

ClearBridge

A Franklin Templeton Company

Climate Report 2026



ClearBridge Climate Report

Governance	4
Strategy	6
Risk Management	18
Metrics and Targets	18
Looking Ahead	20

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ClearBridge 2026 Climate Report

ClearBridge Investments has a long-standing commitment to integrating climate-related risks and opportunities into our investment process. We believe that understanding these factors is an essential part of delivering long-term value to our clients. As the global sustainability landscape continues to evolve, shaped by shifting regulatory frameworks, technological advancement and changing market dynamics, we remain focused on ensuring that material climate considerations, where applicable, are embedded in our investment decision-making process, as described in this report.

Over the past year, ClearBridge has enhanced its climate capabilities with the expansion of our global investment platform. With new colleagues and offices across the U.K. and Australia, we have broadened our geographic footprint and deepened our regional expertise, strengthening our ability to generate differentiated insights on climate risks and opportunities. This expanded global perspective allows us to better assess how climate-related factors, both transitional and physical, impact companies across diverse markets and industries.

This Task Force on Climate-Related Financial Disclosures (TCFD) Report, our seventh publication since 2019, outlines our approach to managing climate-related risks and opportunities aligned with the TCFD recommendations. Together, these disclosures reflect ClearBridge's consistent, investment-led approach to integrating material climate-related risks and opportunities across our portfolios. This TCFD Report covers the year ending December 31, 2025.

Governance

As an investment group of Franklin Templeton (FT), ClearBridge reports to the Head of FT Public Markets, who in turn reports to the Franklin Templeton Board of Directors. Our ESG strategy is under the oversight of ClearBridge's Chief Investment Officer. ClearBridge is also a member of the Franklin Templeton Stewardship and Sustainability Council (SSC), a forum for dialogue and sharing best practices among FT investment groups.

More information about the governance structure of Franklin Templeton and the role of the Franklin Templeton Board of Directors in overseeing the management of these impacts can be found in the Franklin Templeton Corporate TCFD Report.

While climate-related risks and opportunities are incorporated in ClearBridge's investment process, effective oversight and implementation extends well beyond the investment team. Multiple teams across ClearBridge ensure research analysts and portfolio managers have the tools, data and frameworks needed to assess climate risks and opportunities; we also clearly and consistently communicate climate-related exposures to clients.

Exhibit 1:

Governance and Oversight of Climate-Related Risks and Opportunities

Role	Climate-Related Responsibilities	Strategy and Oversight	Research and Portfolio Management	Monitoring and Reporting
Chief Investment Officer	Oversees our investment team and its strategic direction, including climate-related issues	●		
Chief Operating Officer/ Chief Technology Officer	Oversees Portfolio Analytics and Technology teams that support internal climate-related initiatives	●		
Head of Investment Risk Management	Incorporates climate-related risks in the investment risk review process	●		●
Co-Directors of Research	Manage ClearBridge's central research analysts, whose research activities include assessing climate-related risks and opportunities	●	●	
Investment Team	ClearBridge's ESG framework is fully integrated into the investment teams' fundamental research and portfolio construction processes		●	
ESG Strategy Team	Oversees ClearBridge's climate strategy and net-zero targets	●		●
Portfolio Analytics	Provides investment teams and clients with portfolio- and security-level climate data and analysis		●	●
Proxy Voting Committee	Oversees ClearBridge's proxy voting process and its alignment with ClearBridge's and our clients' sustainability objectives; annually reviews and updates ClearBridge's Proxy Voting Policy, which addresses climate-related proposals	●		
Client Service	Supports the understanding of the clients' sustainability objectives and needs and provides portfolio-level climate-related reporting to clients			●

Source: ClearBridge Investments.

Strategy

For almost 40 years ClearBridge has been incorporating climate risks and opportunities into our investment strategy. As climate has continually become more relevant in our portfolios, we have taken steps to enhance our process and ensure material climate metrics are appropriately captured.

Climate risk can be categorized into two main types:

1. Transition risks: These arise from changes in market conditions, policies and regulations aimed at transitioning toward a lower-carbon emission economy. Such changes can impact business models, competitive dynamics, technological developments and capital allocation decisions in many industries.
2. Physical risks: These involve the increasing frequency and severity of extreme weather events — such as droughts, floods and wildfires — which can affect businesses and their employees through asset damage, operational disruptions and supply chain interruptions.

Different climate risks and opportunities can materialize in various ways depending on time frame and sector (Exhibit 2).

