

For Immediate Release

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Legg Mason makes further commitment to PRI as seventh affiliate joins UN-backed initiative

- *Legg Mason affiliate Brandywine Global becomes the seventh Legg Mason signatory to the Principles for Responsible Investment (PRI)*
- *PRI members publicly demonstrate their commitment to responsible investment by integrating environmental, social and governance issues into their investment approach*
- *Legg Mason affiliates have integrated ESG issues into their businesses in a number of ways*

London, 15 February 2017 – Legg Mason has strengthened its commitment to the United Nations-supported Principles for Responsible Investment (PRI) after Brandywine Global became the seventh of its affiliates to sign up the initiative.

Since its launch in 2006, the PRI has become the leading network for global asset managers, asset owners and service providers to publicly demonstrate their commitment to responsible investment.

Offering an efficient platform for these entities to collaborate with their peers about the financial and investment implications of environmental, social and corporate governance (ESG) issues, it enables members to incorporate these factors into their investment decision-making and ownership practices.

Brandywine's addition means seven of Legg Mason's affiliates are now PRI signatories, with Clarion Partners, ClearBridge Investments, EnTrustPermal, Martin Currie, RARE Infrastructure and Western Asset also members.

With sustainability becoming increasingly important to investors, Legg Mason's affiliates have integrated ESG issues into their businesses in a number of ways.

"RARE Infrastructure pioneered the incorporation of ESG into listed infrastructure portfolio construction and a core tenet of our investment process is to maintain close contact with key decision makers in investee companies, a position we use to advocate responsible ESG practice to achieve better outcomes for our investors," RARE Infrastructure's Portfolio Manager David Maywald says.

Active equity specialist Martin Currie adds that ESG has been a focus for its investment teams for a number of years, reflecting the importance of sustainability in driving long-term returns. "We recognise that while analysis of near-term prospects for a company will always be important, the majority of the value of a company lies in its ability to generate returns in the long term," says David Sheasby, Head of Governance & Sustainability.

“That’s why we started to formally integrate governance and sustainability analysis into our investment process in 2009 and at this time took the opportunity to become a signatory to the PRI. All our analysts are required to consider the material and relevant governance and sustainability factors that could impact the ability of a company to generate sustainable returns and this forms an essential part in building an investment case.”

ClearBridge Investments, Legg Mason’s largest equity affiliate with \$112.4bn assets under management¹, says ESG integration has enhanced its constructive engagement with companies over the near-decade it has been a signatory to the PRI. “At ClearBridge, ESG considerations have been an integral part of our fundamental research process for years,” says CEO Terrence Murphy.

“Our experience as an ESG investor and visible proponent of ESG best practices consistent with the PRI has motivated public companies to seek our counsel in developing and enhancing sustainable business plans. This commitment extends to our own company and our efforts to develop a diverse and long-tenured workforce and positive working environment. ClearBridge is proud to have been an engaged and active signatory for almost a decade.”

Clarion Partners, a leading U.S. real estate investment manager, signed up to the UN PRI in 2013. It believes ESG considerations in its own market helps reduce natural resource consumption and therefore not only protects the environment but also enhances its clients’ investment results.

Western Asset, Legg Mason’s largest affiliate with \$426bn assets under management², became a signatory to the PRI initiative in January 2016. The fixed income specialist says ESG considerations have become a fundamental part of its credit analysis. “We believe that ESG factors are important for our clients and can impact the fundamentals of credit issuers in which our clients invest,” says Mike Zelouf, director of EMEA business at Western Asset.

Brandywine’s decision to sign up as a PRI signatory is the latest initiative in its ongoing integration of ESG issues into its investment approach. “As we strive to provide investment strategies that deliver strong risk-adjusted returns, we recognize the meaningful impact that ESG issues can have on long-term performance,” according to David Hoffman, Brandywine’s Managing Director and Portfolio Manager of its Global Fixed Income team.

The commitment to ESG across Legg Mason’s business has also seen a number of affiliates actively engage on issues which impact the businesses they invest in.

“Since 2009, Martin Currie has played key roles in PRI-led collaborative engagements, including Water Risks, Fracking, Employee Relations and most recently Cybersecurity,” Sheasby says.

Clarion Partners sets annual sustainability goals for energy efficiency, greenhouse gas emissions, waste diversion and water usage in order to benchmark and improve its performance.

Legg Mason and its affiliates also recognise the fluid nature of ESG investing, and approaches are constantly reviewed.

“Western Asset has recently taken steps to enhance its ESG investment policy, which now more formally describes how we incorporate ESG considerations in our investment analysis and decision-making,” says Zelouf.

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¹ As of December 31, 2016

² As of December 31, 2016

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