

Modern Slavery Statement

For the year ending 30 September 2023



ClearBridge Investments Limited

(ABN 84 11 9339 052, AFSL 307 727)

ClearBridge RARE Infrastructure International Pty Limited

(ABN 45 141 133 093, AFSL 402 466)

ClearBridge Investments (North America) Pty Limited

(ABN 11 138 069 191)

(the above entities are referred to as “ClearBridge” for the purposes of this Statement)

SECTION 1 - REPORTING ENTITIES IN AUSTRALIA

In accordance with section 16 of the *Modern Slavery Act 2018* (Cth) (the “**Act**”), this voluntary Modern Slavery Statement (“**Statement**”) has been prepared by ClearBridge Investments Limited and its subsidiaries¹ (“**ClearBridge**”), as at 30 September 2023.²

We note that our affiliate, Franklin Templeton Australia Limited (“**FTAL**”), the Responsible Entity for the ClearBridge managed investment schemes in Australia, has also prepared a Modern Slavery Statement for the year ending 30 September 2022.

ClearBridge is wholly, indirectly owned by Franklin Resources, Inc. (operating as “**Franklin Templeton**”), a publicly traded company listed on the New York Stock Exchange (NYSE:BEN). ClearBridge is also operationally integrated with ClearBridge Investments, LLC. (together “**ClearBridge Investments**”).

ClearBridge’s Statement has not been formally submitted to the Australian Border Force as a Voluntary Modern Slavery Statement as ClearBridge does not meet the regulatory reporting threshold.

SECTION 2 - OUR BUSINESS AND STRUCTURE

ClearBridge Investments Limited:

- a) is an Australian unlisted public company (ABN 84 119 339 052, AFSL 307727);
- b) employs 40 staff in Australia (as at 30 September 2023); and
- c) does not currently meet the consolidated annual revenue threshold of at least A\$100 million.

ClearBridge was founded in 2006 and its head office is located in Sydney, Australia with satellite offices in Melbourne and Brisbane. ClearBridge provides investment management and advisory services for products and strategies made available to wholesale clients (both via pooled funds and institutional mandates) in Australia, New Zealand, U.S., Canada (Ontario and Quebec), EU and EEA, UK, Kuwait and Taiwan. The firm is primarily focused on global listed infrastructure as an asset class, but in 2024, will expand its focus to other equity strategies. As at 30 September 2023, infrastructure assets under management (“**AUM**”) were in excess of A\$11.5 billion.

We believe that enhancing investment support to companies with strong sustainability practices not only meets the responsibility we have to our clients in achieving their investment goals. ClearBridge has therefore incorporated consideration of environment, social and governance (“**ESG**”) factors into its processes since inception. Labour practices form an intrinsic part of this focus.

ClearBridge Investments is a signatory to the United Nations Principles for Responsible Investment (“**UNPRI**”) and reports annually on the implementation of those principles. ClearBridge Investments supports the principles of the UN Global Compact (“**UNGC**”) and therefore we do not invest in companies that violate the ten principles in each of the four areas (human rights, labour, environment and anti-corruption) of the UNGC. Our compliance team monitors UNGC compliance daily. If a violation is identified, any impacted portfolio/fund is required to sell out of the position. Our investment process also considers the Sustainable Development Goals (“**SDGs**”) by mapping issuers against each one of the SDGs as a proxy for determining a positive Environmental or Social contribution.

Given the breadth and coverage of our global client base and regulatory licenses, we continue to factor in the rapid development of ESG-related laws, regulations and proposals globally. We will continue to review and assess our approach given the rapid and continuing progression in regulatory focus and oversight on ESG disclosure.

SECTION 3 - CLEARBRIDGE’S POTENTIAL EXPOSURE TO MODERN SLAVERY RISKS

ClearBridge recognises the potential for modern slavery practices to be present in companies within its underlying investment portfolios and in its own supply chains. ClearBridge is committed to operating its business ethically, from an employment, investment management and supply chain perspective.

¹ ClearBridge Investments (North America) Pty Limited and ClearBridge RARE Infrastructure International Pty Limited.

² This Statement covers 1 July 2022 to 30 September 2023 to bring the Statement into alignment with ClearBridge’s financial year. It will be reviewed and updated in approximately 12 months’ time.

ClearBridge takes a risk-based approach in identifying potential modern slavery risks in its employment, investment management and supply chain activities. Modern slavery describes situations where coercion, threats or deception is used to exploit individuals and undermine or deprive them of their freedom. This includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

A. Employees

ClearBridge employees undertake a variety of professional and administrative roles in Australia. Accordingly, our employees have the benefit of statutory protections, contractual entitlements, as well as various internal policies and procedures, to protect their employment rights. Given this, as a licensed financial service provider within a highly regulated industry in Australia, ClearBridge considers that as an employer, its risk exposure is low.

See *Section 4B – Employees: Reducing Modern Slavery Risk in our Own Workforce* which further discusses our approach to managing modern slavery risks in our employment arrangements.