Exhibit 2:

Short-, Medium- and Long-Term Climate Risks and Opportunities

Time Frame	Climate Risks	Climate Opportunities
Short Term (0-5 Years)	<ul style="list-style-type: none"> Transition risks in energy, power and automotive sectors (policy changes) Carbon regulation and reporting Extreme weather events (asset 	<ul style="list-style-type: none"> Renewable energy, e.g., solar, wind, nuclear power Short-term energy storage (batteries) Electric passenger vehicles Energy efficiency
Medium Term (5-10 Years)	<ul style="list-style-type: none"> Transition risks in sectors such as energy, industrials and materials Carbon pricing impacting competitiveness Increasing frequency and severity of extreme weather events (supply-chain and insurance impacts) 	<ul style="list-style-type: none"> Green hydrogen Critical minerals needed for the energy transition Electric buses, trucks and trains Climate adaptation technologies and infrastructure
Long Term (10+ Years)	<ul style="list-style-type: none"> Transition risks in hard to abate sectors such as transport, steel and cement Climate-related geopolitical risks and resource security Further increasing frequency and severity of extreme weather events 	<ul style="list-style-type: none"> Carbon capture and storage (CCS) Sustainable aviation and shipping solutions Green steel, cement and other low-carbon building materials Long-duration energy storage

Applying our Stewardship Approach to Climate Risks and Opportunities

Our climate strategy is grounded in our fiduciary duty to act in the best interests of our clients and to seek to deliver attractive long-term, risk-adjusted returns. In this context, we view climate considerations as financially material insights that can inform investment decision making and mitigate long-term risk.

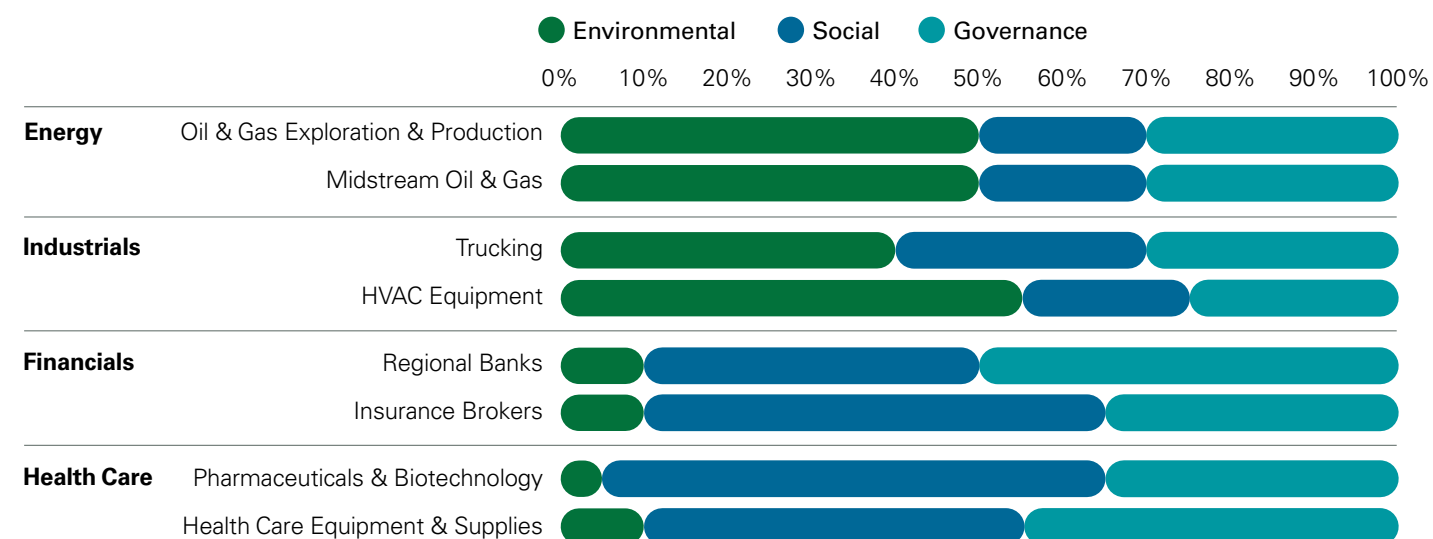
Our approach is embedded within our broader stewardship strategy, which provides the foundation for measuring and managing climate-related risks and opportunities across portfolios. More specifically, our proprietary ESG ratings, direct engagements with management teams and proxy voting and portfolio management processes are overlapping tools to effectively implement our climate strategy.

Research and ESG Ratings

ClearBridge integrates ESG factors and materiality weights into our fundamental research process by using a proprietary framework — the ClearBridge Materiality Framework™ — that identifies key ESG considerations for each sector and subsector in which we invest. Environmental considerations, especially those related to climate, are weighted differently depending on the subsector. For example, for energy companies, in a high-emitting sector, our framework gives more weight to environmental factors than for health care companies (Exhibit 3).

Exhibit 3:

ClearBridge Materiality Framework™ Sample



Source: ClearBridge Investments.

ClearBridge’s environmental factors are designed to reflect the way a fundamental analyst evaluates a company. Instead of assessing environmental issues in isolation (as themes unto themselves), our factors consider where those risks and opportunities may arise across a company’s business model, including its operations, products, supply chain, regulatory exposure and dependency on natural resources. This helps ensure that climate analysis is integrated into the broader investment thesis rather than treated as a separate exercise.

ClearBridge’s ESG ratings also capture climate risks beyond a company’s emissions profile, evaluating environmental considerations across a broad range of factors, including product lifecycle impact, physical climate risk and energy transition positioning. This allows analysts to assess climate-related risks and opportunities more holistically than emissions data alone.

