

European SRI Transparency Code

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: www.eurosif.org. The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif on **February 2018**.

REVISION OF THE CODE

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

TWO KEY MOTIVATIONS UNDERPIN THIS CODE

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

GUIDING PRINCIPLE

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

COMMITMENTS BY SIGNATORIES

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;
- Signatories are solely responsible for the answers to the questions, and should state this in their response.

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Franklin Templeton Investment Management Limited (Franklin Templeton). We have been involved in SRI since 2013 and welcome the European SRI Transparency Code.

This is our third statement of commitment and covers the period 01. January 2022 to 31. December 2022. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our website.

Compliance with the Transparency Code

Franklin Templeton is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Franklin Templeton meets the full recommendations of the European SRI Transparency Code without any exception.

January 2022

Eurosif classification of Sustainable and Responsible Investment¹ strategies

Sustainability Themed Investment: investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

Best-in-Class Investment Selection: approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Norms-Based Screening: screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

Exclusion of Holdings from Investment Universe: an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries. This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

Integration of ESG Factors into Financial Analysis: the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Engagement and Voting on Sustainability Matters: engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary, but are not sufficient in themselves for inclusion in this category.

Impact Investing: impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances². Investments are often project-

¹ Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

² Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires*.

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1. List of funds covered by the Code

Name of the fund(s): Templeton Global Climate Change Fund					
Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 31 December	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-Class Investment section <input type="checkbox"/> Engagement & Voting <input checked="" type="checkbox"/> ESG Integration <input type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis/engagement <input checked="" type="checkbox"/> Sustainability Themed	Passively managed <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing – ESG/SRI benchmark: specify the index tracking Actively managed <input type="checkbox"/> Shares in a euro area country <input type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> International shares <input type="checkbox"/> Bonds and other debt securities denominated in euro <input type="checkbox"/> International bonds and other debt securities <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input type="checkbox"/> Human rights <input type="checkbox"/> Labour rights <input type="checkbox"/> Gambling <input type="checkbox"/> Porno-graphy <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input type="checkbox"/> CO2 intensive (including coal) <input type="checkbox"/> Genetic engineering <input checked="" type="checkbox"/> Other (fossil fuel producers) <input checked="" type="checkbox"/> Global Compact <input type="checkbox"/> OECD Guidelines for MNCs <input type="checkbox"/> ILO Conventions <input type="checkbox"/> Other (please specify)	EUR 1,130.8 million, as of 31 December 2021	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input checked="" type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input checked="" type="checkbox"/> Other (Towards Sustainability label – Belgian label)	- (KIID?) - Prospectus - Management report - Financial and non-financial reporting - Corporate presentations - Other (please specify) All of the above listed documents can be accessed at the Franklin Templeton Investments webpage at the link provided below.

All of the above listed documents can be accessed in the documents section for the fund at the link below. More information including the Impact Report is viewable in the Advisor version:

<https://www.franklintempleton.lu/investor/products/documents/1339/A/templeton-global-climate-change-fund>

2. General information about the fund management company

2.1. Name of the fund management company that manages the applicant fund(s)

Franklin Templeton (parent company)

Franklin Templeton International Services S.à r.l. - Management Company of Franklin Templeton Investment Funds under the supervision of the Commission de Surveillance du Secteur Financier

8A, rue Albert Borschette, L-1246 Luxembourg

<https://www.franklintempleton.lu>

Contact person: Martin Stenger

Email: Martin.Stenger@franklintempleton.de

Phone number: +49 (0) 69 27223 720

2.2. What are the company's track record and principles when it comes to integrating SRI into its processes?

Franklin Templeton became a signatory to the Principles for Responsible Investment (PRI) in 2013. That said, we do not consider this to be the formal date for the inclusion of ESG into our firm's investment focus as Franklin Templeton has long understood that ESG factors can influence both risk and opportunity for a company, and consequently its return potential in many cases. As a result, many of our investment teams were already including ESG considerations as part of their fundamental research and security selection.

Franklin Templeton has a firm-wide commitment to driving and embedding stewardship and sustainability across the organisation; as such, instead of a siloed approach, sustainable investing is integrated into the philosophy and process of our investment teams—all of our investment analysts and portfolio managers are responsible for stewardship and sustainability.

To allow for this framework of diversity and depth across Franklin Templeton, we have instituted the Stewardship and Sustainability Council, which is led by two Co-Chairs and comprises 20 council members who collectively represent each of our Specialist Investment Managers (SIMs). The Council is responsible for developing the firm's overall philosophy, identifying how we face universal sustainability challenges together, founded upon our commitment of what we do for our clients and how we behave as an organization.

Our framework is reinforced by the Global Sustainability Strategy Team (GSST), led by the Global ESG Strategy Director. The team's mandate is to develop and implement strategy to drive and embed sustainability across the organisation. The team liaises across all business functions and offers sustainability expertise, combined with a broad range of experience across investments, sales, product, marketing, and risk.

Importantly, Stewardship and sustainable investing practices are embedded in our investment team responsibilities and are recognised as part of our fiduciary duty to clients. Our portfolio managers and analysts hold regular discussions to engage with the executives and board members (as appropriate) of investee companies on issues that we believe are material to the long-term success of each company. Engagements are centred on a range of

topics including company strategy, operational performance, acquisition and disposal strategy, board issues, executive/board performance, and material ESG issues. Our analysts

2.3. How does the company formalise its sustainable investment process?

For each of the 13 Franklin Templeton Specialist Investment Managers (SIMs)—which excludes independent SIMs acquired from Legg Mason in July 2020 as each are Principles for Responsible Investment (PRI) signatories in their own right—our overall stewardship and sustainable investing approach are governed by the policies below.

The Policy is signed off by the firm's Chief Investment Officers and Executive Committee and is formally reviewed at least on an annual basis. Oversight and implementation of the Policy is governed by the firm's ESG Team, now called the Global Sustainability Strategy Team (GSST).

- Our Sustainable Investment approach is governed by Franklin Templeton's Sustainable Investing Policies and Procedures (the Policy), which are further supported by our proxy voting policies. The Policy is available on our website at <https://www.franklintempleton.lu/about-us/sustainable-investing>
- Our Stewardship Policy aligns with the Shareholder Rights Directive II and complies with FCA conduct of business rules and is also available on our website at <https://www.franklintempleton.lu/about-us/sustainable-investing>

Furthermore, in March 2021, Franklin Templeton released its inaugural 2020 Stewardship Report, which details our stewardship approach, and available on our website at: <https://www.franklintempleton.lu/about-us/sustainable-investing>

As a signatory to the PRI, Franklin Templeton also participates in PRI's annual reporting process, reporting on our progress towards implementation of the six principles of the PRI. To review Franklin Templeton's 2020 Transparency Report, please visit our website at: <https://www.franklintempleton.lu/about-us/sustainable-investing>

For additional information, please visit our dedicated Sustainable Investing website (at <https://www.franklintempleton.lu/about-us/sustainable-investing>), which includes the following reports and policies:

- Franklin Templeton Sustainable Investing Principles & Policies
- Franklin Templeton Controversial Weapons Policy
- Franklin Templeton International Services S.à r.l. Remuneration Policy
- Franklin Templeton International Services S.à r.l. Annual Voting Report
- Franklin Templeton PRI Transparency Report
- Franklin Templeton Corporate Social Responsibility Report

The six independent SIMs (Brandywine Global, Clarion Partners, ClearBridge Investments, Martin Currie, Royce, and Western Asset) are autonomous in their ability to formulate and pursue their own stewardship and sustainable investing approaches. More details may be found on their respective websites.