B. Investment Activities

ClearBridge is a global equity manager committed to delivering consistently superior risk-adjusted investment performance to investors. We pursue this goal through a combination of active, research-driven, fundamental investing. ClearBridge focuses on global listed infrastructure and other equity products.³

ClearBridge’s Infrastructure investment philosophy includes the delivery of infrastructure-like returns to investors while mitigating investment risk wherever possible. Since inception, the inclusion of sustainability and ESG factors has been a core part of our infrastructure investment process, and we have always approached the ownership of equity in listed infrastructure companies from a long-term and sustainability-driven perspective. We do not defer sustainability analysis to a dedicated ESG analyst, rather it is a responsibility of all investment team members. Our team believes that integrating sustainability into the investment process supports our responsibility to our clients in achieving their investment goals.

Though modern slavery may occur anywhere, certain industries and jurisdictions may present a higher risk and we bring this awareness into our investment process. Risk management, including ESG risk management, is core to our investment approach.

See *Section 4C – Investment Activities: Incorporating Sustainability in the Infrastructure Investment Process* which further discusses our approach to managing modern slavery risks in our investment activities.

C. Suppliers

ClearBridge seeks to identify the risk of modern slavery practices in its external supply chain by conducting a risk based due diligence at the point of initial engagement and thereafter annually.

ClearBridge’s third-party suppliers are all located in lower-risk countries, based on the Global Slavery Index 2023. At a country level, ClearBridge’s proportion of total spend for the review period is 75% Australia, 11% United States, and 7% United Kingdom, 3% Taiwan, 2% Netherlands and 1% for each of Hong Kong and New Zealand. We have long term formal contracts with the majority of our third-party suppliers. Where appropriate and practicable, we formalise ad hoc arrangements in writing with smaller businesses.

See *Section 4D – Suppliers (Third Party Vendors): Reviewing Our Supply Chain Risks* which further discusses our approach to identifying and managing modern slavery risks in our supply chain.

SECTION 4 – ASSESSING AND ADDRESSING MODERN SLAVERY RISKS: TOOLS

A. Policies and Procedures

ClearBridge utilises the following set of policies and values statements in assessing the strategic and operational risks of modern slavery practices. These policies and values statements provide advice and guidance across all of our functions and are at the core of our business operations.

³ Two new funds based on U.S. Global Equity Strategies were registered with ASIC in December 2023 and January 2024.

DOCUMENT	PURPOSE
<p>Franklin Resources Inc. Code of Ethics and Business Conduct</p>	<p>The Franklin Resources Inc. Code of Ethics and Business Conduct (“Code”) summarises the values, principles and business practices that guide the business conduct of Franklin Templeton and also provides a set of basic principles to guide employees regarding the minimum ethical requirements expected of them. Employees are required to read, understand and comply with this Code.</p> <p>The Code is principles based and is intended to promote each employee’s awareness of their responsibilities on a variety of legal and ethical issues and to help them determine the appropriate course of action under a variety of circumstances.</p>
<p>ClearBridge Code of Ethics</p>	<p>The ClearBridge Code of Ethics (“Code”) governs the standards of business fiduciary duty and conduct applicable to all employees. It is based on the principle that ClearBridge owes a fiduciary duty to clients, and that all persons covered by the Code must, therefore, avoid activities, interests and relationships that might (i) present a conflict of interest or the appearance of a conflict of interest, or (ii) otherwise interfere with ClearBridge’s ability to make decisions in the best interests of any of its clients.</p> <p>All employees who are subject to the Code are required to comply with all financial services, and other pertinent laws in each jurisdiction applicable to ClearBridge’s business. Should an employee become aware of any conduct which may constitute a violation of the Code, the law or regulation, or any ClearBridge policy, the employee must promptly report such conduct to the Head of Legal, Risk & Compliance who provides independent oversight, review and investigation on a confidential basis.</p>
<p>ClearBridge Supplier Code of Conduct – Modern Slavery</p>	<p>The ClearBridge Supplier Code of Conduct – Modern Slavery confirms our expectations of third-party suppliers to have in place minimum standards of conduct in regard to labour practices. ClearBridge expects that its suppliers will comply with all modern slavery laws and regulations in the countries in which they operate and, where relevant, seek commitments from their own supply chain to also meet these requirements. More broadly, suppliers are expected to pursue ethical and responsible sourcing of all goods and services in their supply chain.</p>
<p>ClearBridge Whistleblower Policy</p>	<p>ClearBridge’s Australian Whistleblower Policy provides advice and guidance to employees and covered third parties in regard to the escalation of actual or suspected illegal or unethical conduct (including abusive labour practices or modern slavery). Reports can be made on a confidential and anonymous basis. In accordance with Australian law, the policy prohibits any retaliatory action against a reporting person, including discharge, demotion, suspension, threats or harassment.</p> <p>As part of our global focus on whistleblower protections, Franklin Resources, Inc. offers a confidential Compliance and Ethics Hotline (toll-free), available to all staff globally. Employees can report suspected legal or ethical violations (including, suspected instances of abusive labour practices or modern slavery). The hotline may be accessed 24 hours a day, seven days a week and is administered by an independent third-party organisation.</p>

Supplementing the above, is the Responsible Investment Policy, External Service Providers Policy, AML/CTF Program, UNGC Monitoring Policy and Sanctions Policy.