Our environmental assessment of companies is not just a risk-based exercise; it aims to capture opportunities and momentum as well. The resulting rating provides a more balanced picture of the company and how it is positioned for a decarbonizing economy.

Portfolio Management

Understanding the climate profile of a portfolio is not only important to many of our clients but also makes sense from a long-term risk perspective. To support portfolio managers in assessing climate-related risks and opportunities, ClearBridge makes available a range of tools, including third-party climate metrics, portfolio-level analytics and internally developed ESG research including our proprietary ratings. In some cases, the ESG Strategy team also helps portfolio managers interpret climate data, assess company disclosures and apply relevant insights consistent with each strategy’s objectives.

The priority of ClearBridge portfolio managers is to act in the best interests of our clients and create resilient long-term value. Identifying companies that are poised to succeed in a low-carbon future is an important component. By integrating ESG research with fundamental analysis, we can identify high-quality companies with distinctive sustainability stories. These companies may not always fit the quintessential ESG profile or operate in a “green” industry such as renewables. In some cases, a more compelling example is a company with a strong fundamental investment thesis and a credible path to decarbonization in a high-emitting, hard-to-abate sector, such as CF Industries.

Case Study: Investing in Transition Leaders

CF Industries (CF) is a global producer of nitrogen-based fertilizer. Unlike phosphate or potash, nitrogen fertilizer has no reliable substitute with the same efficacy and must be applied to soil annually to replenish nutrients and support crop growth.

Thesis:

After extensive due diligence, the investment team identified CF Industries as an attractive investment for select portfolios. The company benefits from a structurally low-cost position driven by access to inexpensive U.S. natural gas, supporting strong cash generation and competitive margins. The team also considered future potential opportunities in the sale of ultra-low-carbon ammonia.

Sustainability Consideration:

Nitrogen is an essential nutrient in fertilizer, playing a critical role in supporting global food production for half the world’s population. At the same time, there are meaningful health and environmental risks associated with the product: run-off can contaminate drinking water, overapplication can generate geographic dead zones, and the production of ammonia used to generate nitrogen fertilizer is highly carbon intensive.

The team weighed the essential role of CF Industries’s nitrogen fertilizer alongside the company’s environmental footprint and gained conviction through a deeper assessment of its decarbonization strategy. CF Industries has an aggressive roadmap to:

- Reduce CO₂-equivalent emissions per ton of product by 25% by 2030 (versus a 2015 baseline)
- Reduce Scope 3 emissions by 10% by 2030 (versus a 2020 baseline)
- Achieve net-zero emissions by 2050

These goals strengthen the long-term resilience and competitiveness of its business. CF Industries’s roadmap is focused on adding carbon capture and storage (CCS) to its production facilities, with announced and operational CCS projects expected to capture over 20% of current emissions, and with longer-term plans for further CCS and other decarbonization projects. CCS investments can be high-return projects for CF Industries due to certain U.S. tax credits; low-carbon fertilizers may also be sold at a premium. Demand for low-carbon fertilizer is emerging: in 2026 PepsiCo signed an agreement to make CF Industries’s certified low-carbon fertilizer available to farmers in its potato supply chain, helping lower emissions from the crops it purchases and supporting progress toward PepsiCo’s Scope 3 reduction goals. The company is also developing the world’s largest low-carbon ammonia plant in Louisiana, which will supply ultra-low-carbon ammonia primarily to Asian markets for non-agriculture uses, including as a low-carbon substitute for coal in power generation, and in industrial applications, including as a low-carbon substitute in cement production.

Conclusion:

Following ClearBridge’s research-driven, financially material approach to evaluating climate-related risks and opportunities, the investment team was able to comfortably recommend adding CF industries to select portfolios.

Net-Zero Alignment

ClearBridge’s net-zero goal and related net-zero alignment assessment provide an additional metric to monitor portfolio climate risk. Unlike carbon intensity, which provides a point-in-time view of emissions exposure, net-zero alignment is a more forward-looking metric that helps evaluate whether portfolio companies have credible targets and are making progress toward decarbonization. Tracking this metric allows us to better understand transition risk across portfolios and identify areas where further research or engagement may be warranted.

Net-zero alignment focuses on whether a company’s emissions trajectory and climate strategy is consistent with a pathway of achieving net-zero GHG emissions by a specific date, typically 2050, in line with global climate goals.

Judging a portfolio’s climate performance by assessing the net-zero alignment of each portfolio company is our preferred method of identifying companies that are most proactively reducing their emissions and ensuring our portfolios are positioned to succeed in the future.

There are multiple approaches to measuring net-zero alignment. ClearBridge assesses the net-zero alignment of portfolio companies by grouping them into one of four categories (Exhibit 4). Our aim is to 1) understand where the portfolio and/or company falls along this scale and, 2) when appropriate, dependent on sector and business model, conduct focused engagements with companies to encourage their progress toward a net-zero pathway.

