

CORPORATE SOCIAL RESPONSIBILITY REPORT FY2020



FRANKLIN
TEMPLETON

APRIL 2021

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Franklin Templeton's FY2020 Corporate Social Responsibility Report (CSR) Report provides data for fiscal year 2020 (October 1, 2019–September 30, 2020) unless otherwise noted. Our acquisition of Legg Mason, Inc. (Legg Mason) and its specialist investment managers (SIMs) became final on July 31, 2020. This report includes information for Legg Mason and its SIMs only where specifically noted. For additional information about this report, please see page 16.

The publication date of this report is April 2021.

A MESSAGE FROM CEO JENNY JOHNSON



I am pleased to present **Franklin Templeton's FY2020 Corporate Social Responsibility (CSR) Report**. When I became CEO in early 2020, I could not have imagined the year ahead. Yes, 2020 challenged us, but it also reminded us of our strengths and shared values. The global pandemic and tragic events spotlighting racial and social injustice have impacted and connected all of us. And this past year has confirmed that global citizenship is not only a business imperative, but essential to our collective role in building a better world.

Ben Franklin is often credited with the saying “do well by doing good,” and his legacy of civic engagement has helped shape society’s modern notion of corporate citizenship. For Franklin Templeton, corporate citizenship includes using our voice as investors to encourage change in the world around us.

We seek to demonstrate to clients across the globe that we work to uphold the highest standards of governance and act responsibly in the way we manage their investments. We strive to reflect these high standards in the way we treat our employees and serve our communities. Key to this work is prioritizing diversity and inclusion (D&I), supporting efforts to make our communities stronger and more resilient, and limiting our impact on the environment.

Importantly, we know that **CSR is a journey, not a destination**. In 2020, Franklin Templeton embraced six dimensions of CSR, which provide the framework for our report: ESG Investing, D&I, Employee Experience, Environment, Community Engagement and Responsible Corporate Practices. In addition, **the report aligns with selected standards issued by the Sustainability Accounting Standards Board (SASB)** to provide disclosures that are important to our investors and other key stakeholders.

For fiscal year 2021, we have established goals and key priorities within the following focus areas:

- **ESG Investing:** In March 2021, we published our first ESG Stewardship Report. Additionally, we launched our firm-wide Stewardship and Sustainability Council, connecting the dedicated ESG leaders from across our 19 specialist investment managers (SIMs) to guide the continued evolution of our ESG infrastructure and best practices.
- **D&I:** We plan to publicly disclose gender and EEO-1 ethnicity representation data in 2021; launch efforts to invest in female and Black entrepreneurs; and expand strategies to increase the attraction, recruitment and development of underrepresented employees, including a focus on further building our inclusive leadership capabilities.
- **Environment:** As we continue to work to reduce our emissions, we will expand our scope 3 emissions reporting, set emissions targets, and launch an Environmental Committee that will advance our existing green initiatives.

Please explore this report to learn more about our CSR platform and programs. We invite you to send your feedback and questions to globalcitizenship@franklintempleton.com. Thank you for your continued interest.

Sincerely,

Jenny Johnson
President and Chief Executive Officer

ESG INVESTING

ESG investing is one of the many ways we seek to deliver investment excellence by carefully managing risks and opportunities on behalf of our clients. We believe ESG considerations can enable stronger investment performance and better outcomes.



A key benefit of the acquisition of Legg Mason is that Franklin Templeton gained an accomplished global network of ESG experts through the expansion of its roster of specialist investment managers to include Brandywine Global, Clarion Partners, ClearBridge Investments, Royce Investment Partners, Martin Currie and Western Asset Management. This has been a catalyst in evolving our firm-level approach to stewardship and sustainable investing.

Stewardship and Sustainability Council

In March 2021, we formed the Stewardship and Sustainability Council, connecting the dedicated ESG leaders from across our 19 SIMs to guide the continued evolution of our ESG investing infrastructure and practices. In addition to setting and supporting a common research agenda for stewardship and sustainability, the council will tackle topics such as data requirements, transparency, and reporting. The council will also provide insights and guidance on key sustainability topics and serves as a forum to monitor and provide feedback on related policy and regulatory issues.

The council is co-chaired by the ESG leaders from Franklin Templeton Fixed Income and Martin Currie, an active equity manager. While the strength of our organization lies with the breadth and autonomy of our investment teams, we recognize that an organization of our scale can have tremendous positive impact by working collectively to develop ESG investing capabilities to benefit our clients.

Each of our SIMs maintains its own ESG-integrated approach that determines how it identifies, measures, and allocates ESG-related risks and opportunities. We anticipate that the active participation of ESG leaders from each SIM in the council will deepen our overall ESG expertise and enable more innovative investment solutions to meet client needs. These ESG leaders bring distinct perspectives that enhance our ability to evaluate ESG factors from multiple angles.

Global Head of ESG

In addition to the dedicated experts within our SIMs, Franklin Templeton's Global Head of ESG will play an integral role on the council, leading a centralized team of ESG specialists who provide independent analysis, insights and education. The global ESG team is responsible for driving sustainability policies, activities, products and services by partnering with key business functions across portfolio management, risk and support services as well as the [Franklin Templeton Investment Institute](#).

Within the Industry

Franklin Templeton joined the SASB Investor Advisory Group in 2019 to help develop and deploy metrics for companies in the financial sector to adopt.

Franklin Templeton and the SIMs acquired through the Legg Mason transaction are signatories to the Principles for Responsible Investment (PRI), the leading global investor network that champions responsible investment. In 2020, Franklin Templeton and several of our SIMs received high grades of [A and A+](#) on key modules of the PRI assessment.

