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By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporate Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Franklin Resources, Inc. — Notice of Intent to Omit Shareholder Proposal from Proxy Materials Pursuant to Rule 14a-8 Promulgated under the Securities Exchange Act of 1934, as amended, and Request for No-Action Ruling

Ladies and Gentlemen:

We serve as counsel to Franklin Resources, Inc., a Delaware corporation (the "*Company*"). Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), we hereby notify the U.S. Securities and Exchange Commission (the "*Commission*") of the Company's intention to exclude a shareholder proposal (the "*Proposal*") from the proxy materials for the Company's 2016 Annual Meeting of Shareholders (the "*2016 Proxy Materials*"). "*Proposal*" refers to the proposal submitted by Zevin Asset Management, LLC ("*ZAM*") on behalf of its clients, Diane and Alan Fairbanks (co-filed by First Affirmative Financial Network, LLC ("FAFN"), on behalf of its client, Waterglass, LLC, and Friends Fiduciary Corporation ("FFC") (collectively with ZAM and Diane and Alan Fairbanks, the "*Proponent*")), which reads as follows:

> **Resolved:** Shareholders request the Board of Directors issue a climate change report to shareholders by September 2016, at reasonable cost and omitting proprietary information. The report should assess any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change.
>
> This assessment should list all instances of votes cast that appeared to be inconsistent with the company's climate change positions, and explanations of the incongruency. The report should also discuss policy measures that the company can adopt to help enhance congruency between its climate policies and proxy voting.

The Proposal is a variation of a proposal submitted by ZAM and certain co-proponents last year, which also sought to influence the way the Company's investment adviser affiliates voted proxies on behalf of their clients (the "*2014 Proposal*"). While this year's Proposal is framed as a request for a climate change report instead of a direct review of the Company's proxy voting policies, like the 2014 Proposal, the Proposal ultimately intends the Company to seek to influence the manner in which the Company's investment adviser subsidiaries vote proxies on behalf of their clients. The Proponent's intent is clearly demonstrated by the Proposal's demand for the report to "discuss policy measures that the [C]ompany can adopt to help enhance congruency between its climate policies and proxy voting." The supporting statement that accompanied the Proposal (the "*Supporting Statement*") further evidences the Proponent's intent by expressing dissatisfaction with the proxy voting record of the Company's investment adviser subsidiaries on matters related to climate change.

In providing no-action relief to the Company last year, the staff of the Division of Corporate Finance of the Commission (the "*Staff*") stated that it would not recommend enforcement action to the Commission if the Company excluded the 2014 Proposal from its 2015 proxy materials under Rule 14a-8(i)(7), as the 2014 Proposal related to the Company's ordinary business operations.[1] The Company again asks that the Staff not recommend to the Commission that any enforcement action be taken if the Company excludes the Proposal from its 2016 Proxy Materials for the reasons set forth below.

The Company received the Proposal from ZAM on September 14, 2015, from FAFN on September 22, 2015, and from FFC on September 24, 2015. A copy of the Proposal, the Supporting Statement, and related correspondence from the Proponent are attached to this letter as Exhibit A.

A copy of this letter is being sent on this date to ZAM, FAFN and FFC, informing them of the Company's intention to omit the Proposal from its 2016 Proxy Materials. Pursuant to Rule 14a-8(j), this letter is being submitted not less than 80 days before the Company files its definitive 2016 Proxy Materials with the Commission.

BACKGROUND

The Company is a holding company for a global investment management organization known as Franklin Templeton Investments. It has an extensive global presence, including offices in 35 countries and clients in more than 150. Its common stock is listed on the New York Stock Exchange under the ticker symbol BEN and is included in the Standard & Poor's 500® Index. Its business is conducted through its subsidiaries, including investment advisers (the "*FTI Advisers*") that are registered with the Commission under the Investment Advisers Act of 1940, as amended (the "*Advisers Act*").

As global investment managers, the FTI Advisers are responsible for managing Clients' assets in light of potential risks and opportunities in the market and in light of the investment objectives, policies and restrictions specified by the Clients. A fundamental part of an investment adviser's role involves voting shares of companies in which its Clients invest (the "*Portfolio Companies*"). "*Clients*" refers to

[1] *See Franklin Resources, Inc.* (Dec. 1, 2014) (the "*2014 Franklin Letter*").

those investors or funds (including investment companies ("*Funds*") registered under the Investment Company Act of 1940, as amended (the "*1940 Act*")) to whom the FTI Advisers provide investment management services. The Funds are independent companies whose affairs are managed by a board of directors/trustees, a majority of whom are not affiliated with the Company or the FTI Advisers, and who have retained the FTI Advisers to provide investment management services pursuant to advisory contracts.

The Company itself is not a registered investment adviser, but rather a corporate holding company. As such, it does not manage assets for Clients, nor does it vote any proxies on their behalf, and accordingly does not maintain any proxy voting policies or practices at the Company level. Those functions are all undertaken by the FTI Advisers, which maintain their own proxy voting policies that are administered by the Proxy Group within Franklin Templeton Companies, LLC ("*Proxy Group*"), an affiliate and wholly owned subsidiary of the Company.

REASONS FOR EXCLUSION

The Proposal may be omitted from the 2016 Proxy Materials because:

(I) the Proposal deals with matters relating to the FTI Advisers' ordinary business operations, and therefore may be excluded under Rule 14a-8(i)(7);

(II) if implemented, the Proposal would require the Company to take actions that the Company lacks the power or authority to do because the Company has no proxy voting policies or practices, and therefore may be excluded under Rule 14a-8(i)(6);

(III) the Company and its Board of Directors (the "*Board*") lack legal power and authority in implementing the Proposal to alter the advisory contracts between the FTI Advisers and their Clients, and the Proposal therefore may be excluded under Rule 14a-8(i)(6);

(IV) the Company and its Board lack legal power and authority, and would violate federal law, in implementing the Proposal in violation of the FTI Advisers' legal and fiduciary duties to their Clients, and the Proposal therefore may be excluded under Rule 14a-8(i)(2) and Rule 14a-8(i)(6); and

(V) to the extent that aspects of the Proposal are legally permissible, those aspects of the Proposal have been substantially implemented by the Company and the FTI Advisers, and the Proposal therefore may be excluded under Rule 14a-8(i)(10).

Each of these bases for exclusion is described in greater detail below.

I. The Proposal deals with matters relating to the FTI Adviser's ordinary business operations, and therefore may be excluded under Rule 14a-8(i)(7)

Rule 14a-8(i)(7) permits a registrant to omit a proposal from its proxy materials if the proposal deals with a matter relating to the registrant's ordinary business operations. According to the Commission's Release accompanying the 1998 amendments to Rule 14a-8, the underlying policy of the ordinary

business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *Exchange Act Release 34-40018* (May 21, 1998) (the "*1998 Release*").