B. Employees: Reducing Modern Slavery Risk in our Own Workforce

At ClearBridge, we recognise that our staff are our greatest asset and that together, we all contribute to the ongoing success of our business and attainment of our goals.

We are strongly committed to compliance with the *Fair Work Act 2009* (Cth) and other statutory and related obligations in performing our role as an employer, including applying all appropriate employee rights and protections within the employment contract and our ongoing relationships with staff.

We have numerous HR policies that set out our approach with regard to the hiring and retention of staff as well as succession planning, promotion, ongoing training and development and additional benefits made available to our employees. As part of our commitment to uphold the highest standards of governance with respect to our operational and strategic objectives, we also demonstrate these standards through our hiring and retention practices, as outlined below.

Key Hiring Milestones

ClearBridge recruits the best and the brightest individuals to join our organisation. Recruitment for budgeted positions that are replacement roles are handled locally by the functional head with HR assistance as required. ClearBridge has written job descriptions for employee positions, which reflect the key requirements for each role and are used as a basis for workforce planning, succession planning and recruitment.

ClearBridge selects appropriately qualified external recruitment agencies to assist with its recruitment needs and also has an in-house referral program. Based on the position description, the company will liaise with these agencies and also advise employees, where appropriate, of any recruitment opportunities. Potential candidates are reviewed and shortlisted based on their CV, as provided.

Depending on the seniority and technical requirements of the role, multiple individuals may be involved in the interview process. Following identification of the preferred candidate, a written employment contract will be issued, conditional upon reference and background checks. The background checking process consists of independent criminal record screening (directly through Australian Criminal Intelligence Service and through the Australian Federal Police). This is designed to uncover professional or financial sanctions as well as sex offences. Checks also include bankruptcy, education and entitlement to work.

Remuneration

ClearBridge applies pay equity principles and compensates people based on the work they do and the value they bring to the company, regardless of gender, race, ethnicity, nationality, age, sexual orientation, gender identity, disability or veteran status, or any other type of identifier. Commitment to pay equality is part of our diversity and inclusion strategy. We will continue to promote equality through our total reward and talent management processes.

All employees participate in a competitive compensation program that is designed to attract and retain outstanding personnel and closely align the interests of its investment professionals with those of its clients and overall firm results. The total compensation program includes a competitive base salary and a significant incentive component that rewards high performance standards, integrity, and collaboration consistent with the firm's values. For certain employees, a portion of their annual bonus is deferred into compensation plans that vest over the course of several years after the grant date. Deferrals are tied to portfolio performance, ClearBridge products (as applicable), and Franklin Resources stock. Base salary is fixed and primarily determined based on market factors and the experience and responsibilities of the employee within the firm.

Performance

The firm has an annual formal, documented staff performance appraisal process where employee performance against standard objectives.

ClearBridge's performance management process is designed to allow:

- ❖ Staff to formally review their development objectives, including their personal career aspirations.
- ❖ Managers to formally review the performance of their staff.

All permanent and part-time employees participate in periodic reviews.

Time	Event
First 0-6 months of employment	Probation Reviews
October/November	Formal Year-End Performance Review

Training

ClearBridge invests in its employees' training, their potential and their futures, and endeavours to provide a supportive environment for each individual's professional and career development.

In addition to new hire training, ClearBridge's staff receive scheduled formal training on an annual and ad hoc basis in regard to subject matter specific and general compliance subjects. ClearBridge staff are required to complete a number of monthly and annual attestations which serve as reminders in regard to compliance reporting obligations. Policies are reviewed and amended as required e.g., when any changes of a statutory or a regulatory nature arise. Relevant changes are advised to employees.

ClearBridge's training program includes direct advice and guidance on ESG and sustainability including Modern Slavery awareness.

Conclusion

Given the above, and our compliance with all statutory and regulatory obligations with regard to hiring and employment practices in Australia, we consider the risk of modern slavery in our workplace to be low.