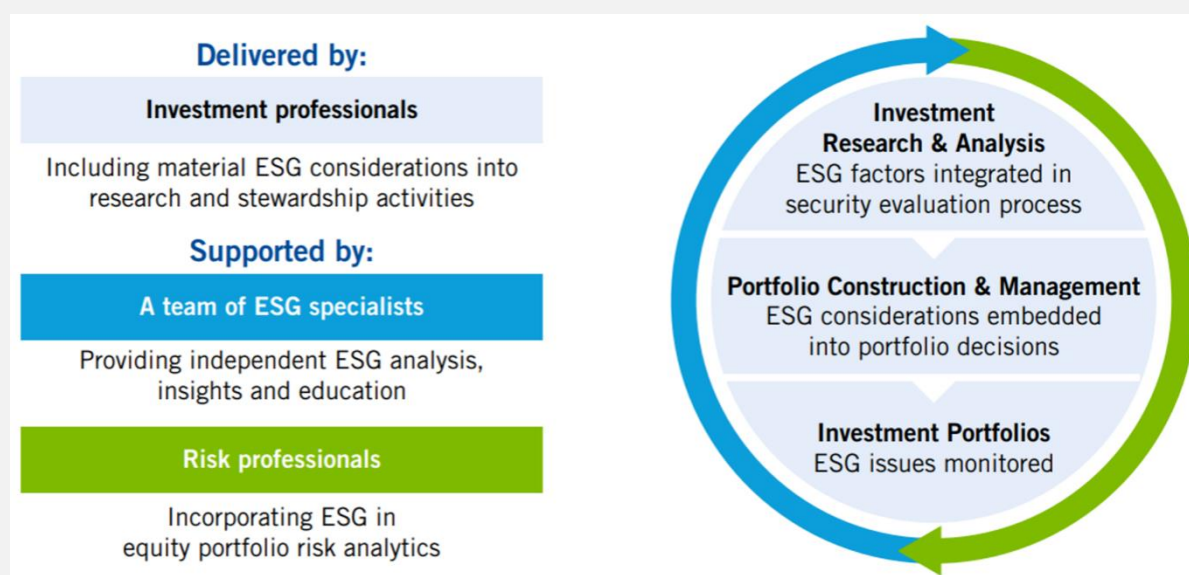
2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?³

Franklin Templeton (FT) recognizes that ESG factors can be a driver of long-term investment performance and may have impacts on our investments. FT believes these issues should be considered alongside traditional financial measures to provide a more comprehensive view of the value, risk, and return potential of an investment. With this understanding, we are committed to the integration of ESG factors into our investment management processes and ownership practices.

Our firm's goal is to deliver strong, long-term results for the investors and institutions who entrust their capital to us. We strive to continuously embed ESG best practices and analytics in our investment processes through a materiality lens, as we believe this can help us to identify investment opportunities and mitigate ESG risks as we seek to generate returns for our clients over the long term. In our view, considering ESG issues as part of the investment decision making process results in a more integrated view of the risk and return potential of an investment.

The Stewardship and Sustainability Council, has leadership representation from all of our Specialist Investment Managers, provides a forum to share and collaborate on common sustainability challenges. Investment teams also receive strategic advice from the Global Sustainability Strategy Team (GSST) who liaise across all business functions to drive and embed sustainability throughout the organization.

Our investment teams are further supported by the firm's independent Investment Risk Management Team, which incorporates ESG factors into portfolio risk reviews to help identify any unintended ESG risk exposures.



Climate Change

Our approach to climate change investing is part of our broader ESG integration approach, as well as part of our product suite of thematic funds. Climate risk is considered where material, typically as part of the environmental assessment, or as part of the business strategy and outlook where the issuer is vulnerable to transition risk. Climate metrics also form part of

³ Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)

overall ESG ratings we subscribe to, and the firm also utilises a range of carbon specific data and analytics.

Franklin Templeton has identified climate change as a key strategic priority for the firm and has made commitments to the Task Force on Climate-Related Financial Disclosures (TCFD) and the Net Zero Asset Managers Initiative (NZAMI). NZAMI signatories are committed to addressing climate change through investment practices aligned with reducing carbon emissions to net zero by 2050 or sooner. Franklin Templeton is also a member of other climate-related initiatives, including CDP and IIGCC, which help to inform our thinking and approach to climate. We are also a member of the Ceres Investor Network on Climate Risk and Sustainability, which includes more than 200 institutional investors managing more than \$47 trillion in assets.

We are aware of the potential risk that climate change poses to profits of companies we invest in. As part of our investment process, we examine how any climate change risk will impact a company's ability to generate sustainable earnings. An ever-growing weight of scientific research suggests large reductions in carbon emissions are needed to avoid drastic economic and social consequences. As more investors realize the long-term implications of climate change in investing, we think it's likely we'll see a shift in the way capital is allocated in the global economy. This may mean additional costs or a gradual shift in the business model for some companies.

Climate change also creates potential opportunities. Franklin Templeton has launched multiple investment products focused on mitigating climate change, including Templeton Global Climate Change Fund, Franklin Liberty Euro Green Bond ETF, Franklin Municipal Green Bond Fund, Franklin S&P 500 Paris Aligned Climate UCITS ETF, and the Franklin Stoxx Europe 600 Paris Aligned Climate UCITS ETF.

Moreover, the Insights page on our website

(<https://www.franklintempleton.lu/articles?filter=searchquery:climate>) includes recent climate-related research and reports produced by our investment teams—such as a recent article, "[Climate Change Sectors Heat Up](#)," was published by the Templeton Global Equity Group, which weighs in on how companies can contribute to reducing carbon emissions on a global scale.

2.5. How many employees are directly involved in the company's sustainable investment activity?

At the firm level, integration of ESG opportunities and risks starts with our 1,250+ portfolio managers and research analysts, who are located in more than 30 countries and consider ESG issues as part of their investment decision making process.