Exhibit 4:

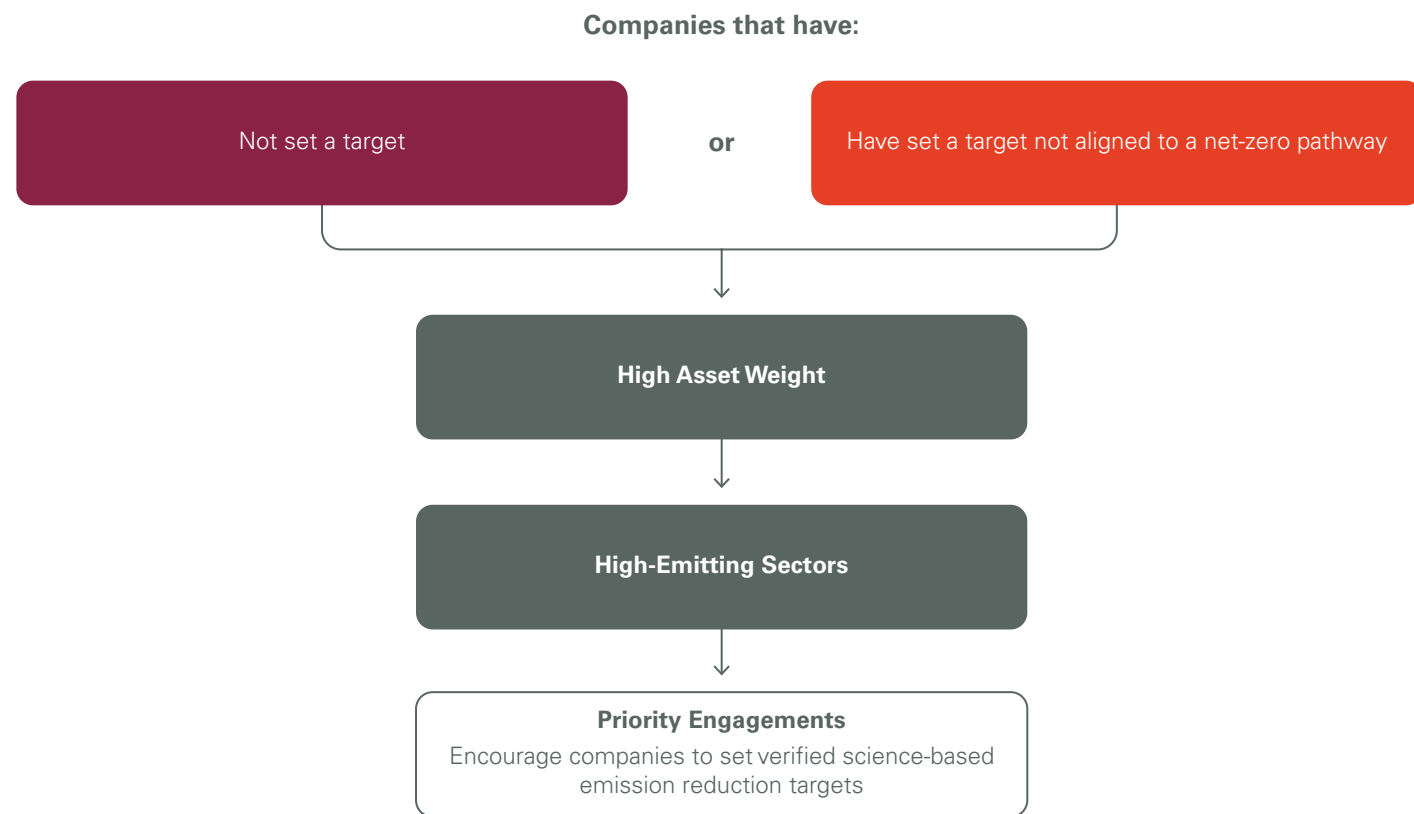
Portfolio Company Progress toward Net-Zero Alignment



Source: ClearBridge Investments.

All companies held in a portfolio are subject to engagement, but, building on our assessment of a company's net-zero pathway, we prioritize engagements with companies that have not set credible emission reduction targets (Exhibit 5) where we deem it is reasonable to do so. The ESG Strategy team will meet with portfolio managers periodically to discuss the net-zero alignment pathway of their portfolio and, following this prioritization logic, discuss companies they may want to engage with to better understand the companies' climate strategy and encourage improvements.