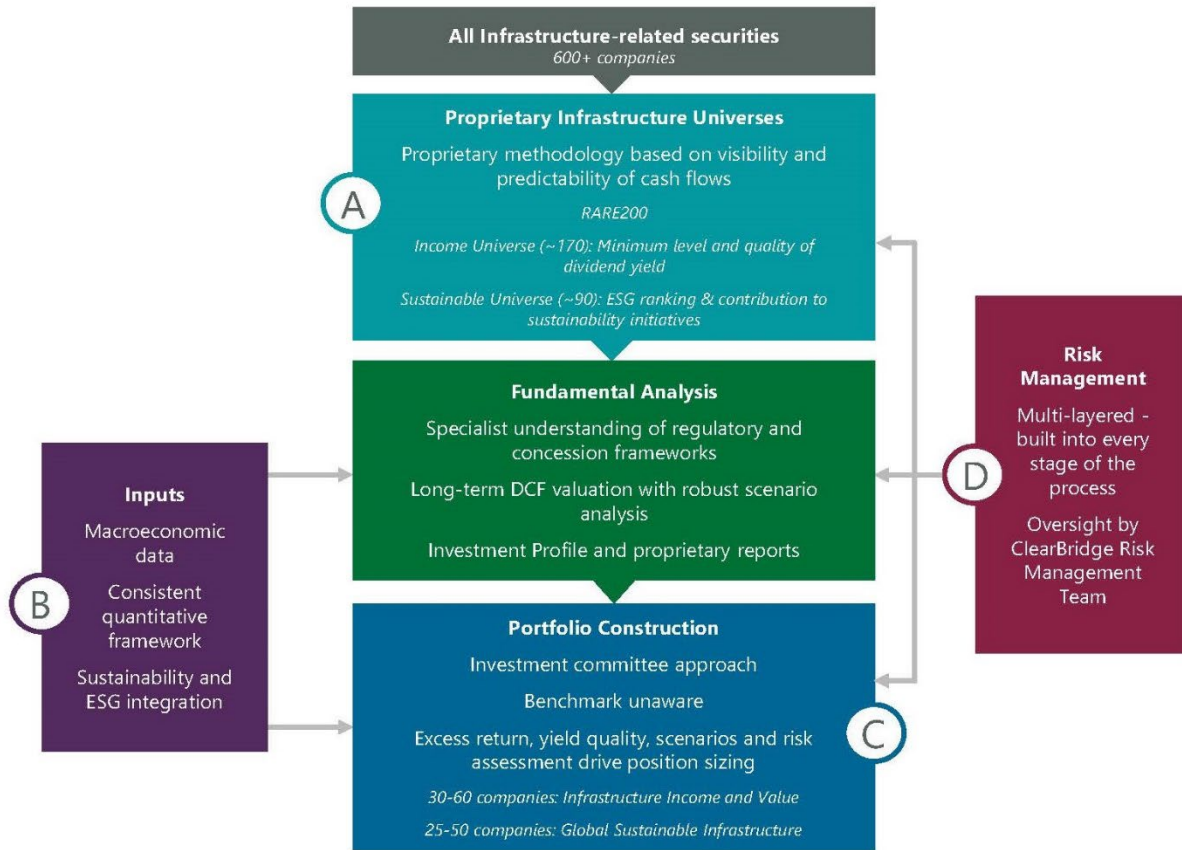
C. Investment Activities: Incorporating Sustainability in the Infrastructure Investment Process

Infrastructure Process

ClearBridge defines infrastructure as the physical assets that provide an essential service to society. These are the services we use and interact with every day. For instance, we use gas, water and electricity to carry out our daily activities and we also use infrastructure, such as airports, rail and roads, to move people and goods from location to location.

ClearBridge applies a proprietary screening methodology to develop an investment universe of listed companies engaged in the infrastructure business. ClearBridge uses a fundamental bottom-up investment process to measure and analyse global listed infrastructure securities. In identifying companies that meet our sustainability criteria, we assess ESG factors through a proprietary analytical framework (ESG Ratings Manager) that is applied to each potential investment.

The following chart summarises the key components of our investment process.



Incorporating Sustainability

Our infrastructure investable universe selection process seeks to exclude companies where the assets are not predominantly infrastructure. Our investment team then incorporates sustainability analysis into the investment process and portfolio construction via three main pillars:

- ❖ Valuation (cash flow forecasts)
- ❖ Risk pricing (required return adjustment)
- ❖ Engagement and proxy voting (active management)

Proprietary ESG Ratings Manager

We use the ESG Ratings Manager (“ERM”) platform for building and internally sharing ClearBridge ESG ratings and their rationales. The platform allows for an easily accessible common language for ESG factors that provides transparency and consistency of methodology in assigning ESG ratings to companies across the firm. This system combines:

- ❖ internal research and analysis;
- ❖ supplementary information and data obtained from a variety of third-party research providers, including MSCI, Sustainalytics, ISS and S&P; and
- ❖ engagement with company management and non-executive directors and other industry experts.

The ERM assesses and scores sustainability risks and opportunities across a range of factors. Depending on the infrastructure subsector, these factors are weighted according to importance and broadly focus on:

- ❖ **Environmental factors** such as a company’s environmental practices, GHG emissions and energy efficiency initiatives;
- ❖ **Social factors** such as a company’s approach to community relations, employee health and safety and management; and
- ❖ **Governance factors** such as the governance structure of the company, our alignment (as a minority shareholder) with the management, board and other major shareholders of the company and management and board quality including operating excellence, diversity and remuneration practices, amongst others.