The *1998 Release* stated that the determination as to whether a proposal deals with a matter relating to a company's ordinary business operations is made on a case-by-case basis, taking into account factors such as the nature of the proposal and the circumstances of the company to which it is directed. The *1998 Release* describes two central considerations underlying the ordinary business exclusion. The first consideration is whether the subject matter of a proposal relates to certain tasks that are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration is whether a proposal "seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

The Proposal may be omitted from the 2016 Proxy Materials pursuant to Rule 14a-8(i)(7) because it requires an assessment of the proxy voting policies and practices of the FTI Advisers, the exercise of which are part of the ordinary business by which the FTI Advisers manage the financial services products that the FTI Advisers offer, and which involve complicated economic and fiduciary considerations. In particular, as will be shown in greater detail below, the Proposal is excludable under established Staff positions because the Proposal (A) relates to the FTI Advisers' day-to-day management their Clients' accounts, (B) seeks to micro-manage the FTI Advisers, and (C) requires the preparation and issuance of a report on the foregoing ordinary business matters. *See 2014 Franklin Letter; see also State Street Corp.* (Feb. 24, 2009) ("*State Street*") (Staff permitted exclusion of a proposal similar to the Proposal based on the ordinary business exclusion).

A. The Proposal Relates to the FTI Advisers' Day-to-Day Management of their Clients' Accounts

The Proposal may be omitted from the 2016 Proxy Materials pursuant to Rule 14a-8(i)(7) because the underlying subject matter of the Proposal – that is, proxy voting – is part of the core ordinary business of the FTI Advisers. The FTI Advisers' proxy voting policies and practices are part of the advisory services that the FTI Advisers offer to their Clients. Moreover, the FTI Advisers routinely assess the influence of their proxy voting on the business operations and economic values of the Portfolio Companies as part of their fiduciary obligation to advance the interests of their Clients. To paraphrase the *1998 Release*, proxy voting is so fundamental to the FTI Advisers' ability to perform their fiduciary obligations to Clients on a day-to-day basis that they could not, as a practical matter, be subject to direct oversight by the Company's stockholders. Although this year's Proposal is cloaked in the form of a climate change report, it is seeking the same substantive assessment of the FTI Advisers' proxy voting record as the 2014 Proposal.

The general rule articulated by the Commission in its 1976 Release (*Exchange Act Release 34-12999* (Nov. 22, 1976)), and reiterated by the Commission in the *1998 Release*, is that registrants may exclude shareholder proposals that relate to "ordinary business" matters, subject to an exception for proposals that raise "significant social policy issues." The Staff addressed the social policy exception in 2009, clarifying in what circumstances shareholder proposals that raise significant social policy issues may be

properly excluded. Specifically, in Section B of *Staff Legal Bulletin No. 14E* (Oct. 27, 2009) (the "*SLB*"), the Staff stated:

> In those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7) as long as a sufficient nexus exists between the nature of the proposal and the company. Conversely, in those cases in which a proposal's underlying subject matter involves an ordinary business matter to the company, the proposal generally will be excludable under Rule 14a-8(i)(7). In determining whether the subject matter raises significant policy issues and has a sufficient nexus to the company, as described above, we will apply the same standards that we apply to other types of proposals under Rule 14a-8(i)(7).

Under the SLB, therefore, where the underlying subject matter of a shareholder proposal involves an ordinary business matter to the company, the shareholder proposal may be excluded from a registrant's proxy materials, even though it involves environmental matters or other significant policy issues. Accordingly, not every significant social policy issue takes management functions out of the ordinary business exclusion. *See College Retirement Equities Fund* (May 6, 2011) at n. 13 ("*CREF 2011*") (permitting exclusion of a social policy proposal where an investment company argued that investing assets in accordance with its investment objectives was a core management function).

Far from transcending day-to-day operations, voting proxies in the sole best interest of Clients is unquestionably part of the core business operations of the FTI Advisers. As the Commission stated in *Proxy Voting By Investment Advisers, Investment Advisers Act Release IA-2106* (Jan. 31, 2003) (the "*Adviser Proxy Voting Release*"), an investment advisers' fiduciary duty under the Advisers Act requires it to monitor corporate events and vote proxies consistent with the best interests of its clients. To that end, the FTI Advisers' existing proxy voting policy for the Funds, as summarized in each Fund's registration statement under the 1940 Act (each, a "*Registration Statement*" and, together, the "*Registration Statements*"), states that the FTI Advisers vote proxies solely in the best interests of the Fund and its shareholders. With respect to environmental, social and governance ("*ESG*") issues, the Registration Statements typically disclose that the FTI Advisers "will generally give management discretion with regard to social, environmental and ethical issues, although the investment manager may vote in favor of those [proposals] that are believed to have significant economic benefits or implications for the Fund and its shareholders." Moreover, "[e]ach issue . . . is considered on its own merits, and the investment manager will not support the position of the company's management in any situation where it deems that the ratification of management's position would adversely affect the investment merits of owning that company's shares." The FTI Advisers thus make proxy voting determinations on behalf of their Clients based on the effect of their vote on the value of Portfolio Company securities. These proxy voting determinations are a core part of the FTI Advisers' day-to-day management of their Clients' assets. Any incongruence between the Company's public position on ESG matters, including climate change, and the proxy voting record of the FTI Advisers is a result of the Company and the FTI Advisers legitimately serving different constituents. The Company is beholden to its shareholders and other stakeholders and its policy positions regarding climate change

are viewed through that lens, while the FTI Advisers act in the best interest of Clients when voting proxies.

Just as "the ordinary business operations of an investment company include buying and selling portfolio securities," justifying the exclusion of a social policy proposal in *CREF 2011*, so too does the ordinary business operations of an investment adviser include voting proxies. We therefore believe that the analysis in both the *2014 Franklin Letter* and *State Street* under Rule 14a-8(i)(7), each of which addressed a proposal that sought to influence proxy voting, similar to the Proposal, continues to be applicable despite the change in the standard of review from *Staff Legal Bulletin No. 14C* (June 28, 2005) ("*SLB 14C*") to the current SLB. Under both modes of review, an investment adviser's fiduciary duty to vote proxies of portfolio securities in the best interest of its clients is inextricably part of its ordinary business operations. Indeed, the current standard under the SLB – "in those cases in which a proposal's underlying subject matter involves an ordinary business matter to the company, the proposal generally will be excludable" – leads much more directly to a justification for exclusion than the standard of review used in *State Street* under SLB 14C. We believe that the Proposal is readily distinguishable from the circumstances at issue in *PNC Financial Services Group* (Feb. 13, 2013) ("*PNC*") because, unlike the FTI Advisers, PNC was not subject to a legal and fiduciary obligation to act in the best interests of its clients in its lending, investing and financing activities.