Franklin Templeton Investment Solutions (FTIS) includes 39 investment professionals who are directly involved in the team's sustainable investment activity. These professionals are integrated throughout the investment team, and are further supported by dozens of professionals in Risk, Product Strategy and Implementation, Legal, and Compliance, amongst other groups. Professionals in these groups work on a variety of sustainability investment activity, including the development of sustainable products, sustainability risk and reporting, and

In addition, Franklin Templeton's Stewardship and Sustainability Council, which has leadership representation from all of our Specialist Investment Managers (SIMs), comprises 20 council members, including two co-chairs, and provides a forum to share and collaborate on common sustainability challenges. Investment teams also receive strategic advice from the Global

Sustainability Strategy Team (GSST) who liaise across all business functions to drive and embed sustainability throughout the organization. Our investment teams are further supported by the firm's independent Investment Risk Management Team (of 85+ risk professionals), which incorporates ESG factors into portfolio risk reviews to help identify any unintended ESG risk exposures, and the firm's dedicated Proxy Group (which is part of the firm's Legal Department).

Currently, GSST, which includes three dedicated team members, is focused on the following initiatives:

- **Educating and engaging** portfolio teams to recognize and understand the impact and scope of material ESG issues and consult on emerging ESG portfolio teams.
- **Evaluating** current research practices related to ESG issues and identify opportunities to refine and deepen insights.
- **Enhancing** portfolio teams' ability to analyze ESG issues by incorporating independent and unbiased ESG data, research, and analytics.

The team works in close collaboration with the Council to guide the common stewardship and sustainability agenda and support each of our independent SIMs. Reflecting our core belief that stewardship & of what we do for our clients. While remaining deeply connected to the investment teams, the GSST also liaises across various business functions, identifying talent and nurturing strong partnerships as we collectively elevate Franklin Templeton's role as a global sustainability investing leader.

In January 2022, Franklin Templeton today announced the appointment of Anne Simpson as Global Head of Sustainability, a newly-created role charged with driving Franklin Templeton's overall strategic direction on stewardship, sustainability and environmental, social and governance (ESG) investment strategy globally. Simpson joins the firm from the California Public Employees Retirement System (CalPERS), where she served as Managing Investment Director for Board Governance & Sustainability, leading the development and execution of CalPERS' award-winning Sustainable Investment Strategy across a global portfolio of US\$500 billion¹ with 80% assets internally managed. She will report to President and CEO Jenny Johnson and join the firm on February 22, 2022, based in California.

The Global Sustainability Strategy Team (GSST), led by the Global Sustainability Strategy Director, will report to the Global Head of Sustainability. Under Anne's leadership, the GSST develops priorities in collaboration with the Stewardship and Sustainability Council and partners with business functions across the organization to implement strategy. The Global Head of Sustainability will oversee efforts to support the SIMs to drive sustainability policies and priorities, including the development and implementation of active ownership on sustainability topics with investment teams and have oversight for proxy voting activities.

2.6. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input checked="" type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance	<input checked="" type="checkbox"/> CDP – Carbon Disclosure Project (please specify carbon, forest, water etc.) <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input checked="" type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change	<input type="checkbox"/> Access to Medicine Foundation <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input checked="" type="checkbox"/> Other (please specify)	<input checked="" type="checkbox"/> ICGN – International Corporate Governance Network <input checked="" type="checkbox"/> Other (Canadian Coalition for Good Governance, The Harvard Law School Corporate Governance Roundtable)

<input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input checked="" type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input checked="" type="checkbox"/> SIFs - Sustainable Investment Fora <input checked="" type="checkbox"/> Other (Responsible Investment Association, Sustainable Accounting Standards Board Alliance, GRESB)	<input type="checkbox"/> Montreal Carbon pledge <input type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonization Coalition <input checked="" type="checkbox"/> Other (please specify) In January 2021, Franklin Templeton became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). In July 2022, Franklin Templeton became a signatory of the Net Zero Asset Managers Initiative (NZAMI).	Sustainable Accounting Standards Board Investor Advisory Group	
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2.7. What is the total number of SRI assets under the company's management?

Based on overall AUM of USD \$1,578 billion, as of December 31, 2021, 94% is categorized as ESG integrated, sustainability themed, impact focused and/or values driven.

ASSET CLASS USD BILLION*

Equities	\$543
Fixed Income	\$649
Alternatives	\$114
Multi-Assets	\$107
Money Funds	\$64
Total	\$1,477

3. *General information about the SRI fund(s) that come under the scope of the Code*

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

The Templeton Global Climate Change Fund seeks capital appreciation by investing in global companies providing solutions to mitigate and adapt to climate change and making their businesses resilient to the long-term financial risks presented by climate change and resource depletion. Such companies are, in our view, better prepared financially and competitively for a transition to a low carbon and more resource constrained economy. We conduct in-depth analysis to select equity securities which it believes are undervalued, based on such factors as their expected long-term earnings and the value of the business assets.

The fund's climate change objective is to take participation in companies that aim to reduce emissions, improve resource efficiency and limit the physical consequences of climate

change so as to align the fund's portfolio carbon footprint with the landmark Paris Agreement adopted in December 2015.

The fund seeks to invest in companies that are good stewards of their impact on social and environmental development. When companies manage stakeholder relationships effectively, they can be more successful at managing risk and capturing opportunities, better positioning these organizations for potential long-term success. Environmental, social, and governance factors have become increasingly important to corporations worldwide as they seek to balance organizational goals with the expectations of their stakeholders in an increasingly complex operating environment.

Environmental, social and governance (ESG) issues are considered alongside traditional financial measures to provide a more comprehensive view of the longer-term value, risk and sustainable return potential of an investment. By identifying the ESG indicators that provide material insights not yet captured by the market, we are able to target those investments that we believe are best positioned to deliver sustainable returns for our clients. Engaging with companies, and continuous monitoring of their activities, are key tenets of our ESG approach, supported by actively voting all proxies in the best interest of our clients.

3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?

Internal Resources

As a fundamental bottom up manager, Templeton Global Equity Group's investment research is predominately generated internally by TGEG investment professionals. The investment strategy team for the Templeton Global Climate Change Fund consists of a four portfolio managers, the Director of ESG and one research analyst. The team is responsible for climate change portfolio management, establishing the climate change investable universe and searching for potential value opportunities.

This team is also supported by the broader 93-member Templeton Global Equity Group, including 37 analysts and portfolio managers, and work closely with analysts across industries, regions, and market cap coverage to find the best opportunities and source investment ideas suitable for the fund. The Templeton Global Equity Group's structure includes the Global Sector Team, which focuses on large cap stocks which are typically ore impacted by sector drivers, Regional Research Teams, namely Americas, Asia, and Europe, which focus on mid-cap stocks which may be more impacted by regional drivers, and the Small Cap Team.

In addition, Franklin Templeton's dedicated Global Sustainability Strategy team (GSST) works closely with investment teams to support the evolution of research processes through education, evaluation of existing practices, and by providing tools to enhance ESG analytics.

