

Product name: Legg Mason ClearBridge US Equity Sustainability Leaders
Fund
Legal entity identifier: 549300RLIXEW79ZFOB12

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

Yes **No**

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%</p>	<p><input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

The environmental and/or social characteristics promoted by the Fund include:

- Energy efficiency;
- Clean power;
- Carbon mitigating enabling technologies;
- Water efficiency;
- Material waste reduction processes;
- Workforce diversity;
- Health and wellness;
- Fair wages;
- Supply chain monitoring; and
- Community involvement.

"Promotion" of environmental and social characteristics forms two overlapping elements of the Fund's Environmental, Social and Governance (ESG) approach: (i) integrating ESG analysis into fundamental research and portfolio construction; and (ii) using engagements with companies and proxy voting to manage risk and drive positive change.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by the Fund are:

- The proportion of the Fund held in sustainable investments as defined under the Investment Manager's proprietary sustainable investments methodology which includes alignment with the United Nations Sustainable Development Goals ("SDG") and consideration of Do No Significant Harm (DNSH);
- Specific principal adverse impact ("PAI") indicators, specifically PAI #1 (GHG Emissions), PAI #2 (Carbon Footprint), PAI #3 (GHG Intensity), PAI #4 (Exposure to companies active in the fossil fuel sector), PAI #7 (Activities negatively affecting biodiversity-sensitive areas), PAI #10 (Violations of the UN Global Compact and OECD Guidelines), PAI #13 (Board Gender Diversity), and PAI #14 (Exposure to controversial weapons);
- proprietary methodologies to assess the progress of the Investment Manager's ESG engagement meetings;
- Portfolio exposure to best-in-class issuers, as defined by proprietary ESG ratings; and
- Proportion of companies that have set, and have committed to set, science-based targets for greenhouse gas emissions reductions.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are in equity securities issued by companies which contribute to one of the following:

- through their products and services, to any one or more of the environmental or social objectives of the SDGs and their underlying targets and indicators determined through the Investment Manager's assessment for contribution; or
- GHG intensity and emissions reduction targets across a firm's economic activities determined through a third party verified decarbonization target aligned to the Paris Agreement. Issuers are monitored for progress against targets through our engagement process.

In addition to contributing to one of the environmental or social objectives listed above, companies must go through a proprietary good governance evaluation and must pass the Do No Significant Harm (DNSH) criteria as further detailed below.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager uses a combination of third party severe risk controversy scores, third party global norms based screening including UN Global Compact (UNGC) compliance, PAI consideration* and other material environmental, social, and governance factors, which are embedded in the Investment Manager's fundamental research and proprietary ESG ratings process, which includes a governance evaluation, to review if investments cause significant harm to any sustainable investment objective.

Additionally, the Investment Manager uses its engagement process to identify best in class securities.

* The PAIs taken into consideration are dependent on the Investment Manager's proprietary ESG materiality assessment by sub-sector which is applied during its ESG rating process or on data availability.

— — — **How have the indicators for adverse impacts on sustainability factors been taken into account?**

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

PAIs which are material to the company being assessed are considered as part of the Investment Manager's investment process, as further detailed below. The manner in which PAIs are considered and taken into account is set out in further detail below.

— — — **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Investment Manager supports the principles of the UNGC. Therefore, the Fund does not invest in companies that violate any of the ten principles in each of the four areas (human rights, labor, environment, and anti-corruption) of the UNGC.

The Investment Manager uses a third-party data provider to monitor compliance with UNGC principles. In instances where there are discrepancies or disagreements between the Investment Manager's research and the provider's assessment of a specific controversy, the Investment Manager, along with the compliance team and the sector or portfolio analyst will engage the company on the issue. If the Investment Manager reaches consensus that the company has taken the necessary steps to address the controversy, or has effectively remediated the issue, the Investment Manager must provide a detailed explanation for why the company can continue to be invested in.

To ensure sustainable investments are aligned with the OECD guidelines, the Investment Manager uses a third-party provider as a best effort to monitor compliance and potential violations.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes,

*All PAIs which are material to the company being rated are considered as part of the Investment Manager's ESG rating which is applied as part of the security selection process, specifically: **PAI #1 (GHG Emissions), PAI #2 (Carbon Footprint), PAI #3 (GHG Intensity)***

- The Investment Manager assesses the specific climate-related risks and opportunities faced by individual companies as part of its stock selection process, which integrates these considerations, among other environmental, social and governance considerations;*
- While the Investment Manager assesses each sector on a specific set of criteria that is pertinent to its business operations, the assessment generally includes careful consideration of climate-related factors such as: the regulatory/policy environment; the geographic location of assets and operations; the ability to pass on costs to customers; technology alternatives and advancements; changing customer preferences; commodity prices; future capital expenditure and R&D plans; long-term business strategy; overall quality of the management team; and other factors; and*
- The Investment Manager uses MSCI Carbon Portfolio Analytics to assess exposure to companies with fossil fuel reserves. The Investment Manager conducts carbon intensity analysis on the firm's investments in aggregate to understand the carbon intensity of the firm's total assets*

relative to the global equity markets. The Investment Manager can also conduct analysis on carbon intensity at the portfolio level.

