage
		Board gender diversity	32.53	97.17	Percentage
		Exposure to controversial weapons	1.35	1.35	Percentage of portfolio
		Lack of anti-corruption and anti-bribery policies	0.00	0.00	Percentage of portfolio
		Lack of a supplier code of conduct*	4.60	4.62	Percentage of portfolio

Source: Sustainalytics.
* Optional PAI metrics.

Source: Sustainalytics, a third-party ESG research and data provider. Sustainalytics' data is aggregated at the portfolio-level and is for illustrative purposes only. Putnam uses Sustainalytics to provide additional input in the analysis of ESG-related criteria as part of the overall research and investment process and to understand potential ESG risks and opportunities.

For the purposes of this report, we have chosen several portfolio-level ESG metrics (key sustainability indicators) that we believe provide a diverse set of factors that can be used to highlight the portfolio's ESG characteristics and are intended to illustrate Putnam's assessment of ESG-related information. Sustainability and ESG metrics are not uniformly defined, and applying these metrics involves subjective assessments. Sustainability and ESG scoring can vary across third-party data providers and may change over time.

ESG-related information generated by third-party data providers may be inaccurate, incomplete, inconsistent, and/or out-of-date, which may adversely impact analysis of the ESG factors relevant to a company, issuer, or portfolio. Use of quantitative and ESG modeling techniques is no guarantee of investment success or positive performance.

Terms and definitions

Board gender diversity metric is the calculation of the percentage of companies in the portfolio where women comprise 30% or more of total board membership. The metric includes holdings for which the percentage of female board members details are known. It is calculated only on the long holdings portion of the portfolio.

Carbon intensity is a relative metric used to compare company emissions across industries. Sustainalytics divides the absolute emissions by total revenue, meaning the figure is expressed in tonnes of carbon dioxide equivalent per million USD of total revenue. (Scope 1 and Scope 2)

Category 4 controversy reporting events have a high impact on the environment and society, posing high business risks to the company. This rating level represents systemic and/or structural problems within the company, weak management systems and company response, and a recurrence of incidents (as assessed by Sustainalytics).

Category 5 controversy reporting events have a severe impact on the environment and society, posing serious business risks to the company. This category represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks (as assessed by Sustainalytics).

ESG risk rating measures the degree to which a company's economic value is at risk driven by ESG factors, as assessed through Sustainalytics' calculation of the company's unmanaged ESG risks.

Fossil fuel involvement measures the percent of portfolio exposed to companies that derive any percentage of revenue from fossil fuels.

It is important to note that, in pursuit of the portfolio's goal, the Portfolio Management team focuses on companies with a demonstrated commitment to sustainable business practices in areas that are relevant and material to their long-term financial returns and risk profiles. The team believe that companies that have exhibited such a commitment also often demonstrate potential for strong financial growth. This commitment may be reflected through environmental, social and/or corporate governance (ESG) policies, practices, or outcomes. The team believes that analysis of sustainability factors is best utilized in combination with a strong understanding of a company's fundamentals (including a company's industry, geography, and strategic position). The team's approach to sustainability analysis is deeply intertwined with their fundamental research process.

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Endnotes

1 Putnam Sustainable Leaders changed its benchmark in August 2019 to the S&P 500 from the Russell 3000 Growth Index.

2 Rainer Maria Rilke, Letters to a Young Poet, translated by M. D. Herter Norton, revised edition, 1993.

3 ESG Policy Statement (franklintempleton.com) https://www.franklintempleton.com/forms-literature/download/ESG03-WP?_gl=1*fynlog*_ga*MTIzMDA4Njg0Ny4xNzE0NDIzNzQ1*_ga_15V8ZZDP8Z*MTcxNjkxMzQ4OS4xMC4xLjE3MTY5MTM1MDUuMC4wLjA.

4 IFRS – SASB Standards https://www.ifrs.org/issued-standards/sasb-standards/

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12 Hong and Page, "Groups of diverse problem solvers can outperform groups of high-ability problem solvers," 2004, https://www.pnas.org/doi/10.1073/pnas.0403723101

13 United Nations Department of Economic and Social Affairs, "Transforming our world: the 2030 Agenda for Sustainable Development," sdgs.un.org/publications/transforming-our-world-2030-agenda-sustainable-development-17981

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The companies presented as investment examples represent the positions deemed most relevant to the applicable ESG investment theme being discussed. Company examples were selected without regard to whether such industries, or relevant securities, were profitable and are intended to help illustrate our fundamental research process. A security may be selected for a portfolio based on factors other than the ESG themes highlighted herein, and the inclusion of company information should not be interpreted as a recommendation to buy or sell or hold any security. It should not be assumed that investment in the securities mentioned was or will be profitable.

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