Based on the forgoing, therefore, the Proposal may be omitted from the 2016 Proxy Materials under the "ordinary business" rationale of Rule 14a-8(i)(7) as interpreted under the SLB because it relates to and seeks to influence the FTI Advisers' day-to-day management of their Clients' accounts.

B. The Proposal Seeks to Micro-Manage the FTI Advisers

The Proposal may also be omitted from the 2016 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal seeks to "micro-manage" the FTI Advisers. One of the primary underlying policies of the ordinary business exclusion, as described in the *1998 Release*, is to vest management with sole authority to address matters that are so complex that shareholders would not be in a position to make an informed judgment. In the *1998 Release*, the Commission indicated that the micro-management consideration may be implicated where the proposal involves "intricate detail" or "methods for implementing complex policies," recognizing that factors such as the circumstances of the registrant should also be taken into account.

The FTI Advisers' management of investments in the Portfolio Companies generally, and their exercise of proxy voting authority on behalf of Clients specifically, involve complex decision making. In their role as investment managers, the FTI Advisers employ a variety of strategies to maximize Client returns, taking into account the Funds' investment objectives and policies, and the risk profiles and investment guidelines of their Clients, as well as the diverse business issues facing specific Portfolio Companies and industries and the economy as a whole. Proxy voting is but one part of the overall implementation of these complex investment strategies. As such, it would not be meaningful to assess the FTI Advisers' proxy voting policies and proxy voting record in isolation from the FTI Advisers' overall investment strategies. Rather, the integration of proxy voting into the FTI Advisers' overall strategies would involve a level of "intricate detail" and "methods for implementing complex policies"

that does not lend itself to shareholder oversight, as the Commission referenced as a basis for exclusion in the *1998 Release.*

The Proposal is similar to the proposal at issue in the *2014 Franklin Letter* and *State Street*, each of which sought to require a parent company's board to delve into its investment adviser subsidiary's proxy voting policies and urged them to revise those policies in light of criteria imposed by the shareholder proponent. Based in part on the parent company's argument that the shareholder proposal sought to micro-manage the subsidiary adviser's proxy voting policies, the Staff concluded in the *2014 Franklin Letter* and *State Street* that there was a basis for exclusion of the proposal under Rule 14a-8(i)(7). *See also, Bank of America Corp.* (Feb. 27, 2008) (Staff permitted exclusion under the ordinary business exception of a proposal that would have permitted stockholders to police Bank of America's credit policies, credit decisions and other matters that are fundamental to its day-to-day business of providing financial services).

In addition, the Proposal implies that the FTI Advisers are not complying with their fiduciary duties and applicable law in voting shareholder proxies, a matter which constitutes a complex part of the FTI Advisers' business operations and falls squarely within the purview of the ordinary business exception on micromanagement grounds (as well as the exception on day-to-day management grounds, as discussed under (A) above). On numerous occasions, the Staff has permitted the exclusion of shareholder proposals pertaining to compliance with laws or requesting implementation of policies regarding compliance with laws under Rule 14a-8(i)(7). *See State Street; Monsanto Co.* (Nov. 3, 2005) (proposal requesting the registrant to create an ethics oversight committee to monitor the registrant's compliance with its internal code of conduct and applicable laws); *Chrysler Corp.* (Avail. Feb. 18, 1998) (proposal requesting the registrant initiate a review of its code of conduct relating in part to compliance procedures); *Costco Wholesale Corp.* (Avail. Dec. 11, 2003) (proposal requesting the registrant to develop a code of ethics, including measures to comply with the Foreign Corrupt Practices Act).

Based on the forgoing, therefore, the Proposal may be omitted from the 2016 Proxy Materials under the "ordinary business" rationale of Rule 14a-8(i)(7) because it seeks to micro-manage the FTI Advisers.

C. The Proposal Requires the Preparation and Issuance of a Report on the Foregoing Ordinary Business Matters

The Proposal requires that the Board issue a report to investors by September 2016 based on its assessment of the Company's and its subsidiaries' (which includes the FTI Advisers') proxy voting practices. The Staff has noted that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the substance of the report is within the ordinary business of the issuer. *See Exchange Act Release 34-20091* (Aug. 16, 1983) ("*1983 Release*"). The same reasons discussed above that allow for the exclusion under Rule 14a-8(i)(7) of the Proposal as relating to the ordinary business of the FTI Advisers should likewise relieve the Board from preparing and issuing a report related to the same ordinary business matters.

II. If implemented, the Proposal would require the Company to take actions that the Company lacks the power or authority to do because the Company has no proxy voting policies or practices, and therefore may be excluded under Rule 14a-8(i)(6)

The Company may exclude the Proposal under Rule 14a-8(i)(6) because it lacks the power and authority to undertake the actions requested in the Proposal because the Company has no proxy voting policies or practices for the Board to review and revise.

The Proposal is directed to "the proxy voting practices of the [C]ompany and its subsidiaries . . . ." The Company has no proxy voting policies or practices, however, because as a holding company it has no clients and votes no proxies on their behalf. The public filings of the Company, the FTI Advisers and the Funds all make clear that the Company is merely a holding company. For example, under Item 1 of the Company's 2014 Form 10-K, the Company clearly states: "Our business is conducted through our subsidiaries, including those registered with the U.S. Securities and Exchange Commission ... as investment advisers under the Investment Advisers Act of 1940 . . . ." Neither the Company nor its Board can conduct a review of proxy voting policies or practices that the Company does not have, and the Company and the Board therefore lack the power to conduct the review of the Company's proxy voting practices advocated by the Proponent.

The Proponent bears the burden of submitting a Proposal that is executable by the Company and its Board. While it is true under Rule 14a-8(g) that "the burden is on the company to demonstrate that it is entitled to exclude a proposal," it is equally true that under Rule 14a-8(a), a shareholder proponent is required to "state as clearly as possible the course of action that you believe the company should follow." If the requirement in Rule 14a-8(a) is to have any meaning, it should permit the Company to exclude the Proposal under Rule 14a-8(i)(6), as it has no power or authority to review practices that it does not have.

Based on the foregoing, the Proposal may be excluded under Rule 14a-8(i)(6) because the Company has no proxy voting practices for the Board to review and revise.