Exhibit 5:
Portfolio Company Progress toward Net-Zero Alignment



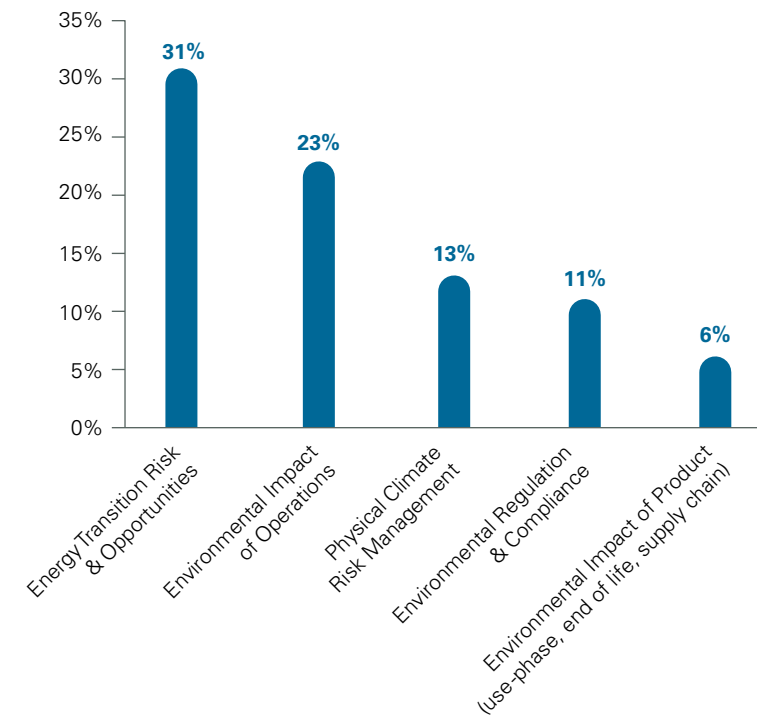
Source: ClearBridge Investments.

Engagements

Engaging with management teams of the companies we invest in or consider for investment is essential for understanding how they manage their climate-related risks and opportunities. Building on the analysis involved in assigning proprietary ESG ratings, we can drive decision-useful conversations on sustainability topics that are material to the company's business.

The climate-related factors we engage on are aligned with the ClearBridge Materiality Framework™ and vary depending on the company's subsector and what we deem material and relevant (Exhibits 6 and 7).

Exhibit 6:
Top Climate Factors Engaged Upon in 2025



As of Dec. 31, 2025. Source: ClearBridge Investments.

Our climate-related engagements provide an opportunity to better understand how companies are managing financially material environmental risks and opportunities. Through these conversations, we aim to assess the robustness of companies' environmental practices, the credibility of their commitments and their ability to adapt to changing regulatory requirements and client expectations.

Exhibit 7:
2025 Climate Engagements by Sector

Sector	Percentage
Utilities	43%
Industrials	12%
Materials	10%
Energy	8%
Consumer Discretionary	6%
Consumer Staples	6%
Real Estate	5%
Financials	4%
Information Technology	3%
Health Care	2%

As of Dec. 31, 2025. Source: ClearBridge Investments. Numbers may not add up to 100% due to rounding.

Case Study: Climate Engagement in Practice

Company:

Equinix

Engagement:

Call with Head of Sustainability and Investor Relations

Key ESG Factors:

Environmental initiatives; GHG emissions; Water stress

Equinix (EQIX), in the real estate sector, owns and operates data centers that house a large number of servers, storage and networking equipment.

In June 2025, ClearBridge hosted a call with Equinix's Head of Sustainability and Investor Relations Officer. Our discussion covered several key ESG topics, including financed emissions (energy use and emissions) and water stress.

Equinix operates data centers in 36 countries and tailors its cooling strategies to local environmental conditions. The company uses a mix of free air (meaning naturally cold outside air), adiabatic (a process that uses thermodynamics where the temperature of a system decreases without any heat being exchanged with its surroundings) and liquid cooling systems, selecting the most efficient and least environmentally impactful method based on regional climate and water stress. In water-scarce areas, Equinix prioritizes air-based or hybrid cooling to reduce water withdrawal, while in water-abundant regions, liquid cooling is used for its superior thermal efficiency and potential for heat recovery.

Water use is closely monitored and reported down to the individual facility level. Less than half of Equinix's facilities are in water-stressed regions, and the company evaluates watershed-level risks before deploying water-intensive technologies.

Sustainability is a competitive advantage for Equinix. The company's strong transparency and performance in this area are key to winning large multinational contracts. Executive compensation is also tied to sustainability outcomes, reinforcing its strategic importance.

In terms of innovation, Equinix is exploring a range of advanced technologies to further reduce its environmental footprint, including next-generation energy solutions.

Conclusion:

Equinix demonstrates a strong and evolving commitment to environmental sustainability, with particular attention to water resource management and biodiversity impact. Its adaptive, data-driven approach allows it to operate efficiently across diverse geographies while meeting the growing expectations of environmentally conscious clients. The company's leadership in transparency, innovation and performance positions it well to navigate the increasing environmental scrutiny facing the data center industry.

Engage for Impact

In 2022, ClearBridge launched a formal engagement initiative, Engage for Impact (EFI), to more effectively track specific metrics related to focused engagements. The initiative focuses on defined "asks" of a company — developed collaboratively by the portfolio management team and the covering analyst — with the goal of driving positive impact while also enhancing the company's ESG risk profile or capitalizing on ESG-related opportunities.

