

Edinburgh Partners Limited

Directors' Statement to Stakeholders

For the fiscal year ended September 30, 2021

The Directors present their Strategic Report on Edinburgh Partners Limited ("EPL" or the "Company") for the year ended September 30, 2021.

In accordance with the Companies Act 2006 (the "Act"), the Directors of the Company are required to give an annual statement which describes how the Directors have taken into consideration the matters set out in section 172 (1) of the Act when discharging their duty under that section.

Section 172 of the Act requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between different members of the company.

The Directors consider the matters set out above in their decision-making process, through the Company's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Directors recognise that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Board believes that corporate citizenship is a critical link between integrity and performance, how the Company does the right things, the right way in order to deliver value to its clients, employees, and its communities. As an organisation, citizenship is embedded in Franklin Templeton's corporate values and is an important element of how it achieves success in working with all of its key stakeholders. Our core values reflect what is most important to us as a company. They are the ideas that guide how we do business, how we treat our clients, and how we work with each other.

The Core Values are:

Put Clients First. Clients are at the centre of all that we do. We partner with clients to provide innovative solutions that best meet their evolving needs by bringing forward our best creative and original thinking.

Build Relationships. We build enduring relationships and deepen collaboration with our clients and colleagues through inclusive and transparent interactions, all the while embracing diverse perspectives.

Achieve Quality Results. Starting with a shared vision and expertise, we believe that accountability and measurement lead to performance excellence. We take action to keep our company nimble and innovative.

Work with Integrity. As fiduciaries and stewards of our clients' financial aspirations, we never come close to ethical boundary lines.

Key decisions made during the year

At the start of the COVID-19 pandemic little was known about the impact that it would have around the world and the subsequent impact on personal and business lives. Franklin Templeton's robust business continuity plans enabled the organisation to deliver operational resilience and maintain a high level of service. The Directors are mindful that the impact on individuals, companies and financial markets will take longer to recover, and Franklin Templeton is committed to supporting its investors, employees and all our business partners during these unprecedented times.

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Franklin Templeton completed its landmark acquisition of Legg Mason, Inc. ("Legg Mason") on July 31, 2020. With the addition of Legg Mason and its recognised specialist investment managers ("SIMs"), Franklin Templeton embarked on a new chapter in its global growth story by uniting the complimentary strengths of two world-class companies, providing new opportunities for our clients. The combined organisation established Franklin Templeton as one of the world's largest global investment managers with over £1 trillion in assets under management ("AUM") as at September 30, 2021. There has been ongoing work to combine the legacy Franklin Templeton and Legg Mason business activities and achieve an integrated corporate structure. Following the acquisition of the Company by Franklin Templeton in May 2018 and as part of the integration activities, during the year the Company was contributed from its parent Franklin Resources Inc. to Templeton Worldwide, Inc. then to Templeton International, Inc and ultimately to Franklin Templeton Global Investors Limited. The Company's investment in Franklin Templeton Investment Trust Management Limited (formerly Edinburgh Partners AIFM Limited) was transferred to Franklin Templeton Global Investors Limited. Franklin Templeton is confident that this integration will help provide a balanced and diversified organisation that is competitively positioned to provide a greater range of investment choices and will assist in its efforts to deliver value for investors.

Due to recent challenges with falling revenue, the Company has initiated an operational restructure of the business which is ongoing. This aims to safeguard the future of the business, help support existing clients and to manage the operational cost base. It also further integrates and aligns the Company with the Franklin Templeton operating model.

The Directors have taken into account the requirements of section 172 (1) of the Act as summarised below:

The likely consequence of any decision in the long term

The Company's business strategy is focused on achieving success for the Company in the long term. In setting this strategy, the Directors take into account the impact of relevant factors and stakeholder interests on the Company's performance.

The interests of the Company's employees

The Directors acknowledge the significance of a committed workforce. The Board focuses on engaging employees, cultivating their skills and talents, and retaining them as engaged members of the organisation.

From a Diversity & Inclusion ("D&I") standpoint, building teams with diverse skills, backgrounds and experiences has always been important at Franklin Templeton. Cultivating an inclusive culture where it's safe for employees to share their voice, is good for our people and company; our D&I ethos drives innovation and allows us to deliver better client outcomes. Senior Franklin Templeton leaders from its D&I Executive Council serve as champions sponsoring diversity initiatives and advising on policy.

From our CEO to Franklin Templeton's newest employee, we believe it is the Company's responsibility to cultivate an inclusive environment. We offer an educational series to promote inclusion, mitigate unconscious bias and increase cultural sensitivity awareness. Our collaborative intranet and social network enable employees to share their perspectives and exchange ideas and in our employee sentiment pulse checks that take place throughout the year, D&I related responses received the highest positive satisfaction scores.