In March 2021, we welcomed the European Union's new Sustainable Finance Disclosure Regulation (SFDR), driving transparency in how investors approach ESG and sustainability. More information on our phased approach to compliance with SFDR is available [here](#).



Additional Resources

[Franklin Templeton Stewardship Report](#)

[Clarion Partners ESG Report](#)

[ClearBridge Investments Impact Report](#)

[Martin Currie Stewardship Report](#)

[Franklin Real Assets Advisors Impact Report](#)

DIVERSITY & INCLUSION

Fostering a diverse and inclusive culture is essential to our success. We believe that more perspectives enable better decisions and faster innovation, producing positive business results, as well as societal benefits.



We take pride in our workforce made up of employees with diverse ethnicities, generations, capabilities, gender identities and cultural backgrounds. Mutual respect guides how we treat each other and work together to deliver better client outcomes.

We are proactively partnering with industry-leading organizations to drive progress. When Jenny Johnson took the helm as CEO in February 2020, one of her first actions was to sign the [CEO Action for Diversity & Inclusion pledge](#), recommitting to the firm's initial 2017 pledge and engaging the organization in a firmwide challenge for employees to learn more about the importance of inclusion. We have hosted key activities as part of our involvement, including a CEO Action for D&I unconscious bias event called "[Check Your Blind Spots](#)" at our headquarters in San Mateo, California. In May 2020, our CEO was appointed to the New York Stock Exchange (NYSE) Board Advisory Council, which identifies and connects diverse board candidates to NYSE listed companies seeking new directors.

At Franklin Templeton, we stand firmly against racism and we support the urgent goal of achieving equity for underserved and underrepresented groups. We support a just and inclusive economy and value open dialogue and continuous improvement. We welcome the opportunity to contribute toward positive change. In September 2020, Franklin Templeton joined the new [Corporate Call to Action Working Group](#), led by the Connecticut Office of the Treasurer and the Ford Foundation. The group convenes a coalition of CEOs to work toward improving diversity and equality within their companies and, more broadly, addressing racial economic disparities in the United States. As part of the corporate call to action, we're proud to improve transparency and accountability by disclosing expanded workforce data.



Our focus on D&I begins with committed leadership. In May 2020, we announced the appointment of our first Chief Diversity Officer, Regina Curry, who leads our approach to advancing diversity and inclusion across the firm. We have completed a robust D&I benchmark assessment to help us reconfirm and expand milestones in this dimension. This includes commitments aimed at publicly disclosing gender and EEO-1¹ ethnicity representation data in 2021; launching efforts to invest in female and Black entrepreneurs; and expanding strategies to increase the attraction, recruitment, and development of underrepresented employees, including a focus on further building our inclusive leadership capabilities.

Internally, we seek to enhance our employees' understanding and support of equity and inclusion. In May 2020, we launched the Inclusion Education Series, which aims to increase cultural awareness and inclusion in the workplace and the broader community; to further our CEO Action for D&I pledge; and to foster a sense of belonging for all our employees. The series includes learning paths related to each employee-led business resource group (BRG) within Franklin Templeton. Employees who complete all learning paths are recognized as inclusion champions.

¹ EEO-1 is the US Employment Information Report filed annually that provides a demographic breakdown of the employer's work force by race and gender.

Our BRGs create a shared experience among colleagues by providing opportunities to network, collaborate and contribute insights on business initiatives and support colleagues through mentorship and open dialogue. Employees are welcome to initiate the process to activate BRGs at Franklin Templeton through our D&I function. BRGs include:



Uniting and supporting individuals whose lives are impacted by disabilities.



Facilitating the success of people of African descent and their allies by enriching their professional lives, creating connections and promoting an inclusive environment.



Facilitating the professional and personal growth of Hispanic / Latino employees and allies.



Promoting an inclusive environment for lesbian, gay, bisexual, transgender and queer employees and allies; encouraging authenticity and respect while valuing differences in communities where we live and work.



Honoring soldiers' sacrifices and commitments by supporting veterans, active duty members and allies.



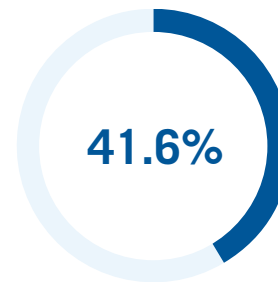
Providing a platform to encourage, inspire and support women in their careers.

The BRGs bring a critical perspective and value to our business through strategic initiatives. Examples of tangible BRG impact include an internship program that ABLE, Abilities Beyond Limited Expectations, developed for individuals with disabilities through a community partnership. HOLA, Hispanic / Latino Organization for Leadership Awareness, translated account forms for fund shareholders from English to Spanish to increase our reach with clients. The BEN, Black Empowerment Network, and Pride BRGs hosted events where colleagues viewed videos to generate discussion and further understanding about equity and inclusion. We continue to evolve, and in the fall of 2020, the new Ethnicity BRG was formed in the United Kingdom, with a focus on ethnic minorities or BAME (Black, Asian, Minority Ethnic groups).

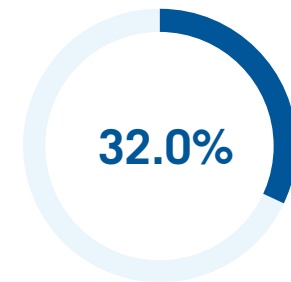
Transparency on our progress includes disclosing the demographic composition of our workforce. Please see [page 17](#) for additional disclosures.²

We are proud that multiple organizations have recognized our efforts to promote D&I. Franklin Templeton is on the Disability Equality Index, Bloomberg Gender

GLOBAL FEMALE RATIO²



U.S. RACE/ETHNICITY RATIO^{2, 3}



² Metrics are as of 9/30/2020. Excludes employees from the SIMs acquired as part of the Legg Mason transaction due to ongoing consolidation of data after the acquisition.