- The GSST, consists of six investment professionals, located across the Americas and Europe with firm wide responsibilities to implement priorities identified by the Global Head of Sustainability and the Stewardship and Sustainability Council.
- FT's Stewardship and Sustainability Council was established in March 2021, bringing together the strength and expertise of our collective network of ESG leaders embedded within our specialist investment managers (SIMs) to guide the continued

evolution of our ESG infrastructure and best practices. Donald Graham, Templeton Global Equity Group's Director of ESG, represents the team on the Council.

The Council helps advance the sustainability capabilities of all our autonomous SIMs with an emphasis on improving investment outcomes, by encouraging the sharing of best practices. In addition, while maintaining the investment independence of our autonomous SIMs, the Council is focused on increased collaboration to address industry-wide issues – including a greater focus on sustainability-related voting, particularly in relation to expressing our commitments on the Task Force on Climate-Related Financial Disclosures (TCFD) and our Net Zero Asset Managers Initiative (NZAMI) roadmap.

External Resources

Analysts leverage ESG-related research and data from the following sources:

- MSCI ESG Manager – <https://www.msci.com/esg-ratings>
 - ESG ratings, data, carbon metrics, business involvement screening, controversy scores and research reports.
- Sustainalytics – <https://www.sustainalytics.com/>
 - ESG ratings, data, controversy scores and research reports.
- Institutional Shareholder Services (ISS) – <https://www.issgovernance.com>
 - ESG data, carbon metrics, EU SFDR data, Proxy advisory firm.
- S&P Trucost – <https://www.spglobal.com/esg/trucost>
 - ESG data, carbon metrics, EU SFDR data,
- Glass, Lewis, and Company – <https://www.glasslewis.com>
 - Proxy advisory firm.
- CDP (formerly Carbon Disclosure Project) - <https://www.cdp.net>
 - Organization which supports companies and cities to disclose their environmental impact.
- Value Reporting Foundation - <https://www.sasb.org>
 - Organization developing industry-specific sustainability indicators for companies to include in their financial reports.
- Bloomberg – <https://www.bloomberg.com>
 - ESG data and insights.
- Various brokers
 - Thematic, sector and company ESG research.

3.3. What ESG criteria are taken into account by the fund(s)?

The evaluation of ESG issues is an integral component of our fundamental research analysis for every stock. We consider ESG factors alongside traditional financial measurements to provide a comprehensive view of an investment and help identify those investments that have the potential to deliver sustainable returns. The key ESG criteria in the investment process are listed below:

Sustainability themed investing

The Templeton Global Climate Change Fund seeks capital appreciation by investing in global companies providing solutions to mitigate and adapt to climate change and making their businesses resilient to the long-term financial risks presented by climate change and resource depletion. Such companies are, in our view, better prepared financially and competitively for a transition to a low carbon and more resource constrained economy. We

conduct in-depth analysis to select equity securities which it believes are undervalued, based on such factors as their expected long-term earnings and the value of the business assets.

The fund's climate change objective is to take participation in companies that aim to reduce emissions, improve resource efficiency and limit the physical consequences of climate change so as to align the fund's portfolio carbon footprint with the landmark Paris Agreement adopted in December 2015. Companies standing to benefit financially and competitively from the transition to a global low-carbon economy can be grouped into three broad categories:

- **Solution providers:** (>50% of net assets) companies that derive more than 50% of revenues (or alternative metric such as assets) from products and services that directly or indirectly reduce global emissions, improve resource efficiency, and/or protect against the physical consequences of climate change. The solutions activities are generally associated with one of the following themes: Renewable Energy, Energy Efficiency, Water & Waste Management, Sustainable Transportation, and Sustainable Forestry & Agriculture. Factors driving security selection include our outlook for percent of revenues and profits from solutions, a company's net impact on greenhouse gas emissions and resource usage and its governance of the opportunities arising from the low carbon transition.
- **Transitioning companies:** (<50% of net assets) companies with moderate to high emissions or resource intensity that are transitioning to Solutions or Resilient. Such companies will have below average projected carbon intensity as a result of historical greenhouse gas emissions reductions and quantitative reduction targets, or they will have above average projected solutions revenue.
- **Resilient companies:** (<50% of net assets) companies that have relatively low carbon and resource intensity to begin and have low to moderate solutions offerings. Such companies will have carbon or resource intensity in the bottom half of the broad global investment universe and less than 50% of revenues from solutions offerings.

Integration of ESG factors

As patient, fundamental value investors with a long track record in sustainable investing, our experience has shown that integrating environmental, social and governance factors is fundamental to good business analysis, and can lead to better risk-adjusted returns over the long term. We firmly believe that analysis of the long-term prospects for any company we research should consider the potential effect of factors such as its impact on the environment (E), a company's relationship with employees and the community where it operates (S), or how its oversight is structured (G). When companies manage all stakeholder relationships effectively, they can be more successful at managing risk and capturing opportunities.

We believe a rigorous approach to fundamental analysis, deep knowledge of companies and industries, engagement with management teams, and, ultimately, effective stock selection allows us to effectively identify and evaluate ESG risks and opportunities. ESG issues evaluated will include elements such as (1) Environmental - how a company manages its impact on the environment (energy use, climate change, waste, pollution, and natural resource conservation); (2) Social - how a company manages relationships with its employees, suppliers, customers and the communities where it operates (human rights, labor standards, employee engagement, community relations, data protection and privacy, gender, and diversity); and (3) Governance - how a company's oversight is structured to ensure responsible

and effective management (company's leadership, degree of independent directors, executive pay, independent audits, internal controls, and shareholder rights). The team leverages ESG-related research and data from external ESG data providers such as MSCI ESG, ISS ESG, CDP and Sustainalytics.

We consider the adverse sustainability impacts of investment decisions, such as significant negative impact on the environment or employee safety, forced labor, or bribery. Companies' strategies to reduce the adverse impact of their activities and to increase their positively contributing activities are incorporated into our ESG assessment and ratings, which may influence investment decisions. The investment team assigns proprietary ESG scores to help calibrate risks and opportunities, which are documented in company research reports along with explanations. Reports are stored in our research database, updated at least annually and tracked over time. This enhances our perspective across the universe and helps to address limitations of third party ratings - poor coverage and analysis of small-to-mid-cap stocks, and positive ESG momentum. Under the specific requirements of the EU Sustainable Financial Disclosure Regulation (SFDR) we will also report on the Principle Adverse Indicators as identified in the regulation using company sourced data or look for proxies where these are not available.

Positive/best-in-class screening

The fund reflects our view that when companies manage stakeholder relationships effectively, they can be more successful at managing risk and capturing opportunities, better positioning these organizations for potential long-term success. Only companies that are good stewards of their impact on social and environmental development will be considered for the fund.