PAI #4 (Exposure to companies active in the fossil fuel sector)

- The Fund will not invest in a company whose primary business involves the extraction of fossil fuels.

PAI #7 (Activities negatively affecting biodiversity-sensitive areas)

- While the fund does not currently have formal thresholds on exclusions related to biodiversity issues, it is taken into consideration among the broader environmental and climate impact assessment for investments and potential investments of the Fund. The Fund expects all companies invested in to have a positive biodiversity profile and any transgressions could result in exclusion from investment.

PAI #10 (Violation of UNGC / OECD Guidelines)

- Please refer to “How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?”.

PAI #13 (Board gender diversity)

- The Investment Manager uses third-party data for board gender diversity monitoring. Further, the Investment Manager has a provision in its Proxy Voting Policy to vote against the nominating committee members and chair if the company does not have at least one female board director. The Investment Manager also has Diversity, Equality and Inclusion as a component of its ESG analysis and rating, as well as a firm-wide theme for company engagement.

PAI #14 (Exposure to controversial weapons)

- The Fund does not invest in companies that generate any of their turnover from the production and/or distribution of controversial weapons (i.e., antipersonnel mines, nuclear weaponry, biological & chemical weaponry, cluster munitions, white phosphorus).



What investment strategy does this financial product follow?

The Fund’s investment objective is to provide long term capital appreciation. The Fund invests at all times at least 85% of its Net Asset Value in US equity securities that are issued by companies that meet the Investment Manager’s financial criteria and its criteria for sustainability and ESG policies (“Sustainability Leaders”). The Investment Manager applies its ESG Sustainability Leader criteria (as set out below) to 100% of the portfolio of the Fund.

The Fund uses an established proprietary research and engagement process to determine whether a company is a Sustainability Leader. This proprietary process includes generating an ESG ratings system based on the Investment Manager’s longstanding experience managing ESG investment strategies and identifying ESG best practices. Sustainability leadership may be assessed both quantitatively and qualitatively, through the Investment Manager’s ESG ratings system and its direct research and engagement process. The ESG rating system consists of four rating levels: AAA, AA, A and B, which are assigned to companies based on their sustainability strategy and performance key ESG issues such as health & safety, gender diversity, climate risk, corporate governance risk, data security on an absolute basis and compared to their peers. The Investment Manager considers AAA and AA to be “best-in-class”. The ESG ratings are assigned by the Investment Manager’s research analysts as part of their company coverage. The Investment Manager may: (1) meet with and engage the management and external stakeholders of an issuer held by the Fund to discuss environmental, social and governance matters; and (2) track the progress of the ESG leadership of the issuer on ESG issues such as reductions in greenhouse gas emissions, increased use of cleaner raw ingredients based on natural sources, executive compensation, independence and diversity of the board, improved corporate reporting on sustainability practices and higher worker safety goals.

The Investment Manager’s evaluation of a company’s ESG rating and sustainability leadership is integrated with a thorough assessment of that company’s investment worthiness based on financial criteria. The Fund seeks to invest over the long term in companies that it considers to be of high quality with sustainable competitive advantages as evidenced by high returns on capital, strong balance sheets, and capable management teams that allocate capital in an efficient manner. The Fund will use quantitative and

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

fundamental analysis to identify investment candidates with these attributes, and will evaluate industry dynamics (based on ESG factors, competitiveness, industry concentration, and the cyclical and secular outlooks for the industry), the strength of a company's business model and management skill.

A Sustainability Leader, in the Investment Manager's view, is a company that: (1) offers products and services that have a positive impact on society (as described below); and (2) has well defined strategies in place that make the company an attractive long-term investment for the Fund. The Fund seeks to invest in companies that go beyond doing less harm to people and the planet relative to its peers, but also, in many cases, offer solutions to address negative impact from the actions of less responsible companies and industries. It is also the Fund's intention to engage with and encourage management of Sustainability Leaders to improve, where deemed necessary, in certain ESG areas identified by the Investment Manager. The Fund may also identify potential investments in companies that are not yet proven Sustainability Leaders but have attractive early sustainability leadership qualities warranting an "A" rating according to the Investment Manager's ESG rating system. The Fund will exercise its judgment in applying the ESG ratings system. The Fund has no exposure to fossil fuel producers, to producers of controversial weapons (i.e., antipersonnel mines, nuclear weaponry, biological & chemical weaponry and cluster munitions) and to companies that generate 5% or more of their revenues from tobacco, or more than 5% of revenues from conventional weapons or 15% of revenues from nuclear power generation.