³ Includes U.S.-based employees classified as Hispanic or Latino, Black or African American, Native Hawaiian or Other Pacific Islander, Asian, American Indian or Alaskan Native or Two or More Races.

Equality Index, Human Rights Campaign Best Places to Work List, and considered a Stonewall Diversity Champion. For more information, please visit the [Diversity & Inclusion](#) page on our website.

Partnering With Girls Who Invest

As part of our work to promote gender equality, Franklin Templeton supports Girls Who Invest, a non-profit organization dedicated to increasing gender diversity and inclusion in investment management with a focus on growing the pipeline of women in frontline investing positions. We provided an intensive, in-person summer program for young women in 2019, and in 2020, delivered our program through a virtual model due to the pandemic. The largest of our SIMs, Western Asset Management, participates in this important initiative by offering an annual summer internship on its investment team.



In December 2020, we were pleased to receive recognition by Citywire for its first-ever Gender Diversity Awards as the winner of the “Regional Leader US (100+ Managers)” category, recognizing large U.S. asset management firms that have made strong progress with regard to representation of women in fund management and gender diversity practices.

Franklin Templeton is a proud supporter of Catalyst, a global nonprofit organization leading companies to help build workplaces that work for women and marginalized groups.

EMPLOYEE EXPERIENCE

Our belief in embracing different ideas and perspectives is built into how we hire, develop, engage, and keep talented individuals. Our people drive Franklin Templeton forward with their innovative ideas and through their commitment to excellence.



We support the engagement and development of all employees to allow each individual to bring their whole self to work. We provide a variety of opportunities to enhance their experiences and advance their careers.

We want to hear what our employees have to say. At an enterprise level, we use an ongoing listening strategy including through regular employee sentiment surveys to understand sentiment and engagement in the organization. And we act on what we hear. Information gathered directly from employees has driven the creation of key programs, including enhancements to benefits, work flexibility, a peer recognition program, paid time-off for volunteering, and matching charitable gifts. At the team level, our performance management system supports ongoing, active discussion about goals and objectives. It enables two-way dialogue between a leader and their employees throughout the year. We host live forums for leaders to engage directly with employees to help reinforce our culture of open feedback.

We believe that continuous learning is critical to every person's success. Our employee development approach focuses on three avenues for success: experience, exposure and education. Through experience, our employees gain the value of learning through on-the-job activities. Exposure creates opportunities for employees to network, develop mentoring relationships and obtain feedback from their connections. Education creates methods for employees to participate in structured learning solutions for core and specific competency development in both web-based and instructor-led programs.



In addition to required training, we offer a wide range of internal and external learning options for employees that are specific to their scope of work, development goals and professional objectives. Also, our FT Academy delivers training designed for our sales employees, as well as our external business partners around the world. Each year, our team of instructional designers and learning consultants develop and deliver specialist training for more than 30,000 learners in over 30 countries.

To support deeper exposure opportunities, the company has launched several mentoring initiatives. Our Mentoring at FT Resource Center supports business units and individual employees with initiating and maintaining successful mentoring relationships. Our Women at FT BRG runs a mentoring program in several offices specifically to support female colleagues in their career and professional development.

We celebrate our employees' successes. Our peer recognition program, I Am Franklin Templeton, encourages employees around the world to recognize their colleagues for contributing to the success of the company and demonstrating our core values. That recognition may include non-monetary and monetary incentives for honorees. In addition, the company celebrates exceptional employee efforts

deserving of special recognition through annual awards. Each year, the Charles B. Johnson Award celebrates the client service legacy of Franklin Templeton's former chairman and CEO and the Harmon E. Burns Award recognizes the community service contributions and generosity of employees. And, the company understands the importance of recognizing employee milestones, including tenure. Leaders are encouraged to acknowledge employee tenure milestones and we collectively recognize our 20-year veterans of the organization.

We encourage employees to get involved in their communities. Our paid time off for volunteering program encourages employees to be active in supporting the communities where they live and work by granting them one full day per year for volunteering. The hours can be used for a single day of volunteering or broken into increments and used throughout the year.

We support the whole person. Our employees have access to a competitive and valuable set of total rewards—a mix of monetary and non-monetary rewards designed to recognize their time, talents, and results. These benefits and offerings include:

- Fair, equitable and competitive compensation that rewards employees at all levels of the organization for performance and contributions to the company's success.
- Health, wellness and risk benefits to protect and restore health and wellness for employees and their families.
- Retirement savings, stock purchase and other incentive programs to help employees plan for the future.
- Holiday and time-off family friendly benefits, and employee programs that support work-life integration.
- Ways to get involved in, and give back to, our communities, through the Involved global volunteer program and the volunteer paid time off benefit.
- Business resource groups that promote inclusion, foster networking and collaboration, and support new employees.
- Support for pursuing certifications, external education and tuition assistance program available to full-time employees.

We continue to prioritize health and wellness. To expand our support, and in response to the challenges brought on by the pandemic, in 2021 we bolstered our offerings to include an enhanced employee assistance program, new global wellbeing program (covering five wellness pillars: physical, emotional, financial, social and purpose) and a global parental and family caregiver leave program.