Norms-based screening

The fund will not invest in companies that do not observe the main international conventions. Companies are systematically monitored regarding their compliance with international conventions and guidelines on human rights, labour rights, environment, corruption and controversial weapons. The scope is based on the ten principles of UN Global Compact, which are derived from: the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The severity of the violation, response, frequency and nature of the involvement are considered in making a judgement on whether the company observes international conventions.

Negative/exclusionary screening

The fund will not invest in fossil fuel producers, controversial weapons producers (anti-personnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions), tobacco (5% or more of revenues), conventional weapons (5% or more of revenues), nuclear power (5% or more of revenues).

For more information on the fund's ESG Approach and policies, please refer to the following link:

<https://franklintempletonprod.widen.net/s/vphdg6zfvd/templateon-global-climate-change-fund-sfdr>

3.4. What principles and criteria linked to climate change are taken into account in the fund(s)?⁴

Climate change and the protection of critical natural resources is the key focus of the fund. As described in 3.3, the fund's primary objective is to seek capital appreciation by investing in global companies providing solutions to mitigate and adapt to climate change and making their businesses resilient to the long-term financial risks presented by climate change and resource depletion. This is achieved by investing in companies that aim to reduce emissions, improve resource efficiency and limit the physical consequences of climate change, consistent with the landmark Paris Agreement adopted in December 2015.

According to many scientific reports, global warming is leading to rising sea levels, species loss and extinction, and the increased frequency of extreme weather events. While scientists (and governments) continue to debate potential solutions, we believe the most important force for tackling what many regard as a looming climate crisis may be in the way we invest. Businesses can play a pivotal role in solving some of these large-scale, climate-related issues. In our view, company decisions influenced by climate change are not only good for the environment, but are good for the bottom line as well.

There will be many winners and losers along the way and we think there is a need for in-depth analysis of companies to differentiate between them. There will likely be operational consequences for businesses that take climate change into consideration, so it will affect their bottom line. This could potentially lead to supply-chain disruption and product obsolescence (such as petrol cars), yet at the same time, there's potential for some significant upside opportunities in clean technology. We think our bottom-up stock picking approach lends itself to making the differentiation between the potential winners and losers.

As more investors realise the long-term implications of climate change in investing, we think it's likely we'll see a shift in the way capital is allocated in the global economy. As a result, we're optimistic that humanity's survival instinct could align towards climate change solutions for the future.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

Templeton Climate Change Investment Process:

Proprietary Investment Universe

For idea generation, the initial unconstrained universe is narrowed to approximately 1,500 candidates based on our proprietary climate scores. The scores leverage external management quality and carbon performance indicators that help identify how well-prepared companies are for the low-carbon transition. Exclusions and value filters narrow down to the top quintile on valuation among companies with strong ESG practices.

Companies ranking in the top quartile for our Climate Solutions score, Climate Transition score and/or Climate Resilience score are assigned to one of three categories, based on their criteria. Companies must also be compliant with UN Global Compact Principles, according to external ESG data providers. Eligible companies will rate in the top half on external ESG

⁴ Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code):

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI000031793697>

ratings. Any exceptions must have internal analysis supporting the inclusion in the universe with approval of the Director of ESG.

In-Depth Research

Climate Change Analysis

Analysts and the climate change strategy team conduct in-depth analysis to find the companies well-positioned for the low carbon transition with substantial upside potential and limited downside risk.

Valuation Analysis

Our disciplined and flexible valuation analysis identifies opportunities to generate performance in all market conditions. We select securities we believe are undervalued, based on such factors as their expected long-term earnings, cash flow potential and the value of the business assets. ESG analysis helps identify good stewards and provide a comprehensive view of the longer-term value, risk and sustainable return potential of an investment. The flexible approach seeks to identify opportunities that generate performance in all market conditions.

- Classic value – past is a guide to the future
- Mispriced Growth - disruption / future better than the past
- Discounted Cash flow – free cash generation key to thesis
- Quality – sustainable growth / barriers to entry
- Discounted Assets – undervalued assets / sum of the parts

ESG Analysis

We believe a rigorous approach to fundamental analysis, deep knowledge of companies and industries, engagement with management teams, and, ultimately, effective stock selection allows us to effectively identify and evaluate ESG risks and opportunities. TGEG analysts leverage ESG metrics and ratings from multiple sources; however, the focus is on our own qualitative analysis of how ESG issues affect the risk and opportunities facing a company.

Analysts evaluate material ESG issues that are relevant to the industry, market and company, and assess how they may affect the returns companies will earn on their business over our investment horizon. Some of these issues are relevant to all companies, such as corporate governance or labor management. Others are more relevant to an industry, country or specific location, such as the threat of rising sea levels and severe weather events to operations in coastal regions. Analysts assess how well a company understands ESG issues and what they are doing to manage the associated risks and opportunities.

In developing their fundamental value assessment of a company, analysts capture how material ESG risks and opportunities may affect the returns companies will earn on their business over our long-term investment horizon. This may be reflected in multiple ways, such as through adjustments to cost or capex forecasts, revenue growth rates, taxes, interest rates, asset values, or fair value multiples. Documentation of ESG analysis is incorporated in company research reports, which are presented to the entire research team for debate and stored in our research database, along with supporting engagement documentation. All forecast models are updated at least annually along with a formal research report with an ESG assessment for each company.

The fund will not invest in companies that do not observe the main international conventions. The severity of the violation, response, frequency and nature of the involvement are considered in making a judgement on whether the company observes international conventions.

Team Evaluation

Analysts present their formal research recommendations for investment debate and approval by the Director of Research.

- Contribution to climate change mitigation and adaptation
- Potential harm to sustainable objectives
- Environmental, Social and Governance practices
- Valuation history
- Business outlook relative to global industry
- Why we believe business is undervalued
- Opportunities and risks
- Capital strength appraisal

At the end of this stage, the team has an approved list of approximately 100 high conviction stocks available to build and manage the portfolio.

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

All forecast models are updated at least annually along with a formal research report for each company. However, each company is monitored continuously, to ensure that our original investment thesis still holds, and that the company is making satisfactory progress towards both its financial and climate goals. During climate change strategy team meetings, material updates are discussed. In addition, over and above our regular voting at company annual general meetings, we also engage directly with senior management where we believe adjustments need to be made in financial, carbon and overall sustainability management and performance.

Controversies

Templeton conducts controversy screening on all holdings, using external research partners, MSCI ESG Research and Sustainalytics. The screening alerts us to any holdings that are alleged to conduct business in a manner contrary to well-established and generally agreed international norms on ESG issues. We monitor alerts on MSCI and Sustainalytics controversy scores and ratings change, as well as changes to the internal and external exclusion lists.