By weighting these factors across subsectors, the importance of specific risks or opportunities are reflected as well as a company’s exposure to them. This system also enables comparability across the investment universe. Individual factors and their weightings are reviewed periodically by the Sustainability Committee (see below).

Integration into Investment Decision Making

To construct our investment universe or opportunity set, we start by screening the global universe of listed equity securities for infrastructure companies. The process aims to focus our research on companies where infrastructure is the primary driver of fundamental valuation, and the predictability and stability of cash flows meet our investment objectives. As a result, we apply various screening processes to companies including for:

- ❖ Exposure concerns, where the assets are not predominantly infrastructure;
- ❖ Where main revenue sources are derived from:
 - conventional weapons (maximum 10% production and sale);
 - tobacco-related companies (maximum 5%); and
- ❖ Complete exclusions for certain other subset activities, such as controversial weapons.

We also take into account quality concerns, where we assess the company’s business model and operating environment, including:

- ❖ Sovereign interests (authoritarian or oppressive regimes);
- ❖ Legal environment; and
- ❖ Regulatory environment.

We also apply client specific instructions which may include additional ESG restrictions.

Our infrastructure investment team then incorporates sustainability analysis into the investment process and portfolio construction via three main pillars:

- ❖ **Valuation (cash flow forecasts)** – where appropriate, our analysts incorporate sustainability into our cash flow and terminal value forecasts. Examples include the cost of emitting carbon for large power utilities, the cash flows related to asset-based growth from storm hardening investments or the impact of technological innovation on the useable life of existing assets. Sustainability research may directly affect our valuation of companies to the extent that it affects our assessment of cash flows. For example, companies may need to invest in mitigating the impact of climate change, and such investments need to be reflected in financial forecasts as a part of scenario analysis. In most cases, the majority of the Sustainability IRR impacts are captured via cashflow adjustments.
- ❖ **Risk pricing (required return adjustment)** – the expected internal rate of return from each infrastructure security is compared with a required return, or ‘hurdle rate’ for each investment. The required return captures sustainability factors that cannot be priced into cash flows (the standard discount rate in our financial models had reflected a rating for corporate governance & management since June 2006 and environmental and social factors since 2012). As part of this assessment, we make explicit adjustments for sustainability risks and opportunities as determined by our ERM. For the top ESG rated company we apply a reduction to the required return to capture the improved risk profile and for the lowest rated we increase

the required return. For companies in between we scale the required return adjustment relative to their ESG rating.

- ❖ **Engagement and proxy voting (active management)** – our infrastructure investment team believes that sustainability factors are an essential aspect of company performance. By integrating sustainability considerations into our investment process and approaching the ownership of equity in listed infrastructure companies from a long-term perspective, we are exercising our responsibility as an investment manager to act with the best interests of our clients in mind. The ability to engage with company management teams is paramount and, as a result, we do not invest in the securities issued by companies with which our analysts cannot engage.

Our team think of “active ownership” as the supporting of good corporate governance and the pursuit of change where we believe sustainability practices are weak or less than ideal. On behalf of our investors, we perform our active ownership duties in three main ways:

- Voting at company meetings - in voting proxies, our team is guided by general fiduciary principles. Our goal is to act prudently, solely in the best interest of the beneficial owners of the accounts we manage. We attempt to provide for the consideration of all factors that could affect the value of the investment and will vote proxies in the manner that we believe will be consistent with efforts to maximise shareholder values.

We use the opportunity to engage with the management, boards and other shareholders on sustainability issues and actively use our voting rights (where practicable) to reinforce our and our client’s views on sustainability issues. We take an active interest in casting votes at annual general meetings and extraordinary general meetings. Our investment team reviews resolutions, taking into account sustainability issues where appropriate.

Although each vote is assessed on a case-by-case basis, the portfolio managers generally support shareholder proposals that promote good governance, greater corporate transparency, accountability and ethical practices. For further information please refer to our Proxy Voting Policy which sets forth certain stated positions, including in relation to ESG proposals.

- Engagement with company management, board and industry participants - when we determine to invest in a company, we expect to do so for some years, and our relationship with the company’s board is an important part of our process. The investment team engages with company management on sustainability and related issues in regular meetings with key management and non-executive directors. These discussions seek to provide feedback to companies on:
 - Corporate strategy, encouraging consideration of long-term value creation and long-term risk management including sustainability issues;
 - Capital management and structure; and
 - Executive remuneration and incentive schemes, ensuring that executive remuneration is both appropriate for the asset and incentives are aligned with the interest of long-term shareholders.

In addition to executive management, the investment team engages with non-executive directors such as the chair, where this is separate, and the supervisory board in a two-tier structure. Discussion topics include, among other issues:

- Remuneration policy of the board, in particular decisions around incentive pay;
- Succession plans for the senior leadership team and the next level of executives;
- Governance structure; and
- Sustainability strategy.