The following example demonstrates our approach to climate EFIs as well as the adaptability of that approach. While our engagement objectives are grounded in financially material environmental considerations, our expectations are intended to be reasonable, company-specific and responsive to evolving business, regulatory and market conditions. As shown in the example below, when Alimentation Couche-Tard, a multinational convenience store operator, adjusted its target following changes in emissions regulations, we continued to engage with the company rather than abandon the ask altogether; we redefined our expectations while staying focused on credible target-setting and long-term risk management.

“Through these conversations, we aim to assess the robustness of companies’ environmental practices, the credibility of their commitments and their ability to adapt to changing regulatory requirements and client expectations.”

 **EFI Case Study: Alimentation Couche-Tard (Canada)**

Company Profile:

Alimentation Couche-Tard (ATD), in the consumer staples sector, is a Canadian multinational operator of convenience stores, with more than 16,800 stores, of which approximately 13,100 offer road transportation fuel. Its operating brands include Circle K, Couche-Tard and Ingo.

ClearBridge Lead Engager: Izabel Flis, CFA, Portfolio Manager, ClearBridge Canadian Dividend Strategies
Sana Saeed, Research Associate, Canadian Equities

Engage For Impact (EFI) Ask:

Incremental reduction of the company's GHG footprint beyond its current target of 12% (2020 baseline) to be reached by 2025

Key ESG Consideration:

Environmental impact of operations; Environmental impact of product (use-phase, end of life, supply chain)

Best Practice:

Provide short- and long-term GHG emission reduction targets associated with its operations and fuel offerings beyond its 2025 target.

Outline opportunities and initiatives being undertaken to grow accessibility of renewable fuels to customers, along with initiatives to lower emissions from operations and improve resource efficiency.

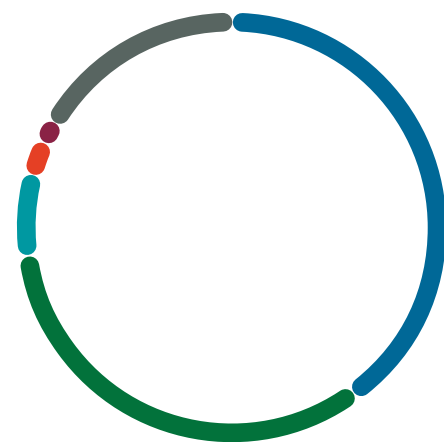
Date	Activity	Progress
July 2020	In 2020, ATD set a goal to reduce the greenhouse gas (GHG) footprint of its total fuel offerings by 12% by 2025 from FY20. ClearBridge identified the opportunity for ATD to align with industry best practices and developed specific asks related to ATD's incremental reduction of its GHG footprint beyond its 2025 ambitions. As ATD operates in the fuel retail space, having a long-term view on physical and climate transition risks and opportunities is instrumental to its long-term strategic and financial planning.	Stage 1
Oct. 2023	In October 2023, Izabel Flis met with ATD's management during the company's 2023 Investor Day for an update on its progress. By 2022 ATD had increased its share of renewable liquid fuel offerings to approximately 9.5% share of fuels volumes sold since setting the initial target in 2020. In our meeting, ATD relayed that working together with customers to reduce carbon intensity in fuel was how it planned to meet the 2025 target. In a future where electric vehicles (EVs) become more widespread, the demand for EV charging would increase, impacting the company's fuel offerings. Navigating this transition would involve expanding the availability of lower-carbon fuels and diversifying service offerings to attract EV and other non-fuel customers. However, ATD acknowledged that customer demand for renewable fuels and the government's role in pushing for a sustainable future would play an important role in achieving this target.	Stage 2
Dec. 2023	In December 2023, following the Investor Day update, Izabel Flis and Sana Saeed met with ATD's Director of Global Sustainability to discuss ESG risks and opportunities within ATD's overall business strategy. ATD shared that after announcing the 12% GHG reduction target, it had initiated actions to decarbonize its operations and service offerings, demonstrating that it was interested in short- and medium-term emissions reduction targets that would further its long-term efforts to decarbonize. The company focused its efforts in three key areas: increasing renewable fuels offering (e.g., biofuel blends, high HVO100 blends, etc.), expanding EV charging station networks and investing in carbon reduction projects to help offset customers' transport emissions.	Stage 3
Dec. 2024	In December 2024, Izabel Flis and Sana Saeed met with the Director of Global Sustainability to discuss a shift in ATD's carbon strategy involving the withdrawal of its target and GHG reduction targets beyond 2025. ATD shared that, following an internal review of the 12% GHG reduction target, it identified that changes in regulation as well as variables such as customers' acceptance of renewable fuel offerings impacted the feasibility of its meeting the target. By focusing investments and resources on solutions within its operations, where ATD has direct control, it could contribute to the decarbonization of the planet and have a higher probability of achieving targets it sets. ATD shared that it had a new 2025 goal focused on reducing energy consumption, targeting a 50% reduction in Scope 1 and 2 emissions from the 2020 baseline. As part of this plan ATD had committed significant capital to renewable projects, including the rollout of over 4,000 renewable dispensers, which outperform gasoline and diesel standards in CO2 emissions, between 2020 and 2025, with an ambition to reach 10,000 by 2030. Implementing a plan to reduce Scope 1 and 2 emissions in addition to its efforts to reach carbon neutrality by 2030 satisfied ClearBridge's EFI request.	Stage 4

Proxy Voting

Proxy voting is an important aspect of our climate strategy and stewardship efforts as long-term shareholders. We use our voting power as a way to suggest improvements to companies we own or express feedback on proposals we deem inadequate.

