

Legg Mason Australia Client Update

April 2010

Legg Mason Australia is a signatory to the Principles for Responsible Investment

Legg Mason Australia is pleased to announce that it is a signatory to the Principles for Responsible Investment. The Principles for Responsible Investment were developed by an international group of institutional investors and reflect the increased relevance of environmental, social and corporate governance (“ESG”) issues to investment practices. The process was convened by the United Nations Secretary-General.

In Australia, Legg Mason comprises an asset management distribution business, Legg Mason Australia, and an Australian equities asset management business, Legg Mason Australian Equities.

As a distribution business, Legg Mason Australia believes that ESG factors impact the sustainability, quality and performance of our firm. As such, we have improved our performance in relation to these factors through staff engagement, thought leadership and improved corporate and social responsibility. We are also initiating measurement of the ESG practices of our affiliate fund managers and third party providers. The outcome is a strengthened Legg Mason Australia from a corporate responsibility standpoint.

As an Australian equities asset management business, Legg Mason Australian Equities believe that ESG factors can impact the long term sustainable earnings and therefore the intrinsic value of companies in the Australian equities investment universe. As such, we have enhanced our investment process to further incorporate ESG factors into company valuations. We consider ESG factors as part of our investment process rather than as a negative screen to constrain our investment universe. Further incorporating ESG factors into company valuations should enhance our ability to deliver sustainable long term investment performance.

Legg Mason Australia is proud to be a signatory to the Principles for Responsible Investment. We hope that we can broaden ESG awareness and generate thought leadership within the broader ESG “community”. We will also continue to build on our endeavours in the ESG domain over time.

We welcome feedback and questions regarding our ESG commitments and practices from both a business and investment standpoint.

www.leggmason.com.au