III. The Company and its Board lack legal power and authority in implementing the Proposal to alter the advisory contracts between the FTI Advisers and their Clients, and the Proposal may therefore be excluded under Rule 14a-8(i)(6)

Assuming for the sake of argument that the Proposal should be interpreted as applying to the proxy voting practices of the FTI Advisers,[2] the Proposal seeks to alter the investment advisory contracts between the FTI Advisers and their Clients, including the Funds. The Proposal requests that the "report should also discuss policy measures that the [C]ompany can adopt to help enhance congruency between its climate policies and proxy voting." Further, the allegations in the Supporting Statement, such as questioning the propriety of the voting record of "funds managed by subsidiaries of [the Company]" on

[2] As discussed in Section II above, the Proposal is directed to the Company, which does not vote proxies for Clients and has no proxy voting practices. Sections I and III through V assume for the sake of argument that the Proposal pertains to the proxy voting practices of the FTI Advisers.

climate change resolutions, suggests that the Proponent expects the Company to use the findings of the Board's review to influence the FTI Advisers' proxy voting policies and practices. The proxies at issue, however, ultimately belong to the FTI Advisers' Clients, who have contractually retained the FTI Advisers to manage their assets, and who have contractually delegated their proxy voting authority to the FTI Advisers, based in part on the FTI Advisers' publicly disclosed proxy voting policies. The Company is not a party to those contracts, and the FTI Advisers may require Client consent to impose these new terms. Accordingly, neither the Company, its stockholders nor its Board have the power or authority to alter the FTI Advisers' proxy voting criteria, which has been contractually delegated by a Client, to serve the needs of the Company, and therefore the Proposal may be excluded under Rule 14a-8(i)(6).

As discussed in more detail in Section IV below, investment advisers are fiduciaries in part because they manage assets that belong to other people – in the present case, the securities of Portfolio Companies belonging to FTI Advisers' Clients, including the Funds. Accordingly, investment advisers that have authority to vote client securities are required to disclose the policies by which client securities will be voted:

> If you [*i.e.*, the investment adviser] have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request. *Item 17(A) of Form ADV, Part II*

These disclosures are required to be provided to the investment adviser's clients when entering into an advisory contract and updated amendments must be provided to clients annually thereafter. *See Advisers Act Rule 204-3.*

Similarly, if registered investment companies have delegated proxy voting authority to their investment advisers, the advisers are required to describe those proxy voting policies. For example, an open-end investment company is required to describe in its Statement of Additional Information ("*SAI*") "any policies and procedures of the Fund's investment adviser . . . that the Fund uses, or that are used on the Fund's behalf, to determine how to vote proxies relating to portfolio securities." *Form N-1A, Item 17(f).*

In accordance with these requirements, the FTI Advisers describe their proxy voting policies in Part II of their Form ADVs. Similarly, the FTI Advisers' proxy voting policies for the open-end Funds are summarized in the SAI of each Fund's Registration Statement. Moreover, the boards of directors/trustees of the Funds, which are comprised of a majority of directors/trustees who are not affiliated with the FTI Advisers, annually review and approve the FTI Advisers' proxy voting policies. Any material changes to those policies are also required to be reported to the boards annually by the Funds' chief compliance officer. *See 1940 Act Rule 38a-1(a)(3) and (a)(4)(iii)(A).* These legal

disclosure and approval requirements evidence the Commission's recognition of the role of proxy voting in the contractual relationship between client and adviser.

The legal right to vote securities of Portfolio Companies resides in the first instance with the Clients as owners of those securities, who contractually delegate proxy voting authority to the FTI Advisers under their advisory contracts. *See, e.g., Adviser Proxy Voting Release* at n. 10 (Rule 206(4)-6 applies even when the advisory contract is silent but the adviser's voting authority is implied by an overall delegation of discretionary authority). The FTI Advisers' proxy voting policies thus constitute an integral part of the investment management services that the FTI Advisers provide to their Clients under their advisory contracts, and are the basis upon which Clients (including the Funds and their boards) contractually agree to delegate proxy voting authority to the FTI Advisers. Any Client may direct its FTI Adviser to vote proxies of Portfolio Companies in accordance with any criteria it chooses, including how to vote on ESG shareholder proposals. In the absence of specific direction from their Clients, however, the FTI Advisers and their Clients are entitled to contractually rely on the FTI Advisers to vote the proxies of Portfolio Companies solely in accordance with the FTI Advisers' disclosed proxy voting policies.

It can be inferred from the Proposal and the Supporting Statement that the Proponent's goal is to have the Board use the findings of the assessment that is the subject of the Proposal to influence the FTI Advisers' proxy voting policies. The Proposal therefore seeks to inappropriately override the contractual relationship between the FTI Advisers and their Clients by influencing the proxy voting criteria that were effectively selected and approved by the Clients in contracting with the FTI Advisers for the benefit of the Company. The Clients, however, delegated proxy voting authority only to the FTI Advisers, not to the Company, and certainly not to the Company's stockholders. If implemented, the Proposal would require the FTI Advisers to assess their proxy voting policies in accordance with the Proposal's criteria for review, which proposes the adoption of "policy measures . . . to help enhance congruency between [the Company's] climate policies and proxy voting." As discussed in more detail in Sections IV and V below, this standard, which takes into account the Company's own interests, is considerably different from the current policy whereby the FTI Advisers' vote proxies solely in the best interests of their Clients.

The Company is not a party to the investment advisory contracts between the FTI Advisers and their Clients, and therefore the Company has no legal power or authority to unilaterally alter the terms of those contracts. Moreover, encouraging the Company to inappropriately influence the FTI Advisers' current proxy voting policies might, if successful, so alter the reasonable expectations under which Clients originally delegated proxy voting authority to the FTI Advisers that it could be deemed to constitute a material amendment of the advisory contracts. *See, e.g., Franklin Templeton Group of Funds* (July 23, 1997) (any material change in an advisory agreement creates a new contract that must be approved in accordance with section 15(a) [of the 1940 Act]). If so, neither the Company, its stockholders nor its Board have the legal power or authority to require the FTI Advisers to unilaterally alter the terms of those advisory contracts without Client consent. *See, e.g., Adams Express Co.* (Jan. 26, 2011) ("*Adams Express*") (Staff permitted exclusion of a proposal directing the board of a closed-end fund to liquidate, merge or open-end the fund without a shareholder vote).

Based on the foregoing, the Proposal may be excluded under Rule 14a-8(i)(6) because the Company and its Board lack legal power and authority to alter the advisory contracts between the FTI Advisers and their Clients.

IV. The Company and its Board lack legal power and authority, and would violate federal law, in implementing the Proposal in violation of the FTI Advisers' legal and fiduciary duties to their Clients, and the Proposal may therefore be excluded under Rule 14a-8(i)(2) and Rule 14a-8(i)(6)

Rule 14a-8(i)(2) permits a registrant to omit a proposal from its proxy materials if implementation of the proposal would cause the registrant to violate federal law. A proposal may also be excluded under Rule 14a-8(i)(6) if the company would lack the power or authority to implement the proposal. Because the ultimate effect of the Proposal would cause the FTI Advisers to violate federal law, the Company does not have the legal power or authority to impose the requirements of the Proposal on the FTI Advisers, and the FTI Advisers do not have the legal power or authority to violate federal law even if directed to do so by the Company. As such, the Proposal may be excluded under Rule 14a-8(i)(2) for violation of law as well as Rule 14a-8(i)(6) for lack of power or authority.