For the last two years, climate transition planning and GHG disclosure accounted for the majority of climate-specific proxy proposals across both shareholder and management proposals (Exhibit 8). We vote many proposals on a case-by-case basis. We consider recent engagements, our understanding of the business and sector, demonstrated progress around addressing climate risk as well as the wording of the proposal before coming to a decision.

Exhibit 8:
2025 Climate-Related Proxy Proposals by Topic



“We use our voting power as a way to suggest improvements to companies we own or express feedback on proposals we deem inadequate.”

- Transition Plan 40%
- GHG Disclosure 33%
- Target Adoption 7%
- Biodiversity 2%
- Report on Just Transition 1%
- Other Climate-Related 17%

As of Dec. 31, 2025. Source: ClearBridge Investments.

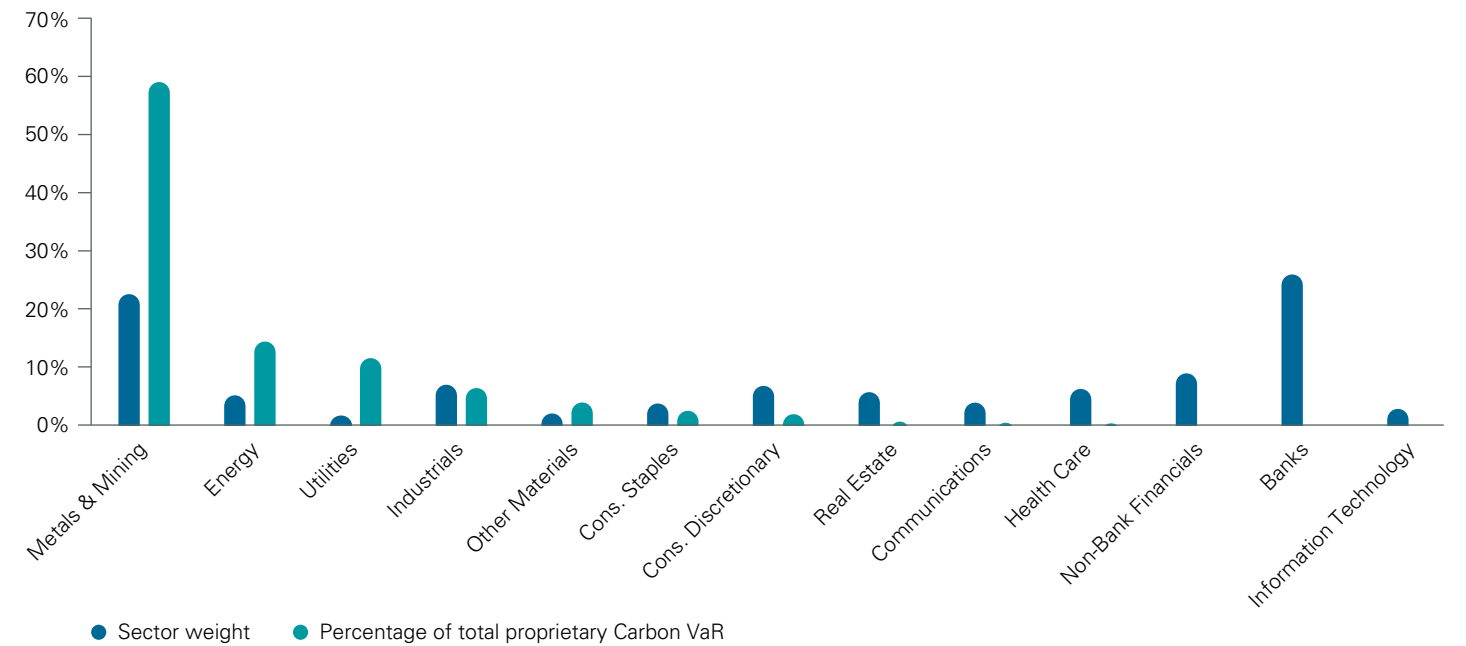
Incorporating Scenario Analysis

ClearBridge continues to explore third-party climate scenario analysis and climate Value-at-Risk tools to support enhanced firm-level frameworks. This is in part because many third-party tools we have reviewed produce meaningfully different outputs and often operate as a “black box” in terms of methodology, assumptions and data treatment. Instead, we believe the more useful path is for individual portfolio teams to develop proprietary tools tailored to their own portfolios, investment models and assumptions — an approach that is even more powerful now with a larger global team bringing a broader range of regional insights and perspectives. As our geographical footprint expanded in 2025 with the addition of new colleagues in the U.K. and Australia, we were able to expand our expertise around climate-related issues and benefit from the broader exchange of ideas.