Research and ESG Engagement Management System

ClearBridge has developed an in-house ESG Engagement Management System integrated into our broader Research Management System as a standardised way to capture and manage conversations with company management on material ESG topics.

ClearBridge tracks these engagements to make sure our engagements with management are inclusive of environmental, social and governance topics. Any issues raised and relevant notes are recorded in our Research and ESG Engagement Management System. The engagement record can be viewed by the type of issues raised (E,S&G).

Engagement for Impact (EFI)

EFI is our internal engagement initiative which aims to encourage more targeted engagements that have a greater likelihood of creating positive impact. With this program, lead engagers are comprised of both Analysts who work closely with our portfolio managers to develop specific “asks” or areas for improvement for priority target companies.” Our typically long holding periods enables us to measure progress against these asks and monitor and report on outcomes over time.

- Incorporating alerts and controversy data - our investment team continually monitors the sustainability performance of companies and incorporates changes to our view of a company and its inclusion in portfolios. In this regard, our team actively monitors company alerts related to sustainability matters. Where alerts raise concerns or highlight opportunities, analysts engage with the management, revisit the company’s proprietary ESG ratings and communicate relevant changes to ensure the latest information is included for portfolio construction decisions.

Alerts, currently provided by Sustainalytics, are reviewed by our analysts and discussed at weekly portfolio meetings to ensure the latest information is incorporated into our view on a company. As previously mentioned, for UNGC monitoring specifically, our compliance team uses a third-party data provider to monitor compliance on a daily basis. If a violation is identified, the portfolio/fund is required to sell out of the position.

Alerts are particularly valuable for:

- Providing early indicators of potential risks or improvements in sustainability practices that can be incorporated into sustainability scores and portfolio construction.
- Indicating broader issues, particularly where the alert frequency is elevated; this can indicate poor governance factors, even if alerts are low-level in terms of risk.
- Offering a useful source of recent data with which to engage management and address sustainability matters.

Modern Slavery risk is assessed through several sources of information including:

- ❖ Sustainalytics and MSCI include Modern Slavery risks in their reports in regard to human rights, supply chain and labour practices
- ❖ A review of investee companies’ Modern Slavery Statements (where available)
- ❖ Where possible, a geographical review of supply chain to assess exposure to higher risk countries
- ❖ Monitoring of relevant controversies from specialist ESG providers
- ❖ Engagement with management (directly including via proxy voting)

For example, Transurban:

- ❖ has a Modern Slavery Statement
- ❖ ESG risk rating reports do not indicate Modern Slavery as a risk

- ❖ controversy reports do not indicate Modern Slavery risks (albeit other lower level ‘Social’ controversies have been reported, such as ‘Community Relations Incidents & Safety’ incidents, which have been reviewed)
- ❖ based on internal and external research reviews, Transurban’s supply chain does not indicate exposure to higher risk geographies

Each year, ClearBridge Investments publish an annual ESG Stewardship Report, which highlights salient engagements the firm has had with management teams at various companies on pressing sustainability issues (including labour practices) and details how we are assessing sustainability risks and opportunities such as climate change and diversity, equity and inclusion across the firm.

Vinci Engagement: *Call with Social Innovation and Human Rights Manager*

Key ESG Issue(s): *Labour management policies mitigating risks of modern slavery*

Next Steps: *Monitor for continued tightening of labour policies and practices*

Vinci operates half of France’s toll road network under long-term concession agreements, a growing portfolio of airport concessions and a global contracting business. In June 2021, ClearBridge infrastructure team members proactively reached out to engage Vinci on policies and practices to prevent and manage risks of modern slavery at Vinci and through the supply chain following claims of violations of rights of migrant workers employed to build the infrastructure for the 2022 FIFA World Cup in Qatar. Allegations there concerned workers working more than 12 hours a day and in extreme heat. As a result of our discussion comfort increased regarding Vinci’s broader process and policies in place to materially reduce the risk of modern slavery.

Our takeaway was there are multiple layers of risk management practices and policies in place, including on-site auditing and supply chain auditing. As the legal dispute on the Qatar case is ongoing and the outcome uncertain, we will follow up again with the company once a decision has been rendered. We will look to see if Vinci will continue to tighten its policies and practices as a result.

In addition to the above, we also publish commentaries to share our perspective on market developments and emerging key themes, and regularly host webinars and participate in speaking engagements on these matters.

We also note that ClearBridge is part of a broader global sustainability focus and drive led by our shareholder Franklin Templeton’s Stewardship and Sustainability Council as well as our colleagues in ClearBridge Investments, LLC., with whom we are operationally integrated.

Internal Oversight – Sustainability Committee

ClearBridge has implemented a Sustainability Committee to oversee and guide its core business of investment management. The Sustainability Committee consists of two Portfolio Managers as well as members of the global ESG strategy team. Part of this oversight deals with labour laws in each of the global jurisdictions in which we invest.