The FTI Advisers' investment management operations are subject to the Advisers Act. Section 206 of the Advisers Act, as interpreted by the U.S. Supreme Court in *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 191 (1963) ("*Capital Gains*"), imposes a fiduciary duty on investment advisers. Citing *Capital Gains*, in connection with the adoption of Rule 206(4)-6 under the Advisers Act relating to investment advisers' proxy voting obligations to their clients, the Commission stated that "an adviser is a fiduciary that owes each of its clients duties of care and loyalty with respect to all services undertaken on the client's behalf, including proxy voting." *See Adviser Proxy Voting Release.* In the *Adviser Proxy Voting Release*, the Commission further stated:

> The duty of care requires an adviser with proxy voting authority to monitor corporate events and to vote the proxies. To satisfy its duty of loyalty, the adviser must cast the proxy votes in a manner consistent with the best interest of its client and must not subrogate client interests to its own.

In advising pension funds and similar entities, the FTI Advisers are also subject to the legal obligations imposed on investment advisers under Title I of the Employee Retirement Income Security Act ("*ERISA*"). With respect to proxy voting, the Department of Labor has given the following guidance:

> The fiduciary duties described at ERISA Sec. 404(a)(1)(A) and (B), require that, in voting proxies, regardless of whether the vote is made pursuant to a statement of investment policy, the responsible fiduciary shall consider only those factors that relate to the economic value of the plan's investment and shall not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives. Votes shall only be cast in accordance with a plan's economic interests. *Interpretive Bulletin Relating to Exercise of Shareholder Rights* (Oct. 17, 2008), 29 C.F.R. pt. 2509.

Rule 206(4)-6(a) under the Advisers Act requires an investment adviser to "[a]dopt and implement written policies and procedures that are reasonably designed to ensure that [the adviser] vote[s] client

securities in the best interest of clients, which procedures must include how [the adviser addresses] material conflicts that may arise between your interests and those of your clients." According to the *Adviser Proxy Voting Release*, the Rule was expressly designed "to prevent material conflicts of interest from affecting the manner in which advisers vote clients' proxies." As stated in the *Adviser Proxy Voting Release*:

> An adviser's policies and procedures under the rule must also address how the adviser resolves material conflicts of interest with its clients. . . . Clearly, an adviser's policy of disclosing the conflict to clients and obtaining their consents before voting satisfies the requirements of the rule and, when implemented, fulfills the adviser's fiduciary obligations under the Advisers Act. In the absence of client disclosure and consent, we believe that an adviser that has a material conflict of interest with its clients must take other steps designed to ensure, and must be able to demonstrate that those steps resulted in, a decision to vote the proxies that was based on the clients' best interest and was not the product of the conflict.

In compliance with this requirement, the FTI Advisers have adopted proxy voting policies that address conflicts of interest, as typically summarized in a Fund's Registration Statement:

> As a matter of policy, the officers, directors/trustees and employees of the investment manager and the Proxy Group will not be influenced by outside sources whose interests conflict with the interests of the Fund and its shareholders. Efforts are made to resolve all conflicts in the best interests of the investment manager's clients.

The "outside sources" referenced in these policies would of course include the Company, the Company's Board and the Company's stockholders (including the Proponent), whose interests are not permitted to influence the FTI Advisers' proxy voting in the best interests of their Clients. Yet the ultimate effect of the Proposal, if implemented, would require the FTI Advisers to "enhance congruency [with the Company's] climate policies . . . ." In so doing, the FTI Advisers proxy voting would become subject to the influences of outside sources, in violation of their own policy.

The Company's corporate responsibility and climate positions, however, are not appropriate and lawful considerations for the FTI Advisers in voting proxies of Portfolio Companies to the extent that they conflict with the FTI Advisers' fiduciary duty to act in the best interests of their Clients. Accordingly, if the Company's Board were to impose the findings of its assessment on the FTI Advisers' proxy voting practices, as the Proposal and the Supporting Statement suggest is the intended result, the FTI Advisers would be conflicted between the direction of the Board of their corporate parent, on the one hand, to vote proxies in accordance with the Company's policy positions regarding climate change, and on the other hand, the FTI Advisers' clear and overriding legal and fiduciary obligations to vote proxies in the sole best interests of their Clients. This would subject the FTI Advisers to precisely those conflicts of interest that their proxy voting policies and Rule 206(4)-6 were designed to prevent, and in following the dictates of the Proposal, cause the FTI Advisers to violate their fiduciary duty to their Clients, and thus violate the Advisers Act.

Based on the foregoing, the Proposal may be excluded under Rule 14a-8(i)(2), because implementation

of the Proposal by imposing the findings of the Board's assessment on the proxy voting policies and practices of the FTI Advisers would cause the FTI Advisers to violate their fiduciary duty, and thus violate federal law. *See Adams Express* (Proposal directing the board of a closed-end fund to liquidate, merge or open-end the fund without a shareholder vote may be excluded, in part, on the basis of violation of law). Moreover, neither the Board nor the Company has the legal power or authority to cause the FTI Advisers to violate applicable law. Even if the Board were to attempt to do so, the FTI Advisers would be legally required to disregard it. Because neither the Board, the Company, nor the Proponent have the legal power or authority to impose proxy voting policies and procedures on the FTI Advisers that are inconsistent with Rule 206(4)-6 of the Advisers Act and the FTI Advisers' legal and fiduciary obligations to their Clients, the Proposal may be excluded under Rule 14a-8(i)(6).

V. To the extent that aspects of the Proposal are legally permissible, those aspects of the Proposal have been substantially implemented by the Company and the FTI Advisers, and consequently may be excluded under Rule 14a-8(i)(10)

Rule 14a-8(i)(10) permits a registrant to exclude a shareholder proposal if it has been substantially implemented. The Commission has stated that a proposal may be omitted under this Rule if the essential elements of the proposal have been substantially implemented, although they need not be "fully effected" or implemented precisely as presented. *1983 Release*; *see also, Talbots, Inc.* (April 5, 2002) (Staff permitted exclusion of a proposal where company had already adopted labor standards advocated by the proponent). A company is not required to implement a proposal word-for-word in order to be excluded as substantially implemented; rather, the standard is whether a company has particular policies, practices and procedures in place relating to the subject matter of the proposal. *Id.* Moreover, the Staff has permitted exclusion of a proposal where a company has implemented the essential objective of a proposal even in cases where the company's actions do not fully comply with the specific dictates of the proposal. *College Retirement Equities Fund* (May 10, 2013) ("*CREF 2013*") at n. 18.