ENVIRONMENT

Our collective future and well-being are dependent upon our ability to practice strong environmental stewardship. We recognize the importance of minimizing our corporate footprint and encouraging responsible behaviors across the company, which includes our ESG investing efforts.



Franklin Templeton is pleased to be a signatory for the [Task Force on Climate-Related Financial Disclosures](#). We are an investor signatory and report annually to CDP, formerly known as the Carbon Disclosure Project. In 2020, CDP awarded Franklin Templeton a B rating, putting us among the top-tier out of 9,600 companies that reported through CDP that year. CDP is a globally renowned rating organization that evaluates companies for their efforts to measure and manage environmental impact on an A through D- scale (or F for companies that do not respond).

↓ 26%

reduction in location-based Scope
1 and 2 emissions since 2007

Our corporate [Environmental Policy Statement](#) outlines our core goal of limiting our negative impact on the environment. We proactively track energy reduction initiatives at company-owned facilities, which have resulted in total emissions reductions of more than 26% since our baseline year in 2007.⁴ Franklin Templeton's scope 1 and 2 location-based emissions in 2019 totaled 9,334 and 29,015 metric tons of carbon dioxide equivalent (t CO₂e), respectively.⁵

⁴ Represents the first year Franklin Templeton conducted an inventory of emissions data to begin tracking reductions; Franklin Templeton and Legg Mason were both early leaders in CDP, reporting 2007 data in fiscal year 2008.

⁵ As defined by the [Greenhouse Gas \(GHG\) Protocol](#), Scope 1: Direct GHG emissions from sources that are owned or controlled by the company. Scope 2: Electricity indirect GHG emissions from purchased electricity consumed by the company. Scope 3: indirect GHG emissions that occur in the value chain.

We are pleased with our continued progress on emissions reductions notwithstanding the significant expansion of our business since the baseline year due to acquisitions. In 2020, we reported on select components of scope 3 via the firm's annual CDP response. We continue to focus on increased reporting in this area, including additional scope 3 categories as well as setting emissions targets and obtaining third-party verification.

We have implemented environmentally conscious business practices and building features across our global footprint.



Digital Earth Week 2020

Franklin Templeton moved its Earth Day campaign online in 2020 to enable broad employee participation despite the ongoing pandemic. Throughout the week of April 20, the Global Green Team encouraged employees to engage in activities from home that contributed to environmental awareness and stewardship in our communities. For example, employees were encouraged to calculate their own carbon footprint and complete an Earth Day art project with their children.

One of our most significant environmental impacts is our paper use. In 2019, we reduced our overall print volumes by 15% compared to 2018. We encourage employees to identify alternatives to printing, including electronic file sharing for group meetings and collaborative workplace tools. These measures also contributed to our ability to effectively transition 98% of our workforce to work from home during the pandemic.

In addition to minimizing the impact of our business functions, we strive to reduce the environmental footprint of our facilities. Franklin Templeton is proud that our newly constructed office building in Poznan, Poland was designed to LEED Standard (Leadership in Energy and Environmental Design) and certified as LEED Platinum, the highest rating available. Our San Mateo headquarters installed a one-megawatt fuel cell to offset electrical consumption at that location.

On a broader scale, we seek to minimize energy consumption in our real estate development and renovation projects. As part of our practices, we:

- Employ environmental management systems to monitor air quality and energy use.
- Use sustainable materials and supplies.
- Maximize recycling programs in our facilities.
- Continually look for new ways to reduce the use of water in our daily operations.

We seek to encourage employees who are passionate about environmental responsibility. Our Global Green Team encourages people to conserve resources throughout the year. Our efforts were further bolstered when Legg Mason joined Franklin Templeton, creating opportunities for even greater awareness and progress. Some examples of employees' green initiatives include:

- 1) the "Bin the Bin" in London and other offices eliminating individual waste baskets at desks and the "Disposing the Disposables" program which reduced single-use plastic waste;
- 2) our long-running oyster gardening initiative which filters the Chesapeake Bay through the harvesting and care of oysters; and
- 3) the Plastic Free July awareness campaign.

Franklin Templeton will launch an Environmental Committee in 2021 to advance and extend our existing green initiatives.

COMMUNITY ENGAGEMENT

At Franklin Templeton, we take pride in being a collaborative partner in our communities. We support hundreds of organizations throughout the year through employee volunteerism and charitable giving, and we encourage our employees to use their talent to make a positive impact where they live and work.



Involved is Franklin Templeton's global volunteer program, which harnesses the power of employees in our offices around the world. Our employee volunteers take part in hundreds of community service projects annually. To further encourage this engagement with their communities, Franklin Templeton offers paid time off for employees who volunteer.



Since 2017, we have promoted internal awareness campaigns to educate employees on the United Nations' Sustainable Development Goals (SDGs). We call upon employees to lead and participate in Involved projects that contribute to the advancement of the SDGs.

To deliver on our mission successfully, our Global Citizenship team partners with our Involved Site Councils, a global network of more than 30 active employee volunteer groups. They help build Franklin Templeton's culture of civic engagement while inspiring and enabling colleagues to make a positive difference in the lives of others.

These efforts are evident through our Involved Impact Days each June. We dedicate the month to community service projects globally, and the consistent participation we see demonstrates the inspiring relationships our initiatives have fostered all over the world. In 2019, our Impact Days resulted in employees contributing 5,920 volunteer hours across 103 events, which benefitted 82 charity partners.

In 2020, we celebrated our 14th year of Impact Days. This month-long event, “Make An Impact Wherever You Are,” was virtual due to the pandemic, but nearly 400 employees participated in 31 events benefitting 60 partners. Virtual activities included mentoring adults to build career skills, donating thousands of food items to food banks globally, sending handwritten cards and meals to express our gratitude to frontline medical workers, and participating in a collaborative mapping project to virtually map areas to assist humanitarian organizations with disaster relief. It was important to go forward with this tradition during a time when charity partners and communities needed extra support.

