Statement of Commitment to the UK Stewardship Code

Brandywine GLOBAL
A Franklin Templeton Company

We are entrusted by our clients to serve as stewards of their capital. We are committed to the stewardship responsibilities set forth within the U.K. Stewardship Code 2020 as part of our fiduciary duty to enhance the long-term investment returns of our clients and intend to be a future signatory of the UK Stewardship Code.

Principle 1

"Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

As a fiduciary and responsible steward of client assets, Brandywine Global follows a disciplined investment process that is designed to uncover valuation anomalies, address potential risks, and provide the best possible return outcomes per our investment guidelines. Our approach to stewardship and ESG investment integration aligns with these objectives, as material sustainability factors can meaningfully affect the fundamentals of our issuers, that may in turn be reflected in the price of their assets, and ultimately our investment performance. Therefore, assessing ESG risks and opportunities is a critical component of our integrated research analysis, decision-making, and ongoing portfolio management. We strive to create long-term sustainable value by engaging with issuers on environmental and social risks and their plans to mitigate them. Addressing these risks and opportunities at corporate, sector, and sovereign levels should provide net societal and economic benefits over the long run.

Principle 2

"Signatories' governance, resources and incentives support stewardship."

Each investment team at Brandywine Global is directly responsible for stewardship and every investment individual is actively engaged in the stewardship process. By tightly integrating stewardship and socially responsible investing in the investment teams, we ensure that significant resources are consistently and efficiently applied to support these goals. Since all investment teams conduct their own ESG integration, stewardship is a component of how investment professionals' performance is measured, particularly with respect to variable compensation. At present, the Head of ESG's performance is primarily measured and incentivized by integration and stewardship.

Our common goals, investment styles, and team approaches are reflected in the Firm's ESG governance structure. The Firm's Responsible Investment Council, which is overseen by the Investment Committee, provides a governance structure to review proposed responsible investment-related strategies, products, commitments, and issues.

Promoting Deeper Insights

At Brandywine Global, we believe the inclusion of factors related to sustainable and responsible investing are necessary for a complete understanding of both risk and opportunity.

- **Environmental** – Unsustainable or controversial environmental policies may lead to financial penalties, compromised reputation, competitive disadvantage, and negative implications for growth.
- **Social** – Poor labor practices or human rights violations may put companies or countries at risk of unrest or upheaval, impairing economic progress.
- **Governance** – Insufficient governance may promote an environment that ignores investor rights and interests while enabling fraud or corruption, limiting investment returns and exacerbating risks.

The council has the following responsibilities:

- Review proposed responsible investment strategies, products, commitments, and issues.
- Review annual responsible investment reporting frameworks, stewardship reporting and other membership commitments.

The Responsible Investment Council is sponsored by a member of the Executive Board, and co-chaired by the Head of ESG who is also a member of the Global Fixed Income team alongside the Firm's deputy General Counsel.

Each investment team has designated leads that sit on the council, so they can share takeaways and feedback with their cohort. Although ESG integration is incumbent upon every investment professional, these dedicated liaisons work closely with the Head of ESG to ensure our responsible investing capabilities are applied uniformly across our assets under management, while preserving the autonomous portfolio management decisions of each team.

Principle 3

"Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first."

Brandywine Global requires that clients' interests are put first and that employees disregard any other relationship, arrangement, interest, or conflict of interest that may influence in a material manner any action that an employee may take for a client. Brandywine Global maintains a Conflicts of Interest Policy ("Policy") to identify the more significant conflicts of interest that may exist from time to time in the course of its investment management activities, and set out the measures taken by Brandywine Global to manage those conflicts. The Conflicts Policy is not intended to identify all actual or potential conflicts of interest. Conflicts of interest related to the stewardship responsibilities of proxy voting and engagement are covered in the Policy.

Engagements are an integral part of our investment process as we use engagement interactions to better inform our investment decisions, address existing or potential economic and business risks, promote added value within companies and countries, or to avoid investments that pose an unacceptable level of risk. From time to time, we may engage with companies where there may be a conflict of interest, for example, where the company is a client of, or significant service provider to, Brandywine Global. In the event of a conflict in the engagement process, the conflict will be escalated to the Investment Committee and General Counsel and Chief Compliance Officer to determine the appropriate response and action.

Principle 4

"Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system."

Brandywine Global believes that identifying, understanding, and mitigating risks are vital to promoting well-functioning global markets. Since price and information risk analyses are central to how we manage value investing across multiple asset classes and strategies, accounting for sustainability risks and opportunities are naturally part of this process. Participating in liquid and efficient global capital markets is central to our role as an investment manager, as a government bondholder, multinational corporate shareholder, and steward of client capital. It is part of our fiduciary duty to understand all facets of risk.

Principle 5

"Signatories review their policies, assure their processes and assess the effectiveness of their activities."

Brandywine Global's stewardship and responsible investment commitments are governed by the following policies and procedures, and are reviewed on an annual basis, which typically coincides with our Principles for Responsible Investment (PRI) Transparency Report.

- ESG Integration and Engagement Policy Statement
- ESG Engagement Policy Statement for Sovereigns
- Proxy Voting Policy

Principle 6

"Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them."

We serve a diverse, global client base that requires a nuanced yet consistent approach to responsible investment. To address their needs and provide transparency, we provide engagement reporting for all investment teams, published a sovereign engagement framework to support the Global Fixed Income team's stewardship efforts, and publish a stewardship report to express our commitments to various codes and principles.