Apart from the illegal aspect of the Proposal referred to in Section IV above, the Proposal would have the Company assess and, if the Board were to impose the findings of its assessment on the FTI Advisers, potentially amend the FTI Advisers' proxy voting policies to take into account the Company's policy positions regarding climate change. The voting policy that is currently in effect for each Fund already provides that the FTI Advisers will vote "solely in the best interests of the Fund and its shareholders." With respect to ESG issues, although the FTI Advisers may generally defer to management, they may nonetheless vote in favor of those ESG proposals that they believe to have "significant economic benefits or implications" for Clients, including the Fund and its shareholders. Moreover, an FTI Adviser will not support the position of a Portfolio Company's management on an ESG proposal if it would "adversely affect the investment merits of owning that company's shares."

These precepts reflect the fiduciary obligations of the FTI Advisers, described in more detail in Section IV above. All Portfolio Company proxies for the Funds, including those relating to ESG issues, are evaluated on this basis. Excluding the illegal portion of the Proposal requesting that the FTI Advisers take into account the Company's policy positions regarding climate change in violation of the FTI Advisers' fiduciary duties to their Clients, all of the Proponent's stated concerns are already reflected in

the FTI Advisers' current voting policy. That the Proponent is not satisfied with the FTI Advisers' implementation of their proxy voting policies has no bearing on the established fact that the FTI Advisers already consider the ESG factors urged by the Proponent in voting Client proxies. *See CREF 2013.*

Similarly, the Company has adopted the United Nations' Principles for Responsible Investing ("*PRI*") as described in a public statement issued on April 5, 2013, in which it recognizes that ESG issues can affect the performance of investment portfolios. Significantly, the Company committed to follow the Principles "where consistent with our fiduciary responsibilities," as required by law and as permitted by the Principles.

Based on the foregoing, the Proposal may be excluded under Rule 14a-8(i)(10) because it has been substantially implemented by the Company and the FTI Advisers.

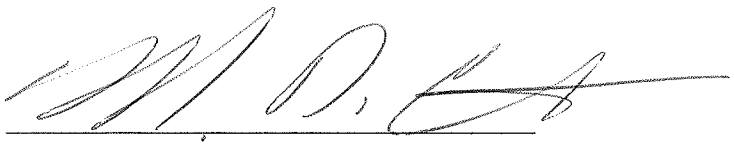
CONCLUSION

Proxy voting decisions by the FTI Advisers on behalf of their clients are part of the FTI Advisers' ordinary business operations in managing client assets and should not be subject to influence by shareholders of FTI Advisers' parent company. Any Client may direct its FTI Adviser to vote proxies of Portfolio Companies in accordance with any criteria it chooses, including to vote in favor of any or all shareholder proposals involving climate change. In the absence of specific direction from their Clients, however, the FTI Advisers are required by law to vote the proxies of Portfolio Companies solely in accordance with their good faith assessment of the best interests of their Clients. As a matter of law, they may not take into account the conflicting interests of the Company, the Board, or the Company's shareholders, including the Proponent. The Proposal, by seeking to influence the FTI Advisers' proxy voting decisions, violates this fundamental principle of fiduciary duty on which the Advisers Act is based.

For the reasons set forth above, the Company hereby respectfully requests that the Staff confirm that it will not recommend enforcement action if the Proposal is excluded from the Company's 2016 Proxy Materials. Please do not hesitate to call me at (215) 564-8173 or email me at MDiClemente@stradley.com if you require additional information or wish to discuss this submission further. Correspondence regarding this letter should be sent to MDiClemente@stradley.com and to the Proponent at Sonia@zevin.com.

Thank you for your attention to this matter.

Sincerely,



Matthew R. DiClemente

Attachment: Exhibit A

cc: Sonia Kowal, Zevin Asset Management (Sonia@zevin.com)
Steven Schueth, First Affirmative Financial Network (via FedEx)
Jeffrey W. Perkins, Friends Fiduciary Corporation (via FedEx)
Craig Tyle, Franklin Resources (Ctyle@frk.com)
Maria Gray, Franklin Resources (Mgray@frk.com)

EXHIBIT A

RELATED CORRESPONDENCE

Zevin Asset Management, LLC

PIONEERS IN SOCIALLY RESPONSIBLE INVESTING

September 10, 2015

Maria Gray
Vice President and Secretary
Franklin Resources, Inc.,
One Franklin Parkway
San Mateo, CA 94403-1906

Re: Shareholder Proposal for 2015 Annual Meeting

Dear Ms. Gray:

Enclosed please find our letter filing the proxy voting proposal to be included in the proxy statement of Franklin Resources, Inc. (the "Company") for its 2016 annual meeting of stockholders.

Zevin Asset Management is an investment manager which integrates financial and environmental, social, and governance research in making investment decisions on behalf of our clients. We remain concerned about Franklin Resources' proxy voting record on environmental issues, specifically on climate change. We believe that Franklin Resources' proxy voting process is deficient and in need of a thorough review. Thus, Zevin Asset Management is filing the enclosed resolution on behalf of our client, Diane and Alan Fairbanks, appealing for a Board initiated review of the process.

We are filing on behalf of our clients, Diane and Alan Fairbanks (the Proponent), who have continuously held in their join account, for at least one year of the date hereof, 750 shares of the Company's stock which would meet the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended. A letter verifying ownership of Franklin Resources shares from our client's custodian is being sent via separate cover. Zevin Asset Management intends to continue to hold such shares on behalf of its client through the date of the Company's 2016 annual meeting of stockholders.

Zevin Asset Management is the lead filer for this proposal. We will send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

Zevin Asset Management welcomes the opportunity to discuss the proposal with representatives of the Company. Please forward any correspondence relating to this matter to Zevin Asset Management and not to Diane and Alan Fairbanks. Please confirm receipt of this proposal to me at 617-742-6666 x308 or via email at sonia@zevin.com.

Sincerely,

Sonia Kowal

Sonia Kowal
Director of Socially Responsible Investing
Zevin Asset Management, LLC

Whereas:

Franklin Resources (FR) is a respected leader in the financial services industry. FR has stated publicly that it understands how environmental, social, and governance (ESG) factors can affect companies financially. On its website, the Company states ESG issues may affect the value of an investment.

FR reports and mitigates greenhouse gas emissions associated with its operations and the company's other climate change-related impacts. In its response to a survey by the Carbon Disclosure Project, FR states:

- ... The ESG team partners with Investment Managers to enhance the integration of ESG considerations in the investment process in order to manage risk and increase returns, as ESG issues like ... climate change... can impact the performance of securities.

Climate change has been incorporated into the FR's enterprise and investment risk assessment processes as part of its ESG integration. The Company notes that it

> "...assesses current ESG integration practices, and works to improve the company's framework for consistently incorporating the consideration of material ESG risks... These processes are being incorporated into the overall evaluation process of investment portfolios..."