400

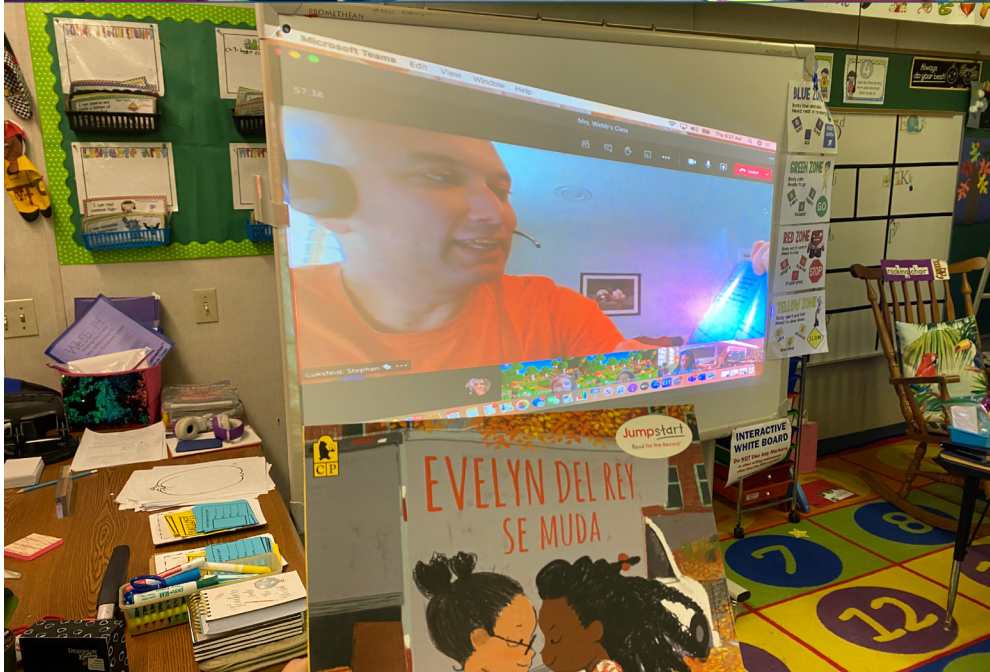
employees participated in 31 events benefitting 60 partners

Starting in 2007, we began to formally honor employees who have demonstrated a commitment to their communities through the Harmon E. Burns Award, named after a long-time Franklin Templeton executive who was well known for his generous spirit and contributions to our culture of service. Selecting from dozens of nominations each year, a panel of internal judges has recognized individuals in recent years including an employee who is committed to helping the homeless community in Poznan, Poland and another employee who launched a large-scale weekend meal service program in Hyderabad, India. Winners are honored at an annual all-employee meeting, serving as inspiration for the entire organization.

In addition to volunteering, we support our communities through charitable giving. Franklin Templeton offers charitable matching gifts and the Donations for Doers program to embrace the generosity and commitment of our employees. Through our matching gifts program, employees are eligible to direct matching funds of up to \$1,000 (all figures in US) per year. In 2020, Franklin Templeton offered a special matching gifts campaign, over and above the standard matching program, that featured charities focused on racial and social justice missions. Additionally, Donations for Doers provides a grant to charitable organizations personally supported by employees through their volunteer time. For every 20 volunteer hours logged, employees receive a \$250 virtual gift card that can be used to donate to an eligible charity.

Supporting Junior Achievement Worldwide (JA)

JA's mission is to inspire and prepare young people to succeed in a global economy. As a key partner, we provide charitable support for JA's “Youth Empowerment through Financial Literacy and Entrepreneurship Initiative.” The project seeks to teach young people to manage their money responsibly and inspire them to become entrepreneurs. Franklin Templeton hosts JA in seven locations across the Americas and Asia Pacific, where we provide program implementation funding and Franklin Templeton employees serve as volunteers. In the virtual landscape of 2020, employees participated in remote volunteering opportunities such as mentoring and online fundraising activities. In addition, Franklin Templeton employees serve on JA boards for local chapters.



Partnering with Jumpstart

Franklin Templeton is a proud supporter of Jumpstart for Young Children, Inc., which advances equitable learning outcomes for young children in underserved communities by recruiting and supporting caring adults to deliver high-quality programming to children and drive systems change through teaching, advocacy, and leadership. We provide funding to support its mission and, around the world, our employees volunteer for Jumpstart's annual Read for the Record campaign. Franklin Templeton employees also serve on Jumpstart's national board of directors as well as a local advisory board.

Jumpstart's Read for the Record campaign brings together millions of children and adults to read the same book on the same day, raising awareness about the importance of early literacy. In October 2019, nearly 100 employees read to approximately 1,700 students. In October 2020, employees from seven offices read to more than 1,200 students virtually. Additionally, Franklin Templeton donated 2,000 books to students and classrooms.

RESPONSIBLE CORPORATE PRACTICES

Our culture of integrity is a core part of our business. For over 70 years, Franklin Templeton has been a trusted partner to our clients and our stakeholders. We build trust through our commitment to responsible corporate practices, firmly rooted in our principles of accountability, honesty, integrity and ethics.



Risk management is an essential component of our daily business activities. We are responsible stewards of our clients' investments and we understand that the trust of our clients and partners relies upon our appropriate management of risk globally. All of the company's risk functions report into our Chief Risk and Transformation Officer.

