

ESG Investment Program

Overview

The ESG Investment Program applies Environmental, Social and Governance (ESG) integration, active company engagement and shareholder advocacy to ClearBridge Investments' pure-style investment strategies with the same management teams³.

Strategies

- ▶ All Cap Value
- ▶ Appreciation
- ▶ Dividend Strategy
- ▶ International Growth
- ▶ International Value
- ▶ Large Cap Growth
- ▶ Large Cap Value
- ▶ Multi Cap Growth
- ▶ Sustainability Leaders

Why ESG?

Reasons for Rising Interest in ESG Investment Principles

- Growing awareness that ESG best practices define quality companies
- Performance studies that are becoming difficult to dismiss¹
- The evolution toward active ESG strategies
 - Beyond passive negative screens and overlays
 - Integrating investment with engagement, advocacy and education
- A broader interpretation of fiduciary responsibility
- Investors wanting to make an impact with their dollars

Why ClearBridge?

Strengths and Distinguishing Characteristics

- A dedicated ESG program with the resources and performance of a mainstream firm
 - A legacy of specialized ESG expertise starting in 1987
 - The scale, access and infrastructure of a long-term investor with \$147.9 billion in assets under management²
 - Sustainability Leaders and eight additional style-specific ESG strategies
- Combining active investment with active ownership
 - Selecting investments and managing portfolios
 - Advocacy via proxy voting and engagement with company management
 - Client and public education about ESG best practices
- True ESG integration
 - Firm-wide fundamental research incorporating ESG perspectives across industry sectors
 - Research analyst compensation based in part on evaluating ESG factors linked to company performance
 - An ESG ratings system facilitating systematic research and engagement with companies

ESG Investing at ClearBridge Investments

Five Main Segments:



**Portfolio construction
and ESG integration**



**Company and thought
leader engagement**



**Advocacy via
proxy voting**



Client interaction



Public education

¹ The ClearBridge white paper, "ESG Beliefs, Perceptions and Goals," explores many additional reasons for the growing interest as well as past misperceptions that have hindered growth.

² As of September 30, 2018.

³ There is no guarantee that the Portfolio's objective will be met.

All investments involve risks, including possible loss of principal. All data is as of September 30, 2018 unless otherwise indicated. **Past performance is no guarantee of future results.**

Environmental, Social and Governance Integration into Fundamental Research at ClearBridge
 Proprietary ESG Rating System



B
Flagged
Company that has not focused on ESG, has a poor ESG record or operates in an unsustainable industry.

A
Beginner
Company recognizes potential to capitalize on ESG improvements.

AA
Intermediate
Company sees value in ESG factors, has begun to incorporate sustainability into business operations and products, and has started reporting its progress.

AAA
Best in Class
Company has integrated ESG strategy into its business model, usually with full CEO and/or employee support, formally measures sustainability efforts and proactively communicates to investors. Often, these are companies that are providing goods and services that have a positive effect or impact on society or industry.



ClearBridge is an Active Member of the Following Organizations:

