

For Immediate Release

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**CLEARBRIDGE HIGHLIGHTS POWERFUL ROLE OF ACTIVE MANAGERS IN
DRIVING CHANGE THROUGH ESG INVESTING**

**Annual Impact Report Details Efforts to Encourage Companies to Improve Diversity and
Inclusion, Adopt Sustainable Infrastructure and Combat Climate Change**

Active Equity Manager Has Proprietary Ratings on ~900 Companies

New York, NY, April 22, 2021 – Using approaches such as direct discussions with senior management and proxy voting, asset managers have the powerful ability to drive change in the environmental, social and governance (ESG) practices of public companies, according to ClearBridge Investments.

With \$184 billion in assets under management, ClearBridge is a top 20 shareholder in more than 275 public companies. It conducts over 1,000 meetings with the companies in which it invests every year. As an active equity investor, it voted on every eligible shareholder proposal at companies in its client portfolios; last year, that amounted to 16,832 proposals.

ClearBridge's newly released [2021 Impact Report](#) catalogs how it's partnering with companies large and small around ESG issues as wide-ranging as diversity and inclusion (D&I), sustainable infrastructure and fossil fuels, among other hot button topics.

"In a year like no other, the global pandemic starkly highlighted the social and economic inequalities in our society. At the same time, it reinforced the value of our decades-long efforts to prioritize ESG factors in our investment approach," said Terrence Murphy, CEO of ClearBridge and Head of Equities for Franklin Templeton. ClearBridge is one of Franklin Templeton's specialist investment managers.

"We've been an ESG investor for over 30 years and it's exciting to see interest in ESG accelerating globally," Murphy added. "New regulations such as the European Union's Sustainable Finance Disclosure Regulation are giving investors the ability to identify the asset managers whose ESG efforts are delivering positive benefits while companies are realizing the public expects them to foster transparency while channeling capital toward a more sustainable economy."

Diversity & Inclusion: Material to Every Company in Every Sector

While human capital management has long been part of its analysis, the topic of D&I gained increased attention over the past year. "D&I is material to every company in every sector, yet there is not only a lack of disclosure but a lack of comparability among disclosures," said Mary

Jane McQuillen, Portfolio Manager and Head of ESG Investment, noting that only 4.4% of companies in the S&P 500 report racial diversity data.

D&I is one of the many ESG factors that ClearBridge integrates into its fundamental bottom-up research process. Rather than simply screening out companies not deemed socially responsible, it uses a proprietary framework that identifies key ESG considerations for each sector and subsector, focusing on the issues that truly matter for each company. In addition to informing stock selection, these assessments help the firm track progress and drive engagement with company management. In total, it has proprietary ESG ratings on nearly 900 companies.

As part of its D&I analysis, ClearBridge examines racial and gender representation among boards of directors and management teams as well as less senior layers of staff in addition to current diversity policies. It is also gathering information from investee companies to achieve three main goals: 1) spur management to think about racial diversity; 2) motivate them to track diversity by candidly assessing their company's workforce profile and being transparent about it externally; and 3) share insights, such as the value of networks that increase the visibility, experience and opportunity for minority groups.

McQuillen cited a meta-study on ESG and financial performance by the New York University Stern Center for Sustainable Business showing that ESG and strong financial performance are positively correlated. The study also found that improved financial performance due to ESG becomes more noticeable over longer time horizons.

"When I first began my ESG investing career almost 25 years ago, I could see that investor support for sustainable practices was key for management to hear. Being a large owner of the stock was also helpful in gaining access to leadership with whom we could partner. These goals have been at the heart of our approach to ESG integration, and it is encouraging to see data confirm them," McQuillen said.

About ClearBridge

With \$184 billion in assets under management (AUM) as of March 31, 2021, ClearBridge Investments is a leading global equity manager committed to delivering long-term results through active management. It has more than 250 employees spread across offices in New York, Baltimore, London, San Francisco and Wilmington, DE.

ClearBridge focuses on three primary client objectives in its areas of proven expertise: high active share, income solutions and low volatility. Its strategies are available in separately managed accounts, mutual funds, collective investment funds as well as custom solutions, commingled vehicles and offshore funds. See more [here](#).

About Franklin Templeton

Franklin Resources, Inc. [NYSE:BEN], is a global investment management organization with subsidiaries operating as Franklin Templeton and serving clients in over 165 countries. Franklin Templeton's mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives. With offices in more than 30 countries and approximately 1,300 investment professionals, the California-based company has over 70 years of investment experience and approximately \$1.5 trillion in assets under management as of March 31,

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