ClearBridge Australia’s proprietary Carbon Value-at-Risk (VaR) tool is designed to assess how the transition to a low-carbon economy could affect the overall risk of companies in our investment universe and stress test certain portfolios. The tool applies an implicit “shadow carbon price” and whether companies may be able to pass carbon costs through to customers. By incorporating carbon costs into valuation analysis, the tool helps identify companies that remain attractively valued after carbon risk is priced in, as well as those that may be less resilient in a low-carbon future.

The tool also helps highlight where carbon disclosure may be insufficient, supporting targeted engagement with companies on emissions data, transition plans and climate-related risks. In this way, the Carbon VaR tool provides a practical framework for integrating climate transition risk into investment decision making and client reporting.

Exhibit 9:
Sector Contributors to Index Proprietary Carbon VaR



As of Dec. 31, 2025. Source: ClearBridge Investments. Universe: S&P/ASX 200 Index.

This data helps us identify which sectors within the index carry the greatest exposure to carbon-related financial risk — revealing that while metals and mining represent only 22.5% of index weight, it contributes nearly 60% of the total proprietary Carbon VaR (Exhibit 9). This enables us to pinpoint where carbon pricing or regulatory changes could most significantly impact portfolio returns.

Risk Management

Risk management is embedded across ClearBridge’s investment process, with climate-related risks assessed through fundamental research, portfolio analytics and ongoing engagement with portfolio companies.

While the investment team is seen as the first level of defense, ClearBridge Investment Risk provides comprehensive oversight to mitigate investment risk, including climate risk, for all our strategies. This oversight includes quarterly risk reviews between portfolio managers and the Head of Investment Risk. Portfolio-level carbon metrics and poorly performing companies from an environmental perspective, based on our internal ratings, are included in the quarterly risk report the portfolio managers receive.

Climate Risk Tools

ClearBridge provides investment teams with a range of tools to support the identification, monitoring and management of climate-related risks across portfolios. These include third-party climate data and metrics, such as carbon intensity, emissions exposure and net-zero alignment. These external inputs are complemented by internally developed tools, such as our proprietary ESG ratings, portfolio analytics and mandate-monitoring capabilities.

Together, these resources help portfolio managers assess material climate risks, evaluate exposure to higher-emitting sectors and support compliance with applicable regulations, client guidelines and portfolio-specific restrictions.

Metrics and Targets

ClearBridge integrates climate-related metrics into our investment process at both the portfolio and company level. We use these metrics to inform our investment research, portfolio construction and company engagements, as well as to report portfolio-level metrics to clients.

While there are a range of climate factors we consider in our research, two key metrics we use to assess our portfolios are weighted average carbon intensity (WACI) and net-zero alignment. Together, these provide a balanced perspective — WACI offers a backward-looking view based on past or current emissions intensity, while net-zero alignment provides a forward-looking assessment of a company’s trajectory toward decarbonization.

“ClearBridge provides its investment teams with a range of tools to support the identification, monitoring and management of climate-related risks across portfolios.”

Weighted Average Carbon Intensity

WACI measures the greenhouse gas emissions intensity of portfolio holdings — typically using Scope 1 and Scope 2 emissions relative to revenue — weighted by the holding’s size in the portfolio.

Exhibit 10:

ClearBridge’s Weighted Average Carbon Intensity

	Tons of CO ₂ e per \$M Revenue
MSCI ACWI (Developed and Emerging)	111.2
S&P 500	86.0
MSCI World (Developed)	91.1
Russell 3000	89.7
ClearBridge	154.1
ClearBridge excluding Infrastructure	113.4
ClearBridge Infrastructure	819.7
FTSE Global Core Infrastructure 50/50	962.3

As of Dec. 31, 2025. Source: ClearBridge Investments.

Net-Zero Alignment

In 2021, in line with our view that carbon emissions contribute toward long-term material risks for our portfolio companies, ClearBridge set the goal across all its portfolios to reach net zero by 2050. Net-zero alignment focuses on whether a company’s emissions trajectory and climate strategy is consistent with a pathway of achieving net-zero GHG emissions by a specific date (typically 2050) in line with global climate goals. Exhibit 11, below, illustrates how we measure the net-zero alignment of our assets.

Exhibit 11:

ClearBridge Net-Zero Alignment

	2024	2025
Net-Zero Aligned	49%	55%
Committed to Set Net-Zero Aligned Target	8%	5%
Target, Not Aligned to Net-Zero	35%	32%
No Target	8%	8%

As of Dec. 31, 2025. Source: ClearBridge Investments.

Looking Ahead

Our annual climate report affirms our commitment to transparency and accountability in our climate strategy. ClearBridge remains focused on deepening our climate integration across our assets through support of companies navigating the transition to a low-carbon economy and gaining deeper insights into the climate profile of our funds. As climate risks and opportunities evolve, both transitional and physical, so too will our approach.