Investment risk management is a key priority across the organization, and within our industry. The Investment Risk Management group has made significant progress in recent years in partnering with our Chief Investment Officers and portfolio managers to define and implement enhanced risk management for our portfolios. We have developed one of the largest and most experienced investment risk management teams in the industry, with over 100 professionals in 19 locations around the world.

The Enterprise Risk Management function is responsible for identifying key enterprise risks, administering monitoring programs and assessing industry trends. The Chief Risk and Transformation Officer meets at a minimum four times annually with the Audit Committee or Board of Directors, providing for consistent and transparent communication and ongoing reporting on enterprise risk management processes, findings and trends.

Our Board of Directors affirms the [Corporate Governance](#) practices and policies that cultivate an environment of compliance that is embedded throughout our organization.

Through the foundation provided by our [Code of Ethics and Business Conduct](#), we foster a culture of trust and respect. Our employees align with these values and comply with applicable laws in their work. We provide a corporate ombudsman and a confidential Compliance and Ethics Hotline for employees to report potential legal or ethical violations or communicate concerns.

Accountability starts with leadership and extends throughout the organization. Our Head of Global Regulatory Compliance provides oversight of the company's compliance policies and programs, with support from senior management. The Regulatory Compliance Group works to ensure that we have the appropriate processes and procedures in place to comply with evolving rules and regulatory requirements on a global scale. We regularly conduct internal audits and reviews.

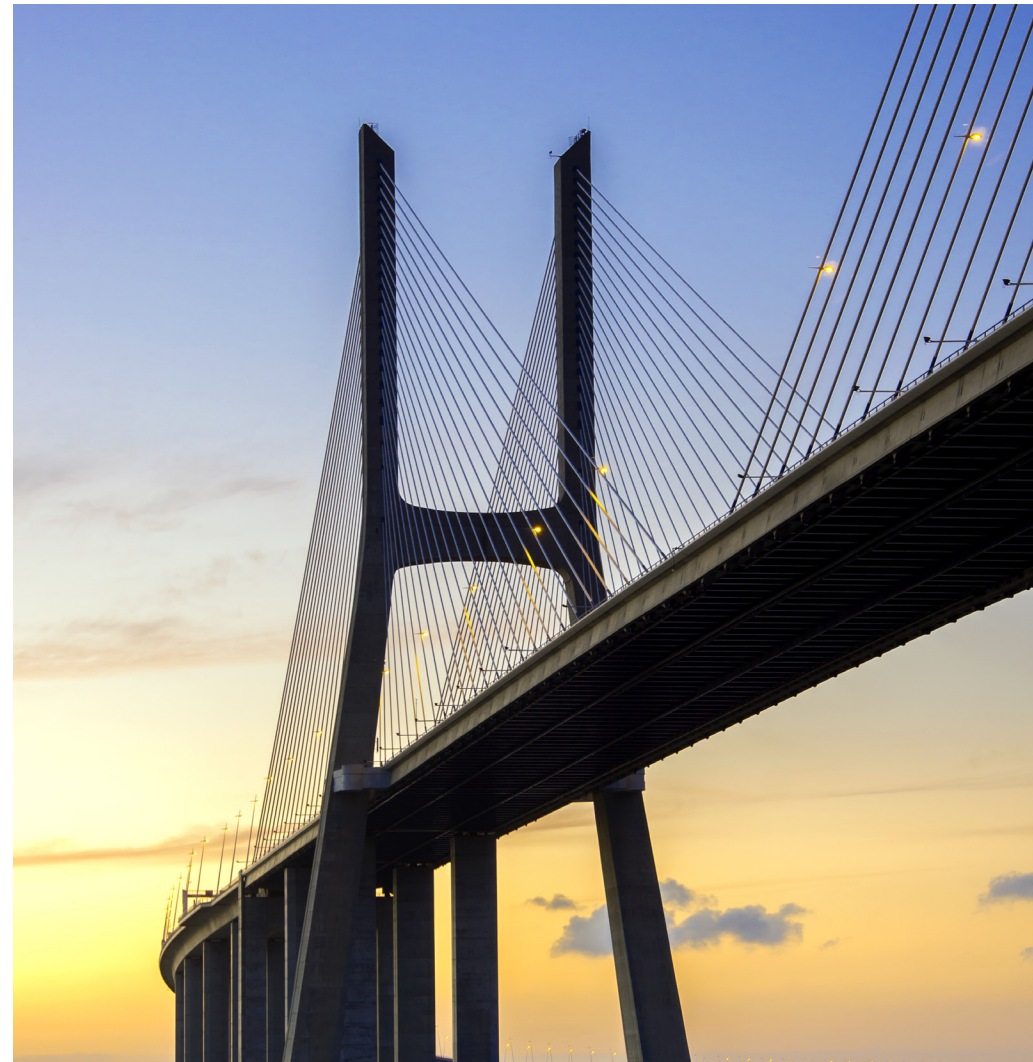
To support our compliance needs, Franklin Templeton provides employees with education that enables them to act in accordance with local laws. The Compliance Education Team is a cross-functional group of compliance and training experts who ensure that employees meet all annual educational requirements.

We are focused on information security and data privacy. Our Chief Security Officer, along with the Chief Risk and Transformation Officer, oversee our information security program, which is identified as a key enterprise risk and reported to the Board of Directors on at least an annual basis. Franklin Templeton has a robust cyber security program including threat identification, assessment, monitoring and response, which is guided by a framework of governance, program management, operations and program effectiveness. Franklin Templeton employs sophisticated protective, preventative and detective counter measures designed to prevent unauthorized access to our environment. We conduct annual external independent audits and reviews of this program.