This means that companies are systematically monitored regarding their compliance with international conventions and guidelines on human rights, labour rights, environment, corruption and controversial weapons. The scope is based on the ten principles of UN Global Compact, which are derived from: the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

MSCI and Sustainalytics' research seeks to deliver timely, actionable information on issues identified as having severe consequences from an environmental or social perspective. The analysis includes an assessment of the company's response to the event, as well as an evaluation of relevant policies, management systems and the company's implementation thereof, in order to understand the risk of the company being involved in similar controversies in the future. The criteria for the controversy screening process are decided, reviewed and updated by MSCI and Sustainalytics, whose teams have long experience of this type of norms-based assessments.

The fund will not invest in companies that do not observe the main international conventions. Rather than automatically divesting companies with reported allegations, Templeton has decided to use the screening results and conclusions as an input for any decision to initiate an engagement dialogue with the company, either on our own or together with other investors, in order to suggest and encourage that the company responds to and, if needed, improves on the specific issue. Templeton's experience has shown that an engaged and constructive dialogue will more often lead to convincing the company to initiate positive change — as opposed to simply exiting the investment. We are, however, upon severe and systematic breaches or where active shareholder engagement is deemed to have limited effect — as a final resort — either ready to refrain from investing or exit our holding within one month, or as soon as practicable.

4. Investment process

4.1. How are the results of the ESG research integrated into portfolio construction?

We seek to build a portfolio well-positioned for the low carbon transition with substantial upside potential. Emphasizing upside potential and risk mitigation, the portfolio manager builds a diversified portfolio of 40 to 50 stocks aligned with global climate change goals through 1) investments in solutions to reduce greenhouse gas emissions, 2) through investments in companies committed to aligning their own self-decarbonization trajectory with the 1.5-degree scenario, and 3) avoiding fossil fuel producers/asset stranding risk. The Fund also seeks to invest in companies that are good stewards of their impact on social and environmental development.

For solutions companies representing >50% of the portfolio, we favor companies with a high percent of revenues and profits from climate change mitigation and adaptation solutions, a significant reduction of greenhouse gas emissions and resource usage and good governance of the opportunities arising from the low carbon transition.

For transitioning and resilient companies, we favor companies best able to achieve carbon and resource intensity aligned with the long-term global warming targets of the Paris Climate Agreement, good greenhouse gas emissions disclosure quality, good governance of the risks and opportunities arising from the low carbon transition, and growing exposure to climate mitigation and adaptation solutions.

For more information on the fund's ESG Approach and policies, please refer to the following link:

<https://franklintempletonprod.widen.net/s/vphdg6zfvd/templeton-global-climate-change-fund-sfdr>

4.2. How are the criteria specific to climate change integrated into portfolio construction?

The fund's climate change objective is to take participation in solutions providers and transitioning and resilient businesses, so as to align the fund's portfolio carbon footprint with the landmark Paris Agreement adopted in December 2015 (i.e. "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels".) This means that the overall portfolio emissions trajectory is aligned with a transition to a low carbon economy.

This objective is achieved by investing in companies providing products and services which directly or indirectly reduce global emissions and/or improve resource efficiency, or protect against the physical consequences of climate change (Renewable Energy, Energy Efficiency, Water & Waste Management, Sustainable Transportation, and Sustainable Forestry &

Agriculture). These Solutions providers represent the majority of the portfolio, and more than 50% of their products and services help customers reduce their emissions or protect against consequences of climate change. These solutions companies are expected to be 50-75% of the portfolio, with the bulk of the remainder in transitioning companies - companies transitioning to solutions providers, or those with significant emissions or resource intensity which are making industry-leading progress in reducing them. Resilient companies, companies which either have relatively low carbon and resource intensity to begin with, are expected to represent around 10% of portfolio.

Companies with the greatest positive impact on fighting climate change are most favored, so the higher the contribution to addressing climate change, the higher the weight, all else equal. We are more concerned about the amount of reduced emissions than percent of revenue from a product classified as a climate solution. The overall portfolio is expected to have a carbon footprint trajectory aligned with the Paris Agreement goals, and emissions reduced or avoided from climate solutions are expected to largely offset the emissions generated by portfolio holdings.

The fund's climate change objective is for the overall portfolio to have an emissions trajectory aligned with the Paris Agreement goal for temperatures to rise by no more than 2°C. This forward-looking target does not require that historical reported emissions (absolute or relative to sales/units of production) are below that of the benchmark, however, we expect the fund's carbon intensity will typically be well below the benchmark.

4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?

All companies in the Templeton Global Climate Change Fund are subject to an assessment of their ESG risks and opportunities.

4.4. Has the ESG evaluation or investment process changed in the last 12 months?

There have been no changes to the ESG investment process over the last 12 months. The implementation of the investment process is continually evolving in order to provide the most value added to our clients. This includes making the most effective use of our resources, which allows analysts to focus solely on research. The firm continues to develop enhanced tools to more efficiently and deeply integrate a broad set of internal and external ESG data and analysis into the research and portfolio management process.

In 2020, we launched an Engagement Tracker and ESG data portal with ESG metrics, ratings, scores and analysis from MSCI and Sustainalytics. We have also significantly increased our access to ESG data and analytical tools over the past year, including expanded datasets and tools from MSCI, ISS and Trucost. This has improved our ability to assess and manage exposure to climate risks and opportunities and adverse impacts. Increased collaboration across investment team through the Stewardship and Sustainability Council has also enhanced our ESG process.

4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

The fund reflects our view that when companies manage stakeholder relationships effectively, they can be more successful at managing risk and capturing opportunities, better positioning these organizations for potential long-term success. Only companies that are good stewards of their impact on social and environmental development will be considered for the fund. We evaluate how a company manages relationships with its employees, suppliers, customers and the communities where it operates (i.e. data protection and privacy, gender and diversity, employee engagement, community relations, human rights, labour standards).

Climate change and the protection of critical natural resources is the key focus of the fund. The strategy does not allocate a portion of the fund to invest in entities pursuing strong social goals/social enterprise in the implementation.

4.6. Does (do) the fund(s) engage in securities lending activities?

No, the fund does not engage in securities lending activities.

4.7. Does (do) the fund(s) use derivative instruments?

The strategy does not utilise derivatives to a material degree, but the fund may utilise financial derivative instruments for hedging and/or efficient portfolio management according to the prospectus. The limited use of derivatives is not expected to create any conflicts with the ESG character of the product.

4.8. Does (do) the fund(s) invest in mutual funds?

No

5. ESG controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?⁵

The investment team conducts the initial research and screening to ensure companies satisfy the fund's sustainability criteria. This includes screens using our proprietary climate scores and MSCI and Sustainalytics data on controversies, ESG ratings and exclusion policies.

Each company is monitored continuously, to ensure that our original investment thesis still holds, and that the company is in compliance with the fund policies. This includes monitoring alerts on external controversy scores and ratings changes, significant changes to the internal climate scores, as well as changes to the internal and external exclusion lists. During climate change strategy meetings, any changes are reviewed.

