

Verifier Statement

Independent Verification Report

Prepared for Franklin Templeton Social Infrastructure: February 6th, 2025

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, Franklin Templeton Social Infrastructure (FTSI) engaged BlueMark to undertake an independent verification of the alignment of FTSI’s impact management (IM) system with the Impact Principles. FTSI’s assets under management covered by the Impact Principles (Covered Assets) total \$687,545,474, as of December 31st, 2024².

Summary assessment conclusions

BlueMark has independently verified FTSI’s extent of alignment with the Impact Principles. Key takeaways from BlueMark’s assessment are as follows:

Principle 1: FTSI has clear environmental and social objectives and links each outcome target to SDG targets. The impact strategy is rooted in a robust Theory of Change, supported by research evidence from UNEP, World Economic Forum, and the European Commission.

Principle 2: FTSI manages portfolio impact through a standardized scoring tool, tracking community and environmental performance from acquisition to exit. Portfolio targets are monitored annually, and impact considerations inform performance evaluations and compensation decisions.

Principle 3: FTSI consistently assesses its expected financial and non-financial contributions to each investment by leveraging its five types of contribution framework. Contribution is assessed during due diligence, scored for progress, and tracked in weekly meetings and annual updates, ensuring continuous refinement of strategy at asset and portfolio levels.

Principle 4: FTSI assesses five fundamental dimensions of impact and conducts a community and environment factor analysis during the ex-ante assessment process. The factor analysis results in a baseline and projected environmental and community scores.

Principle 5: FTSI screens each asset for physical and transition climate risks and leverages third-party sustainability reports to inform overall assessment. The identified ESG risks are monitored annually and recorded in the Annual Impact Update documents, which detail any realized risks and potential action plans for improvement.

Principle 6: FTSI collects impact KPI data from assets on an annual basis and compares community and environmental scores against baseline and projected values to track performance progress. The Annual Impact Update for each asset also documents the business plan progress and changes to the factor analysis.

Principle 7: FTSI follows a responsible exit approach, focusing on long-term impact sustainability and embedding impact activities during the holding period. The firm assesses impact performance, risks, and buyer intentions through a standard set of pre-sale and post-sale questions.

Principle 8: FTSI reviews impact performance at both asset- and portfolio-level and promotes continuous learning through bi-weekly meetings, integrating lessons learned into operational improvements and evolving the impact strategy.

¹ Principle 9 states that signatories “shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

² Assets under management figure as reflected in email correspondence from February 2025. BlueMark’s assessment did not include verification of the AUM figure.

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Assessment methodology and scope

FTSI provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of February 2025. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.³

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system’s design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interviews with FTSI staff responsible for defining and implementing the IM system;
3. Testing of selected FTSI’s transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to FTSI, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for FTSI in accordance with the agreement between our firms, to assist FTSI in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit FTSI to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate FTSI’s alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than FTSI for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; and Portland, OR; and is headquartered at 154 W 14th St, 2nd Floor, New York, NY 10011. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation, and Radicle Impact. For more information, please visit www.bluemark.co.

³ The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by FTSI. BlueMark has relied on the accuracy and completeness of any such information provided by FTSI. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from FTSI.