The Fund will sell a security if the issuer no longer meets its ESG and/or financial criteria, provided that the sale is in the best interests of shareholders. In addition, the Fund will seek to replace securities when a company's risk/reward profile is no longer favourable due to price appreciation or if a company's financial criteria have deteriorated meaningfully relative to original expectations. Securities may also be sold to permit investment in a company considered by the Investment Manager to be a more attractive alternative.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Fund has no exposure to:

- *fossil fuel producers;*
- *companies that generate any of their turnover from the production and/or distribution of controversial weapons (i.e., antipersonnel mines, nuclear weaponry, biological & chemical weaponry, cluster munitions, white phosphorus);*
- *companies that generate 5% or more of their revenues from tobacco;*
- *companies that generate more than 5% of revenues from conventional weapons; and*
- *companies that generate 15% of revenues from nuclear power generation.*

The Fund does not invest in companies that are involved in the following products and services: (i) commercial gambling operations; and (ii) pornography. However a maximum of 5% of the turnover in a company in which the investment is made may entail operations attributable to points (i) and (ii) above. The Fund will not invest in any B rated companies as rated by the Investment Manager's proprietary ESG rating system.

The Investment Manager applies the ESG process as set out above to at least 90% of the Fund's portfolio.

The Investment Manager commits to maintain a portfolio ESG rating higher than that of the Fund's investment universe.

The Fund does not invest in companies that violate one or several of the ten principles under the four areas covered by UNGC (human rights, labour, environment and anti-corruption). The Fund will maintain a proportion of sustainable investment above the minimum specified (50%).

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

● **What is the policy to assess good governance practices of the investee companies?**

The Investment Manager has guidelines for assessing governance whereby the Investment Manager uses the ClearBridge ESG Ratings Manager, a proprietary platform for building and internally sharing ClearBridge ESG ratings and their rationales. The Fund will invest in companies with good governance, based on due diligence and analysis. The Investment Manager will leverage engagement to communicate best practices and continually seek improvement.

The Fund is also guided by its proxy voting policies and procedures, which include proxy guidelines for traditional governance, environmental and social proposals. In addition, the Investment Manager votes for shareholder proposals that it believes will in practice promote good governance, greater corporate transparency, accountability and ethical practices. In particular the Investment Manager typically votes for proposals that seek additional information from issuers, particularly when the company has not adequately addressed shareholders' social and environmental concerns.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the asset allocation planned for this financial product?

The Investment Manager employs a binding proprietary ESG methodology which is applied to at least 90% of the Fund's portfolio. The remaining portion (<10%) of the portfolio is not aligned with the promoted characteristics and consists of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds).

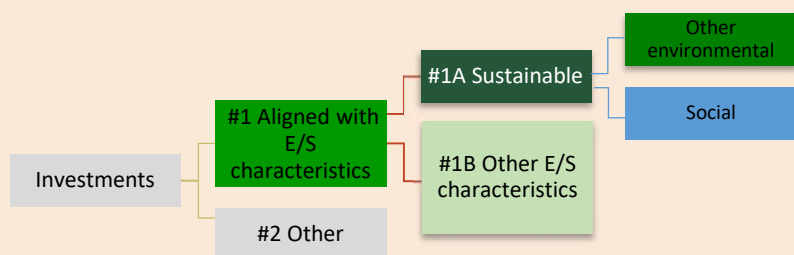
Out of the Fund's portfolio segment which is aligned with the promoted environmental and/or social characteristics, the Fund undertakes a further commitment to invest a minimum of 50% of its portfolio to sustainable investments, with the portion of investments aligned with environmental and/or social characteristics

Asset allocation describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **Operational expenditure** (OpEx) reflecting green operational activities of investee



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund may invest in certain types of derivatives for investment purposes or efficient portfolio management purposes, but these do not attain the environmental or social characteristics of the Fund.



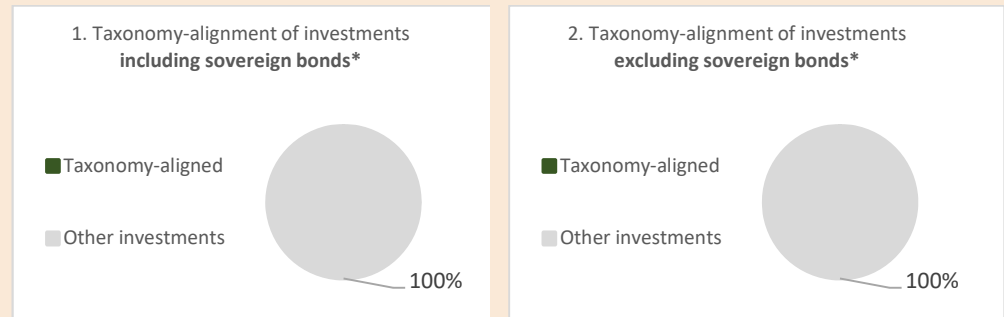
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

0%

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

0%

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

35%



What is the minimum share of socially sustainable investments?

15%



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

'#2 Other' may include cash and liquidity instruments for which there are no minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**
N/A
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
N/A
- **How does the designated index differ from a relevant broad market index?**
N/A
- **Where can the methodology used for the calculation of the designated index be found?**
N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.franklintempleton.ie/91383