Additionally, the Investment Compliance group regularly monitors all portfolios to ensure they follow investment policies, with a dedicated compliance officer in the trading department designated to check each transaction. Investment Compliance leverages a third-party, vendor-based order management and compliance monitoring system called Charles River Investment Management Solution (CRIMS). Once a security-level constraint has been established, our trading systems do not permit a trade on that security within the portfolio.

In addition, the fund is fully audited by Investment Compliance on a yearly basis to ensure the accuracy of the restrictions in CRIMS. Their review also includes running the same checks included in our exclusion screen. They review any exceptions with us to ensure we have reasonable explanations for overriding any of the exclusion policies, e.g. incorrect data. The Regulatory Compliance Monitoring Team also reviews investment team practices and disclosures for compliance with regulations.

⁵ Reference to Article 173 of the French TECV Act

6.1. How is the ESG quality of the fund(s) assessed?

The overall fund's ESG quality is assessed in the multiple ways:

Exposure to Climate Solutions

We monitor the fund's exposure to companies helping to address climate change across the fund's climate change categories and themes. At least 50% of the fund must be invested in companies deriving the majority of revenues from products and services that reduce emissions, improve resource efficiency, and/or protect against the physical consequences of climate change. The remainder is invested in transitioning and resilient companies, which often have significant solutions revenue as well.

Carbon Footprint

Compared to the broad market index, we expect the fund to have lower projected carbon intensity (scope 1 and 2), larger reductions in historical emissions, greater commitments to reduce future emissions and better disclosure practices.

We favor companies effectively managing their climate impact, and we monitor trends in company carbon footprints and project carbon intensities to assess how well aligned companies are with the Paris agreement.

We also estimate avoided emissions, emissions that would have been released if a particular action or intervention had not taken place. We also monitor MSCI scope 3 carbon emissions estimates. These are both subject to far greater estimation error and double counting than company reported and MSCI estimated scope 1&2 emissions, however, their impact can often far exceed scope 1&2 emissions and provide a useful way for us to think about the net impact of each company and the portfolio overall.

ESG Characteristics

We have a proprietary research process to determine whether a company promotes positive ESG characteristics. This includes assigning ratings for the Environmental, Social and Governance pillars, from 1 to 5. The fund will not invest in companies receiving a score of 5, and we actively engagement with management to encourage best practices.

We also monitor company and portfolio ESG/sustainability ratings from MSCI and Sustainalytics. These third party ESG ratings should be expected to be better than the benchmark. However, the result is partially skewed by a small and mid-cap bias in the fund, as many solutions providers tend to be relatively small companies with limited resources for sustainability disclosures compared to larger companies.

Sensitive Business Involvement

We monitor exposure to sensitive business activities to ensure the fund is not exposed to fossil fuel producers, controversial weapons producers, tobacco, conventional weapons, nuclear power or Global Compact violations, within prescribed limits.

6.2. What ESG indicators are used by the fund(s)?⁶

⁶ Reference to Article 173 of the French TECV Act

For details on the fund's ESG Approach and policies, including ESG indicators, please refer to the following link:

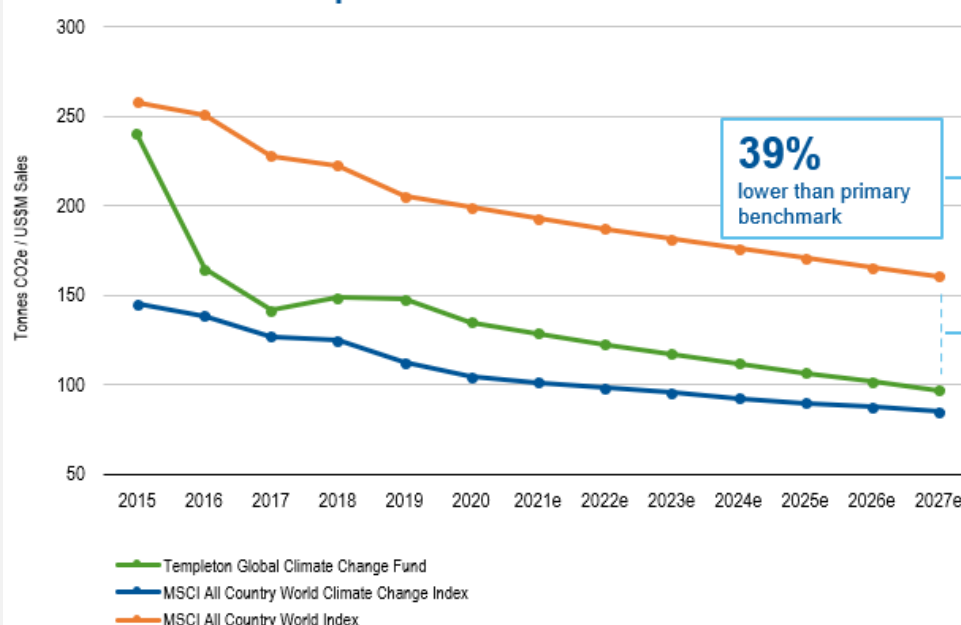
<https://franklintempletonprod.widen.net/s/vphdg6zfvd/templeton-global-climate-change-fund-sfdr>

We monitor the ESG characteristics of the fund in a number of ways, as described above. These include regular monitoring and quarterly reporting on the following characteristics:

Progressing towards our sustainability objective – 4Q 2021

The carbon footprint of Templeton Global Climate Change Fund's investments totals 134.9 tCO₂e/US\$M sales, or 29% higher than that of MSCI ACWI Climate Change Index, against which the fund's sustainable investment objective is measured. Our continuous pursuit of decarbonisation is projected to reduce the portfolio's carbon footprint to 97.2 tCO₂e/US\$M sales in 2027, 39% lower than that of the benchmark.

Estimated Carbon Footprint



Source: MSCI, company reports, Templeton estimates. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges. Years marked with an "e" are estimates. There is no assurance that any projection will be realised.

Companies that provide clean technology solutions can help avoid emissions that would have been released if a particular action or intervention had not taken place. Most avoided emissions can be achieved through the generation of low carbon energy as a substitute for high carbon energy generation. Due to the high exposure to companies providing clean tech offerings, the fund can be estimated to have potentially avoided emissions of -5,326.9 tCO₂e/US\$M sales.