FR and its subsidiaries are responsible for voting proxies of companies in their portfolios. Aside from buy and sell decisions, proxy voting is one of the principal ways in which investors can engage in active management of portfolio risks and opportunities related to climate change. However, nothing in the existing disclosures provides investors with sufficient information to permit meaningful assessment of the congruency of proxy voting with FR's statements recognizing climate change related risks. Indeed, available information suggests that the Company's proxy voting record is incongruent with a responsive approach to climate change.

Many resolutions on the topic of climate change voted on by FR simply asked for more disclosure. According to public fund voting records, over the past few years funds managed by subsidiaries of FR voted against the vast majority of these resolutions, in contrast to funds managed by investment firms such as DWS, Oppenheimer, and AllianceBernstein who supported the majority of them.

These incongruities could pose a reputational risk to the company, especially given the contrast to actions of competing investment firms. Given the severe societal implications of climate change, there is risk to the company if its proxy voting practices become known to be incongruent with responsiveness to climate change risks.

Resolved: Shareowners request that the Board of Directors issue a climate change report to shareholders by September 2016, at reasonable cost and omitting proprietary

information. The report should assess any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change.

This assessment should list all instances of votes cast that appeared to be inconsistent with the company's climate change positions, and explanations of the incongruency. The report should also discuss policy measures that the company can adopt to help enhance congruency between its climate policies and proxy voting.

September 10, 2015

Diane and Alan Fairbanks

*** FISMA & OMB Memorandum M-07-16 ***

Re: Appointment of Zevin Asset Management, LLC

To Whom It May Concern:

By this letter we hereby authorize and appoint Zevin Asset Management, LLC (or its agents), to represent me in regard to my holdings of Franklin Resources in all matters relating to shareholder engagement – including (but not limited to):

- The submission, negotiation, and withdrawal of shareholder proposals
- Requesting letters of verification from custodians, and
- Attending and presenting at shareholder meetings

This authorization and appointment is intended to be durable, and forward-looking. To a company receiving a shareholder proposal under this durable appointment and grant of authority, please consider this letter as both authorization and instruction to:

- Dialogue with Zevin Asset Management, LLC
- Comply with all requests/instructions in relation to the matters noted above
- Direct all correspondence, questions, or communication regarding same to Zevin Asset Management, LLC (address listed below)

Sincerely,

Signature – Alan Fairbanks

Signature – Diane Fairbanks

Personal Investing

P.O. Box 770001
Cincinnati, OH 45277-0045

September 23, 2015

Diane A. Fairbanks
Alan R. Fairbanks

*** FISMA & OMB Memorandum M-07-16 ***

Dear Mr. and Mrs. Fairbanks:

Thank you for contacting Fidelity Investments requesting specific holding confirmation for Franklin Resources Inc. (BEN) within your Joint: Tenants In Common (TIC) account ending in *** FISMA & OMB Memorandum M-07-16 ***. I appreciate the opportunity to assist you.

Please allow this letter to serve as confirmation that, as of September 22, 2015 you own 750 shares of BEN in your above referenced account. As of September 10, 2015, you have continuously owned 750 shares of BEN for more than one year.

Mr. and Mrs. Fairbanks, I hope you find this information helpful. For any other issues or general inquiries regarding your account, please contact a Fidelity representative at 877-907-4429 for assistance.

Sincerely,

Matthew Kools

Matthew Kools
High Net Worth Operations

Our File: W839675-23SEP15

Investing for a Sustainable Future

September 17, 2015

Maria Gray
Vice President and Secretary
Franklin Resources, Inc.
One Franklin Parkway
San Mateo, CA 94403-1906

Dear Ms. Gray:

First Affirmative Financial Network, LLC is a United States based investment management firm with approximately $9 85 million in assets under management. We hold more than 10,500 shares of Franklin Resources, Inc. (BEN) common stock on behalf of clients who ask us to integrate their values with their investment portfolios.

First Affirmative joins Zevin Asset Management to co-file on behalf of client Waterglass, LLC the enclosed shareholder resolution with BEN regarding proxy voting practices. We support the inclusion of this proposal in the 2015 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

Per Rule 14a-8, Waterglass, LLC holds more than $2,000 of BEN common stock, acquired more than one year prior to date of this filing and held continuously for that time. Waterglass, LLC intends to remain invested in this position continuously through the date of the 2016 annual meeting. Verification of ownership may be forwarded under separate cover by DTC participant custodian Folio Institutional (Folio*fn* Investments, Inc.)

Zevin Asset Management is authorized to negotiate on our behalf, to include withdrawing the resolution if appropriate. They will also send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules.

Sincerely,

Steven J. Schueth
President

Enclosures: resolution, client authorization letter

5475 Mark Dabling Boulevard, Suite 108, Colorado Springs, Colorado 80918 | 800.422.7284 toll-free | 719.636.1943 fax | www.firstaffirmative.com
2503 Walnut Street, Suite 201, Boulder, Colorado 80302 | 877.540.4933 toll-free | 720.221.0470 fax | www.firstaffirmative.com
First Affirmative Financial Network, LLC is an independent Registered Investment Advisor (SEC File #801-56587)

Whereas:

Franklin Resources (FR) is a respected leader in the financial services industry. FR has stated publicly that it understands how environmental, social, and governance (ESG) factors can affect companies financially. On its website, the Company states ESG issues may affect the value of an investment.

FR reports and mitigates greenhouse gas emissions associated with its operations and the company's other climate change-related impacts. In its response to a survey by the Carbon Disclosure Project, FR states:

> "...The ESG team partners with Investment Managers to enhance the integration of ESG considerations in the investment process in order to manage risk and increase returns, as ESG issues like... climate change... can impact the performance of securities."

Climate change has been incorporated into the FR's enterprise and investment risk assessment processes as part of its ESG integration. The Company notes that it

> "...assesses current ESG integration practices, and works to improve the company's framework for consistently incorporating the consideration of material ESG risks... These processes are being incorporated into the overall evaluation process of investment portfolios..."

FR and its subsidiaries are responsible for voting proxies of companies in their portfolios. Aside from buy and sell decisions, proxy voting is one of the principal ways in which investors can engage in active management of portfolio risks and opportunities related to climate change. However, nothing in the existing disclosures provides investors with sufficient information to permit meaningful assessment of the congruency of proxy voting with FR's statements recognizing climate change related risks. Indeed, available information suggests that the Company's proxy voting record is incongruent with a responsive approach to climate change.

Many resolutions on the topic of climate change voted on by FR simply asked for more disclosure. According to public fund voting records, over the past few years funds managed by subsidiaries of FR voted against the vast majority of these resolutions, in contrast to funds managed by investment firms such as DWS, Oppenheimer, and AllianceBernstein who supported the majority of them.