Through our employee-led business resource groups we encourage inclusion where employees connect, discuss and educate. These communities support a greater sense of shared experience with colleagues and allies to nurture collaboration and networking, contribute insights on key business initiatives and support new employee recruiting and mentoring.

We are recognised by the Human Rights Campaign ("HRC") Foundation's 2021 Corporate Equality Index ("CEI"), Bloomberg Gender Equality Index ("GEI"), Disability Equality Index ("DEI"), a Stonewall Diversity Champion and a hold a Bronze Award Certificate by the Employer Recognition Scheme, in national recognition of our commitment to the armed forces.

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Franklin Templeton is an active voice in trying to improve diversity across the industry, including joining the CFA Institute's D&I Experimental Partners Program where over 40 participating firms are responding to the challenge to make the investment industry more inclusive.

The need to foster the company's business relationships with suppliers, customers and others

The Company believe that the investments we make on behalf of our clients are helping to create opportunities for economic growth around the world, and our ability to succeed is dependent upon serving our clients and delivering strong results. The Company believes that a long-term approach is best because investment decisions are made based on a company's fundamentals and long-term growth potential. The Company wishes for clients to feel confident that it is managing their money with the highest levels of care and integrity in the industry. The Company places a high priority on maintaining information security to protect our customers and their investments.

The Directors recognise that delivering on the Company's strategy requires strong, mutually beneficial relationships with our clients and our suppliers. The Company regularly reviews its approach to supplier selection, engagement, risk and contractual arrangements. The Company and broader regulatory governance committees regularly receive information updates on how suppliers and customers have been engaged on a variety of topics including such as service levels and operational effectiveness.

The impact of the company's operations on the community and the environment

As an investment management firm that has predominantly office-based functions, Franklin Templeton has limited direct impact on the environment, e.g. its Scope 1 and 2 Greenhouse Gas ("GHG") emissions are relatively low, in line with its peers, when compared to other sectors. It does however, seek to limit the effects of operations on the environment and the Company strives to provide a safe, comfortable and efficient environment to enable employees to work productively. Franklin Templeton also manages the organisation's environmental impact by supporting sustainable business practices across its various functional areas. On Scope 3 GHG emissions, we reported to the Carbon Disclosure Project ("CDP"), at organisation-wide level combining both the legacy Franklin Templeton and Legg Mason operations, the following:

- Fuel and energy related activities (Transmission & Distribution losses)
- Waste generated in operations
- Business travel
- Employee commuting
- Downstream leased assets

Franklin Templeton operates a global volunteer program called Involved, which encourages engagement with communities and supports the firm's Corporate Social Responsibility ("CSR") goals.

In the UK, Involved operates regional initiatives alongside firm wide ones. Each site supports an employee-nominated local charity each year with fundraising, as well as involvement in volunteering for these charities. Involved organise periodic fundraising events such as raffles, auctions, and sponsored events.

Employees play an active part in local volunteering, such as offering mock interview and internship experience to young people from disadvantaged backgrounds, as well as being offered paid volunteer time off to pursue volunteering outside work; recently, employees have supported homelessness charities, worked with refugee groups, and participated in group volunteering at a food bank, amongst other activities.

The desirability of the company maintaining a reputation for high standards of business conduct

The Directors have regard to the interests of the companies' employees and stakeholders, including the impact of their decisions on the community and environment and the companies' reputation when making decisions. The Directors consider the consequences of those decisions to promote the success of the companies in the long term.

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Franklin Templeton's success is built upon its reputation for excellence and integrity in all aspects of its business. It is essential that stake holders and business partners have confidence in governance, ethics and compliance practices.

Franklin Templeton's Global Regulatory Compliance Group is responsible for ensuring that the firm has the appropriate processes and procedures in place to comply with the extensive and complex, overlapping and frequently changing rules and regulatory requirements applicable to the firm and the funds we manage around the world.

Given the global footprint of the Franklin Templeton Group, the Company actively engages with regulatory bodies ensuring the firm is keeping up to date with industry regulations and best practice; and maintaining an open and transparent relationships with our regulators. Additionally, Franklin Templeton collaborates with key international and European organisations thereby ensuring the Franklin Templeton Group develop and maintain a reputation for high standards of business conduct and also helps the Board ensure that the business is aligned to the evolving regulatory framework.

Risk management is a critical element of Franklin Templeton's everyday business activities and takes place at all levels of our organisation. Risk is managed within the Company through the operation of a Company risk assessment process intended to ensure that all principal risks which may affect the Company are addressed. The Board has delegated oversight in certain areas of the Company to two sponsored committees, the EMC and the OMC, both described in more detail above, who are responsible for the Company's strategy to mitigate the principle risks.

The need to act fairly between different members of the company

The Company's ultimate parent is Franklin Resources, Inc. Franklin Templeton's corporate values are reflected throughout the organisation and are shared in its annual report on its website www.franklinresources.com.