The Committee is responsible for:

- ❖ managing the overall sustainability components of the infrastructure investment process;
- ❖ defining the sustainability factors and weighting for each subsector in ClearBridge’s ERM;
- ❖ reviewing and ensuring consistency of company scoring across the investment universe;
- ❖ elevating debate surrounding sustainability and ensuring ad-hoc data points such as company alerts, and key policy announcements are appropriately considered and addressed; and
- ❖ discussing any new initiatives to enhance the ESG process to meet any regulatory or commercial requirements as they arise.

Where the respective investment committees have any concerns with the treatment of labour in entities in which we invest, this becomes a matter of engagement and influence on our behalf.

Conclusion

We will continue to evolve our processes in line with the growing focus on increased company reporting apparent in many jurisdictions globally, and enhanced disclosure requirements around ESG and sustainably generally.

D. Suppliers (Third Party Vendors): Reviewing Our Supply Chain Risks

Franklin Resources Inc. Code of Ethics and Business Conduct, ClearBridge Code of Ethics, Supplier Code of Conduct – Modern Slavery and the ClearBridge Whistleblower Policy reflect our commitment to acting ethically and with integrity in all our business relationships.

ClearBridge has implemented a process for the management of its external third-party supply chain risk. This has consisted of the following steps:

- 1) Compiled a list of all third-party suppliers
- 2) Identified the total spend, geographic location and industry classification of suppliers as between:
 - a. Investment related (e.g., investment related systems)
 - b. Audit (e.g., annual audit of our financial statements and controls related reviews)
 - c. Human Resources (e.g., recruitment firms)
 - d. Data and Research (e.g., external research providers)
 - e. Marketing Activities – low risk (e.g., companies incorporated in low-risk jurisdictions providing contractual services for use such as online media platforms)
 - f. Marketing Activities – high risk (e.g., merchandising, conferences and other related ad hoc services)
 - g. Professional Services (e.g., external legal counsel and tax advisers)
 - h. Technology (e.g., third party technology support and hardware which may be reliant upon high risk industries like mineral sourcing, metal refining and electronics manufacturing)
 - i. Office Services (e.g., ad hoc cleaning and other utilities related services)
 - j. Commercial Leasing (e.g., commercial office and car park leasing)
 - k. Commercial Travel (e.g., providers of corporate travel programs)
 - l. Platform Arrangements (e.g., IDPS, IDPS-like and Wrap programs for platform related services)
- 3) Ascribed a preliminary risk ranking of Low (1), Medium (2) and High (3) on the basis of the above categories
- 4) Identified which suppliers have Modern Slavery Statements or similar written positioning around human rights and adverse labour practices
- 5) Where suppliers have i) no Modern Slavery Statement or similar written standard, ii) were rated as either a Medium or High risk and iii) where the total annual value of the contract or arrangement was above the materiality threshold (A\$1,000) we will send the ClearBridge Supplier Code of Conduct and Supplier Questionnaire. These documents set out our expectations around the supplier relationship and also provide the opportunity for the third-party supplier to outline its position and process in respect of anti-modern slavery values
- 6) We would assess the relationship based on the above process. Should responses from these suppliers raise any concerns, we would re-assess the viability of the relationship.

For the review period (i.e., 1 July 2022 to 30 September 2023), ClearBridge spent approximately A\$9.5 million on goods and services across 107 third party suppliers in 7 countries (Australia, US, UK, Taiwan, New Zealand, Hong Kong and Netherlands). Of that spend, approximately 77% relates to the provision of goods and services that are from Investment, Audit, Data and Research, Human Resources, Commercial Travel, Commercial Leasing, Platforms

Arrangements and Professional Services as well as low-risk Marketing Activities industries. Such industries are comprised of predominantly a professional workforce within a professional industry, which we consider inherently has a lower risk of exposure to modern slavery.

Facility services, cleaning services, certain promotional and/or merchandising items and IT hardware are examples of goods and services considered as having a potentially high(er) exposure risk to modern slavery. We have categorised these as Office Services, higher risk Marketing Activities, and Technology (non-investment), which make up approximately 1%, 4% and 2% respectively of ClearBridge’s supplier spend during the review period.

Of these potentially higher risk categories, 16 suppliers have been identified to receive the ClearBridge Supplier Code of Conduct (“Code”) and Supplier Questionnaire. Answers to this Questionnaire will provide us with a greater understanding of the risk of modern slavery within that supplier’s supply chains or operations and enable us to respond accordingly.

Supplier adherence and commitment to this Code forms an integral part of ClearBridge’s third-party supplier relationship management and is used along with other relevant due diligence practices when selecting new suppliers or renewing current contractual relationships.

Conclusion

Should ClearBridge be advised of, or otherwise identify, modern slavery practices in a supplier’s business or supply chain, it reserves the right to terminate the business relationship.