All employees play an important role in mitigating risk and preventing cyber-related issues. Our Corporate Information Security Policy and Program includes ongoing training for employees and contractors to preserve, improve and account for the confidentiality and integrity of the firm's information. In addition to our ongoing continuous security awareness training, we leverage the opportunity of Cybersecurity Awareness Month to increase our security education and communication to our employees, contractors and clients.

Franklin Templeton is firmly committed to international efforts to support anti-money laundering and antiterrorist financing laws, rules and standards adopted in the jurisdictions in which we do business. The firm's anti-money laundering statement can be found [here](#).

Please visit the [Global Citizenship](#) page of our website for additional information.



ABOUT THIS REPORT

Caution Regarding Forward-Looking Statements

This Corporate Social Responsibility (“CSR”) report covers certain activities of Franklin Resources, Inc. and its consolidated subsidiaries (the “Company”) for fiscal year 2020 (October 1, 2019 through September 30, 2020), unless otherwise noted. It includes the activities of Legg Mason, Inc. and/or its specialist investment managers, which we acquired on July 31, 2020, only where specifically noted. This report does not address the performance or operations of our suppliers, contractors or partners. The information contained in this report has not been subject to external assurance from third parties. Many of the targets, goals, impacts and programs described in this report are aspirational, and as such, no guarantees or promises are made that these goals and projects will be met or successfully executed.

In this report we may use certain terms that the Sustainability Accounting Standards Board or others refer to as “material” to reflect the issues or priorities of Franklin Resources, Inc. and its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms “material” and “materiality” as defined by, or construed in accordance with, securities or other laws and regulations. Accordingly, issues or priorities considered material for purposes of this report may not be considered material in the context of our financial statements, reporting with the U.S. Securities and Exchange Commission (“SEC”), or our other public statements.

This report includes certain non-financial data and information that may be collected and measured using a variety of acceptable methods. The use of alternative acceptable measurement techniques to those used by the Company could result in materially different measurements of the non-financial data and information presented in this report.

This report contains forward-looking statements that are provided under the “safe harbor” protection of the Private Securities Litigation Reform Act of 1995, including statements regarding our targets, goals, impacts, programs, and other business plans, initiatives and objectives. Forward-looking statements include all statements that do not relate solely to historical or current facts and involve a number of known and unknown risks, uncertainties and other important factors that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, without limitation, the degree of support of our stakeholders for our CSR initiatives or other challenges to the success of our CSR initiatives, and those described in our recent filings with the SEC, including, without limitation, in Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020 and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If a circumstance occurs after the date of this Annual Report that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

SELECTED SASB METRICS

The Sustainability Accounting Standards Board (SASB) publishes standards that enables businesses to identify and communicate financially material sustainability information to investors. Franklin Templeton is proud to report these selected metrics using the SASB standards for our industry within the Financials sector: Asset Management and Custody Activities. To learn more about the SASB, visit its [website](#).

ACCOUNTING METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT																												
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	<ul style="list-style-type: none">NumberPercentage (%)	FN-AC-270a.1	Franklin Templeton discloses any material legal proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. For access to these resources, please see: Financial Information																												
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Reporting currency	FN-AC-270a.2	Franklin Templeton discloses any material legal proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. For access to these resources, please see: Financial Information																												
	Description of approach to informing customers about products and services	n/a – qualitative discussion/analysis	FN-AC-270a.3	Please see pages 3-11 of our 2020 Form 10-K: Financial Information																												
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals and (4) all other employees	Percentage (%)	FN-AC-330a.1	<table><tr><th>FT (AS OF 9/30/2020)*</th><th>GLOBAL FEMALE RATIO</th><th>GLOBAL MALE RATIO</th><th>U.S. RACE/ ETHNICITY RATIO**</th></tr><tr><td>Overall</td><td>41.6%</td><td>58.4%</td><td>32.0%</td></tr><tr><td>Senior Leaders</td><td>23.4%</td><td>76.6%</td><td>20.7%</td></tr><tr><td>Other Management</td><td>39.4%</td><td>60.6%</td><td>32.3%</td></tr><tr><td>Professionals</td><td>38.5%</td><td>61.5%</td><td>30.2%</td></tr><tr><td>Support Staff</td><td>57.3%</td><td>42.7%</td><td>44.1%</td></tr><tr><td>Investment Professionals</td><td>17.6%</td><td>82.4%</td><td>28.3%</td></tr></table> <p>*Metrics exclude employees from the SIMs acquired as part of the Legg Mason transaction due to ongoing consolidation of data after the acquisition.</p> <p>** Includes U.S.-based employees classified as Hispanic or Latino, Black or African American, Native Hawaiian or Other Pacific Islander, Asian, American Indian or Alaskan Native or Two or More Races.</p>	FT (AS OF 9/30/2020)*	GLOBAL FEMALE RATIO	GLOBAL MALE RATIO	U.S. RACE/ ETHNICITY RATIO**	Overall	41.6%	58.4%	32.0%	Senior Leaders	23.4%	76.6%	20.7%	Other Management	39.4%	60.6%	32.3%	Professionals	38.5%	61.5%	30.2%	Support Staff	57.3%	42.7%	44.1%	Investment Professionals	17.6%	82.4%	28.3%
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ACCOUNTING METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT												
Incorporation of Environmental, Social and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Reporting Currency	FN-AC-410a.1	<p>Franklin Templeton's AUM that employs integration of ESG issues, sustainability themed investing, or screening is set out below.</p> <p>Based on overall AUM of USD \$1,497 billion, 68% is categorized as ESG integrated, either as ESG integration, sustainability themed and/or screening.</p> <table><tr><th>ASSET CLASS</th><th>USD BILLION*</th></tr><tr><td>Equities</td><td>489.65</td></tr><tr><td>Fixed Income</td><td>346.25</td></tr><tr><td>Alternatives</td><td>90.02</td></tr><tr><td>Multi-Assets</td><td>87.63</td></tr><tr><td>Total</td><td>1013.55</td></tr></table> <p>*As of December 31, 2020</p>	ASSET CLASS	USD BILLION*	Equities	489.65	Fixed Income	346.25	Alternatives	90.02	Multi-Assets	87.63	Total	1013.55
	ASSET CLASS	USD BILLION*														
Equities	489.65															
Fixed Income	346.25															
Alternatives	90.02															
Multi-Assets	87.63															
Total	1013.55															
	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment and/or wealth management processes and strategies	n/a – qualitative discussion/analysis	FN-AC-410a.2	<p>Please see pages 2–3 pertaining to ESG Investing, as well as our corporate website: Responsible Investing</p> <p>As a global investment manager and with a history of over 70 years in the business, Franklin Templeton is supports and works to strengthen the consideration of ESG opportunities and risks across our global platform. Our Responsible Investment Policies and Principles articulate the existing ESG integration practices that have been in place for many years.</p> <p>The following are key tenets of our approach:</p> <ul style="list-style-type: none">• 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.• Franklin Templeton's autonomous investment groups provide our clients with opportunities to build truly diversified portfolios. This includes unique approaches to considering and managing risks, including ESG related risks.												