Impact Metrics (estimates)	Templeton Global Climate Change Fund	MSCI ACWI Climate Change Index
Carbon Intensity – Scope 1 & 2 (tCO ₂ e/US\$M sales)	134.9	104.5
Five-year annual carbon intensity reductions achieved (tCO ₂ e/US\$M sales)	-8.8%	-5.6%
Annual carbon reduction target of companies invested (weighted average)	-4.6%	-2.9%
Companies with quantitative greenhouse gas emissions reduction targets	87.9%	74.1%
Companies that provide clean technology solutions	73.1%	42.6%
Potentially Avoided Emissions Intensity (tCO ₂ e/US\$M sales)	-5326.9	N/A
Renewable energy generated (MWh per US\$1M invested)	257.3	6.1

Source: MSCI, company reports, Templeton estimates. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. We use the concept of avoided emissions to estimate the CO₂e reduction impact. Avoided emissions are emissions that would have been released if a particular action or intervention had not taken place. Emissions can be avoided through the use of a more efficient product or service, though this is conditional to consumer or market behavior. Data is either from company reporting or Templeton estimates.

A methodical ESG approach guided by a clear vision

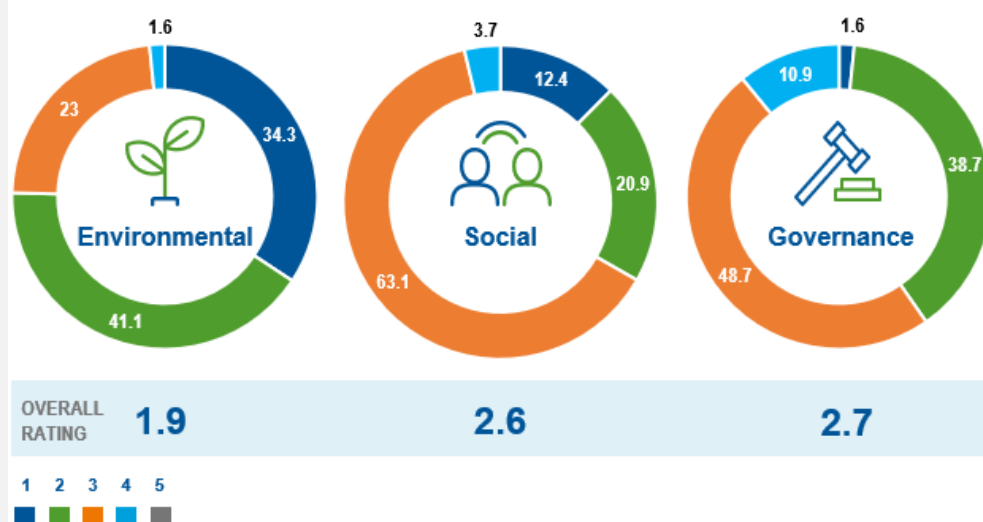
We believe that when companies manage stakeholder relationships effectively, they can be more successful at managing risk and capturing opportunities and can be better positioned for potential long-term success.

When making investments, we only consider companies that are good stewards of their impact on social and environmental development. We have regular dialogue with companies, monitor material ESG issues, and vote proxies in alignment with our custom sustainability policy.

Templeton research analysts assign ESG ratings to all companies under their coverage. The score provides the investment team with an overall indication of the analyst's assessment of company exposure to and management practices of ESG risks and opportunities, and the potential for ESG factors to influence returns. Our ESG scores are assigned for Environmental factors, Social factors and Governance factors. They consist of five levels from 1 (best) to 5 (worst). We supplement our proprietary analysis with ESG metrics and ratings from multiple sources to help us challenge or validate our views and monitor emerging issues.

Proprietary ESG Ratings

Templeton Global Climate Change Fund (% of portfolio)



Contributing to the UN Sustainability Development Goals

The United Nation's Sustainable Development Goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The SDGs provide clear guidelines and targets for countries and governments, although companies and investors can play a vital role to help achieve these goals.



Portfolio Invested

Templeton Global Climate Change Fund (% of equity)



6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

The fund's webpage includes the prospectus, SFDR disclosures, impact report, commentaries, annual report, semi-annual report, consolidated articles of incorporation, factsheet, Key Investor Information Document and portfolio holdings. Note that additional materials are available in the Financial Advisor version of the website.

Fund webpage link:

<https://www.franklintempleton.lu/investor/products/documents/1339/A/templeton-global-climate-change-fund>

The fund's quarterly Impact Report includes all of the information provided in 6.2 above.

<https://www.franklintempleton.lu/download/en-lu/common/ke545mq8/Templeton-Global-Climate-Change-Fund-Impact-Report-December-31-2021.pdf>

The annual Templeton Global Equity Group ESG Report includes an overview of Templeton Global Equity Group's responsible investment approach and a review of activities to achieve responsible investment during the year, including voting, engagement and insights.

Additional information can be found on our Sustainable Investing webpage

<https://www.franklintempleton.lu/about-us/sustainable-investing>

which contains the following:

- Franklin Templeton Responsible Investment Policy
- Franklin Templeton PRI Transparency Report

- Franklin Templeton Controversial Weapons Policy
- Information on collaboration with organizations that promote and establish best practice
- Insights on environmental, social and governance topics

6.4. Does the fund management company publish the results of its voting and engagement policies?⁷

Franklin Templeton discloses its voting and engagement policies on our Sustainable Investing webpage. Further details of our stewardship activities are reported annually to the PRI and as part of the firm's annual stewardship disclosure.

At the firm level, Franklin Templeton discloses fund voting activity in line with local requirements, and is transparent about its voting policies in regards to specific funds. Attached is the 2020 - 2021 voting report for our Luxembourg-domiciled funds, which is publicly available on the Franklin Templeton website.

<https://www.franklintempleton.lu/about-us/sustainable-investing>

The Templeton Global Equity Group ESG Report for 2020 provides voting results and engagement examples, as well as detail on how ESG issues are factored into our voting and engagement approach for TGEG overall.

⁷ Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE

IMPORTANT DISCLOSURES

This document is intended to be of general interest only and does not constitute legal or tax advice nor is it an offer for shares or invitation to apply for shares of the Franklin Templeton Investment Funds SICAV ("the Fund"). Nothing in this document should be construed as investment advice. Opinions expressed are the author's at publication date and they are subject to change without prior notice.

Subscriptions to shares of the Fund can only be made on the basis of the current prospectus and where available, the relevant Key Investor Information Document, accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter.

No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America. Shares of the Fund are not available for distribution in all jurisdictions and prospective investors should confirm availability with their local Franklin Templeton representative before making any plans to invest. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund's holding at any one time. The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested. All or most of the protections provided by the UK Regulatory System will not apply to Franklin Templeton Investment Funds (SICAV) Investors. An investment in the Fund entails risks which are described in the Fund's prospectus and where available, in the relevant Key Investor Information Document.

There is no guarantee that the Fund will achieve its objective. A copy of the latest prospectus, and if available for this product the Key Investor Information Document, the annual report and semi-annual report, if published thereafter can be found, on our website www.franklintempleton.co.uk or can be obtained, free of charge, from Franklin Templeton Investment Management Limited, Cannon Place, 78 Cannon Street, London EC4N 6HL. Telephone: 0800 313 4049, Email: ftisalessupport@franklintempleton.co.uk.

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References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

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