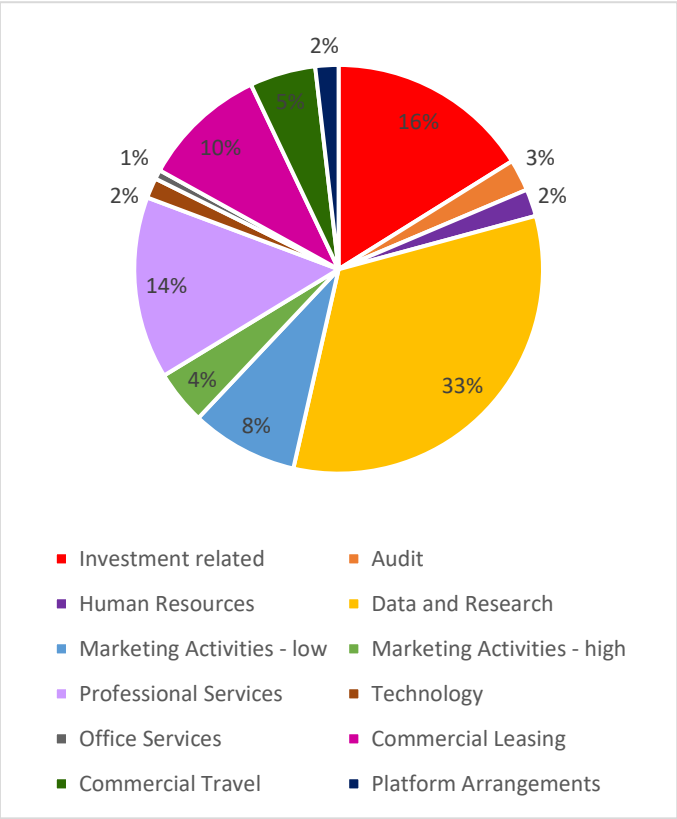
E. Modern Slavery Incidents: Our Response

To date, on the basis of reviews conducted, our organisation has not identified incidents of modern slavery in its business operations as a result of the tracking and management of its supply chains.

Should any incident arise, these would be reported to senior management (ClearBridge Australia Leadership Team) and the Board in order to assess and determine the most appropriate response (including the avoidance of and transfer to a different supplier) or other remedial or mitigation process that would provide the company with the assurance that such risk did not contravene its principles in relation to ethical supply chains.

SECTION 5 - HOW CLEARBRIDGE ASSESSES ITS EFFECTIVENESS

We aim to continuously improve our approach to managing and mitigating modern slavery risks. To facilitate this, we have nominated certain baseline metrics as part of preparing this Modern Slavery Statement.



FOCUS AREA	2022	2023
Employee Awareness and Training		
- Online Code of Ethics attestation completed by all staff	Yes	Yes
- Quarterly Compliance reminders confirmations conducted	Yes	Yes
- Modern Slavery Training session completed	Yes	Yes
- Annual Compliance Training completed	Yes	Yes
Supply Chain		
- Number of suppliers sent the Supplier Code of Conduct – Modern Slavery	9	16
- Number of suppliers acknowledging receipt of the Supplier Code of Conduct – Modern Slavery	1 ¹	0 ²
- Number of suppliers with Modern Slavery Statements or equivalent written positions on abusive labour practice	32	46
- Number of Modern Slavery Questionnaires sent to suppliers in potentially higher risk categories	9	16
- Number of Modern Slavery Questionnaire responses received from suppliers in potentially higher risk categories	1 ¹	0 ²
Investment Activities		
- Number of engagements by ClearBridge relating to social issues, including labour practices ³	88	84
- Number of proxies voted by ClearBridge in regard to social issues, including labour practices ⁴	14	13
Grievance Mechanisms		
- Number of direct reports of actual or suspected modern slavery or related issues in-house	0	0
- Number of notifications from the Whistleblower Hotline referred to ClearBridge	0	0

¹ Given that certain FY22 supplier responses continue to be outstanding, ClearBridge will continue to reach out to these suppliers as part of those identified during the FY23 review period.

² Awaiting certain supplier responses as at the date of writing.

³ Examples of engagements on social issues are inclusive of employee safety & human capital, and community relations.

⁴ Examples of social issues voted on include: Accept/Approve Corporate Social Responsibility Report, Present Public Goals in Environmental, Social and Corporate Governance Structure Matters of the Company for Year 2030, Report on Child Labor Audit, Report on Use of Child Labor in Supply Chain, Approve political/charitable donations.

ClearBridge will monitor these metrics on an ongoing basis and report on them in future annual Modern Slavery Statements to reflect our progress. ClearBridge will also review and enhance these metrics, if required, as well as develop other metrics in line with continuous improvement.

SECTION 6 - CONSULTATION AND APPROVAL

This Statement was prepared by ClearBridge's Legal, Risk & Compliance team in consultation with relevant functions who assisted with information used in compiling supplier and investment data as well as providing guidance regarding certain operational and investment practices.

This Modern Slavery Statement has been reviewed and approved by the ClearBridge Australia Leadership Team and notified to the ClearBridge Boards as part of the quarterly policy update process in place.