These incongruities could pose a reputational risk to the company, especially given the contrast to actions of competing investment firms. Given the severe societal implications of climate change, there is risk to the company if its proxy voting practices become known to be incongruent with responsiveness to climate change risks.

Resolved: Shareowners request that the Board of Directors issue a climate change report to shareholders by September 2016, at reasonable cost and omitting proprietary information. The report should assess any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change.

This assessment should list all instances of votes cast that appeared to be inconsistent with the company's climate change positions, and explanations of the incongruency. The report should also discuss policy measures that the company can adopt to help enhance congruency between its climate policies and proxy voting.

Waterglass, LLC
Peter M. Trueblood
One Rockridge Place
Oakland, CA 94618

September 11, 2015

Maria Gray
Vice President and Secretary
Franklin Resources, Inc.
One Franklin Parkway
San Mateo, CA 94403-1906

Dear Ms. Gray,

I hereby authorize First Affirmative Financial Network, LLC to file the enclosed resolution on behalf of Waterglass, LLC with Franklin Resources, Inc. (BEN). Waterglass, LLC currently owns approximately 1851 shares of BEN Inc. common stock, and has owned at least $2,000 in common stock for more than one year. We intend to hold at minimum $2,000 in common stock through the date of the annual meeting in 2016.

Verification of ownership can be sent under separate cover by Foliofn Investments, Inc.

I specifically give First Affirmative Financial Network, LLC full authority to deal, on behalf of Waterglass, LLC with all aspects of this shareholder resolution.

Sincerely,

Peter M. Trueblood, Manager

FRIENDS FIDUCIARY
CORPORATION

TELEPHONE
215 / 241 7272

1650 ARCH STREET / SUITE 1904
PHILADELPHIA, PA 19103

FACSIMILE
215 / 241 7871

September 23, 2015

VIA FED EX DELIVERY

Maria Gray
Vice President and Secretary
Franklin Resources, Inc.,
One Franklin Parkway
San Mateo, CA 94403-1906

Re: Shareholder Proposal for 2016 Annual Meeting

Dear Ms. Gray:

On behalf of Friends Fiduciary Corporation, I write to give notice that pursuant to the proxy statement of Franklin Resources, Inc. and Rule 14a-8 under the Securities Exchange Act of 1934, Friends Fiduciary Corporation intends to co-file the attached proposal with lead filer, Zevin Asset Management, LLC at the 2016 annual meeting of shareholders.

Friends Fiduciary Corporation serves more than 320 Quaker meetings, churches, and organizations through its socially responsible investment services. We have over $300 million in assets under management. Our investment philosophy is grounded in the beliefs of the Religious Society of Friends (Quakers), among them the testimonies of peace, simplicity, integrity and justice. We are long term investors and take our responsibility as shareholders seriously. When we engage companies we own through shareholder resolutions we seek to witness to the values and beliefs of Quakers as well as to protect and enhance the long-term value of our investments. As investors, we believe it important that Franklin Resources use its proxy voting to engage in active management of portfolio risks and opportunities related to climate change.

A representative of the filers will attend the shareholder meeting to move the resolution. We look forward to meaningful dialogue with your company on the issues raised in this proposal. Please note that the contact person for this proposal is Sonia Kowal, Zevin Asset Management (Sonia@zevin.com). The lead filer is authorized to withdraw this resolution on our behalf.

Friends Fiduciary currently owns more than 1,340 shares of the voting common stock of the Company. We have held the required number of shares for over one year as of the filing date. As verification, we have enclosed a letter from US Bank, our portfolio custodian and holder of record, attesting to this fact. We intend to hold at least the minimum required number of shares through the date of the Annual Meeting.

Sincerely,

Jeffery W. Perkins
Executive Director

Enclosures

cc: Sonia Kowal

Whereas:

Franklin Resources (FR) is a respected leader in the financial services industry. FR has stated publicly that it understands how environmental, social, and governance (ESG) factors can affect companies financially. On its website, the Company states ESG issues may affect the value of an investment.

FR reports and mitigates greenhouse gas emissions associated with its operations and the company's other climate change-related impacts. In its response to a survey by the Carbon Disclosure Project, FR states:

- ... The ESG team partners with Investment Managers to enhance the integration of ESG considerations in the investment process in order to manage risk and increase returns, as ESG issues like ... climate change... can impact the performance of securities.

Climate change has been incorporated into the FR's enterprise and investment risk assessment processes as part of its ESG integration. The Company notes that it

> "...assesses current ESG integration practices, and works to improve the company's framework for consistently incorporating the consideration of material ESG risks... These processes are being incorporated into the overall evaluation process of investment portfolios..."

FR and its subsidiaries are responsible for voting proxies of companies in their portfolios. Aside from buy and sell decisions, proxy voting is one of the principal ways in which investors can engage in active management of portfolio risks and opportunities related to climate change. However, nothing in the existing disclosures provides investors with sufficient information to permit meaningful assessment of the congruency of proxy voting with FR's statements recognizing climate change related risks. Indeed, available information suggests that the Company's proxy voting record is incongruent with a responsive approach to climate change.

Many resolutions on the topic of climate change voted on by FR simply asked for more disclosure. According to public fund voting records, over the past few years funds managed by subsidiaries of FR voted against the vast majority of these resolutions, in contrast to funds managed by investment firms such as DWS, Oppenheimer, and AllianceBernstein who supported the majority of them.

These incongruities could pose a reputational risk to the company, especially given the contrast to actions of competing investment firms. Given the severe societal implications of climate change, there is risk to the company if its proxy voting practices become known to be incongruent with responsiveness to climate change risks.

Resolved: Shareowners request that the Board of Directors issue a climate change report to shareholders by September 2016, at reasonable cost and omitting proprietary

information. The report should assess any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change.

This assessment should list all instances of votes cast that appeared to be inconsistent with the company's climate change positions, and explanations of the incongruency. The report should also discuss policy measures that the company can adopt to help enhance congruency between its climate policies and proxy voting.

usbank

All of us serving you℠

Institutional Trust and Custody
50 South 16th Street
Suite 2000
Philadelphia, PA 19102

September 23, 2015

To Whom It May Concern:

This letter is to verify that **Friends Fiduciary Corporation** holds at least $2,000.00 worth of **Franklin Resources Inc.** common stock. **Friends Fiduciary Corporation** has continuously owned the required value of securities for more than one year and will continue to hold them through the time of the company's next annual meeting.

The securities are held by **US Bank NA** who serves as custodian for **Friends Fiduciary Corporation**. The shares are registered in our nominee name at **Depository Trust Company**.

Sincerely,

A Delia

Antoinette Delia
Account Associate
215-761-9431