Principle 7

"Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities."

We designed our ESG integration framework to span across asset classes and account for our shared value orientation. Our top-down, bottom-up investment approach extends to how our investment teams account for ESG risks and opportunities in price and information analyses, as we assess these factors from at the broadest country and macro levels, down to sector and company-specific themes. Together, we share five building blocks that comprise our approach to ESG integration: core research responsibilities, inherent materiality, proprietary ESG processes, improving ESG measures and fundamentals, and engagements.

We evaluate ESG indicators in tandem with traditional financial and economic data when analyzing an investment idea. This holistic approach allows us to consider all facets of risk, and ultimately determine whether we would be adequately compensated for assuming those risks in the near term. All three teams are interested in uncovering and understanding material ESG risks and whether they are currently or have yet to be reflected in valuations. In order to understand the effect on valuations, our three investment teams include ESG inputs in their research and analysis, although precisely how those factors are integrated depends on each team's respective process.

Principle 8

"Signatories monitor and hold to account managers and/or service providers."

Brandywine Global uses external service providers to exercise our active ownership and access raw ESG data. Operations oversees the relationships of our proxy service providers, Broadridge and Glass Lewis. The Head of ESG manages the relationships with ESG data providers, Verisk Maplecroft and MSCI, which provide inputs used to create our proprietary scoring methodologies. While our investment teams rely upon their own fundamental ESG research and analysis, they may supplement their efforts with publications issued by Verisk Maplecroft and MSCI. As an additional layer of oversight, the Vendor Management Group thoroughly reviews new vendors and monitors existing ones throughout the Firm to understand the enterprise risk associated with each relationship, including our ESG service providers. Legal, risk, and information technology are represented in this working group in order to holistically assess enterprise risk.

Principle 9

"Signatories engage with issuers to maintain or enhance the value of assets."

Engagements are a central component of each investment team's ESG integration. We use engagement interactions to better inform our investment decisions, to promote pragmatic policies, and to avoid investments that pose an untenable level of material risk. Engagements may occur at any stage of the investment process, usually triggered when we have identified an issue or practice that requires more information to understand the issuer's strategy. Initial outreach may first begin with an email, letter, or phone call—depending on the relationship and access our investment teams have with the issuers or any related stakeholders. Our goal is to always seek direct virtual or in-person meetings to discuss sustainability risks and opportunities and foster ongoing dialogue thereafter.

The trajectory of an engagement period may differ based on the sustainability risk, the materiality of that issue, the response from the entity, and how this information could impact our overall investment decision. The outcome may be positive if the entity is aware of and addressing a sustainability risk, neutral if there is awareness of risk though more time is needed to execute upon a plan, or negative if there is an unwillingness or inability to address our concerns. When engagements expose a significant downside to sustainability risks, we will either closely monitor, reduce, or completely exit a position. For our equity teams, we may also supplement our engagements with proxy voting by voting against management on a targeted concern.

Principle 10

"Signatories, where necessary, participate in collaborative engagement to influence issuers."

At all times we act as an individual fiduciary and make our investment decisions independently. Our collaborative work is undertaken with the single aim to protect client interests. We believe that collaborative engagements provide a valuable forum to supplement our informational analysis to provide the best risk-adjusted outcomes for our clients. Brandywine Global participates in several industry working groups and also fosters collaborations within our own investment teams when we when we have overlapping holdings.

During collaborations we do not seek to represent all potential engagement topics with an issuer. Rather, we focus on topics that are germane to the group of investors participating. Non-public, proprietary information, or price-sensitive information is not shared during any collaboration, nor do the separate investors enter into any binding agreement with each other to vote or invest in a certain way; each investor retains full independence in any subsequent decision-making.

Principle 11

"Signatories, where necessary, escalate stewardship activities to influence issuers."

We rely on a number of escalation methods in the event a company or sovereign entity/agency has been unresponsive to our attempts to engage, unreceptive to our feedback on sustainability risks, or has failed to address/remedy risks in a timely manner. These are the following escalation methods we may employ depending on the entity's response and urgency of the risk: engage with other decision-making bodies, seek to collaborate, exercise proxy voting, and divest.

Principle 12

"Signatories actively exercise their rights and responsibilities."

In exercising discretion to vote proxies for securities held in client accounts, Brandywine Global is guided by general fiduciary principles. Brandywine Global's goal in voting proxies is to act prudently and solely in the best economic interest of its clients for which it is voting on their behalf. In furtherance of such goal, Brandywine Global will vote proxies in a manner that Brandywine Global believes will be consistent with efforts to maximize shareholder value.

Furthermore, it is our responsibility to exercise active ownership through proxy voting to support practical corporate governance, sound ESG policies and practices, communicate our views to companies, and promote change. In cases where we believe management has not taken sufficient efforts to address material environmental or social risks, we may choose to support shareholder proposals aimed at enhancing shareholder value or risk mitigation in alignment with our fiduciary principles.

Brandywine Global's Proxy Voting Policies and Procedures outline the general principles and guidelines for voting and include procedures for addressing material conflicts of interest. If it is determined by the Investment Committee that a conflict of interest is material, the Investment Committee shall determine an appropriate method or combination of methods to resolve such conflict of interest before the proxy affected by the conflict of interest is voted by Brandywine Global.

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