ACCOUNTING METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT
Incorporation of Environmental, Social and Governance Factors in Investment Management & Advisory	Description of proxy voting and investee engagement policies and procedures	n/a – qualitative discussion/analysis	FN-AC-410a.3	<p>Our investment groups understand their fiduciary duty to vote and that voting decisions may affect the value of investments. Franklin Templeton has adopted guidelines for exercising voting rights in accordance with its fiduciary duties and clients' best interests.</p> <p>The voting guidelines reflect what the investment groups believe to be good corporate governance and behavior on several issues pertaining to boards of directors, the ratification of auditors, management and director compensation, anti-takeover mechanisms and related issues, changes to capital structure, mergers and corporate restructuring, environmental and social issues, governance matters, proxy access, and global corporate governance. As a global investor, Franklin Templeton recognizes that governance practices may vary by country, given local legal constraints and accepted market practices. With decades of investment experience and global research coverage, our analysts are skilled in understanding the complexities of the regions in which they specialize and are trained to analyze proxy issues germane to their regions.</p> <p>Please see our Proxy Voting Policy</p> <p>Please see additional Policies and information at the bottom of this page: Responsible Investing</p>
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	FN-AC-510a.1	<p>Franklin Templeton discloses any material legal proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. For access to these resources, please see: Financial Information</p>

ACCOUNTING METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT
Business Ethics	Description of whistle-blower policies and procedures	n/a – qualitative discussion/analysis	FN-AC-510a.2	We have made available to employees the ability to report violations of compliance policies and procedures on an anonymous basis. We have adopted policies that prohibit retaliation in response to any good faith report, either to management or to a regulator, of conduct that an employee reasonably believes constitutes a violation of the law or of the Franklin Templeton Code of Ethics and Business Conduct or is otherwise illegal or unethical.
Systemic Risk Management Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	Percentage (%)	FN-AC-550a.1	We omit a response to this metric due to SEC Rule 22e-4 amendment rescinding the requirement that open-end mutual funds disclose aggregate liquidity as it may pose a significant risk of confusing and misleading investors.
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	n/a – qualitative discussion/analysis	FN-AC-550a.2	<p>The Investment Risk Management group partners with each portfolio team on an ongoing basis to provide robust analytics and critical, independent insight on each portfolio's risk profile, including liquidity risk.</p> <p>The funds have implemented liquidity risk management programs (LRMP) in accordance with the regulatory requirements and/or guidance, as applicable. The Investment Risk Management group is responsible for the LRMPs.</p> <p>The Risk group runs the Investment Liquidity Committee (ILC), a cross-functional committee to provide oversight and administration of the policies and procedures governing liquidity risk management programs across FT products and entities. The ILC reviews and approves liquidity reports and escalates issues, in accordance with its escalation procedures, and within the regulatory framework applicable to the relevant entity. The ILC will also meet on an ad-hoc basis when necessary to review potential significant liquidity events or stressed conditions and take appropriate steps to manage the risks, including implementing liquidity tools.</p>

ACCOUNTING METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT
Systemic Risk Management	Total exposure to securities financing transactions	Reporting currency	FN-AC-550a.3	Franklin Resources, Inc. does not engage in securities financing transactions as a principal but may be considered an agent. Please see page 57 (Contractual Obligations and Commitments) of our 2020 Form 10-K: Financial Information
	Net exposure to written credit derivatives	Reporting currency	FN-AC-550a.4	Zero, which refers to the exposures of Franklin Resources, Inc. and its subsidiaries and does not refer to transactions conducted on behalf of Franklin's clients' portfolios.

ACTIVITY METRICS		UNIT OF MEASURE	CODE	RESPONSE / COMMENT
(1) Total registered and (2) total unregistered assets under management (AUM)		Reporting currency	FN-AC-000.A	N/A
Total assets under custody and supervision		Reporting currency	FN-AC-000.B	Total AUM: USD \$1,497.9 billion as of December 31, 2020



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