



REPORT ON
THE EXERCISE
OF VOTING
RIGHTS

LAZARD
FRÈRES GESTION

L A S T U P D A T E - M A R C H 2 0 2 2

In accordance with Article R533-16 of the Code monétaire et financier [French monetary and financial code], Lazard Frères Gestion hereby submits a report on the exercise of its voting rights for the year 2021.



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I How voting rights are exercised

EXAMINATION AND ANALYSIS OF RESOLUTIONS

ESG specialists analyze the recommendations provided by the voting advisory agency Proxinvest. They compare these recommendations with the management company's voting policy and then submit them to the portfolio manager-analyst responsible for monitoring the stock.

The portfolio manager-analyst communicates his / her instructions to the ESG specialists who cast the votes via the voting platforms or the custodian if applicable.

The research is used for information purposes – the portfolio manager-analyst remains free to make his or her own voting choices in all circumstances. In the event of a vote against the management company's policy, an explanation of the reasons for the position taken is given.

SCOPE FOR EXERCISING VOTING RIGHTS

The voting scope applies to the equity of:

- All French companies in which the funds managed by Lazard Frères Gestion hold, in total, more than 1% of the capital.
- All companies representing more than 0.2% of the total assets of Equity and Multi-Asset UCITS managed by Lazard Frères Gestion.

This report is based on this voting scope as established on 31 December 2020 and in force until 31 December 2021.

II Participation at meetings

VOTING SCOPE

Lazard Frères Gestion voted at 100 general meetings held during the 2021 financial year out of a total scope of 112 meetings, which represents a rate of 89.3%.

Country	Number of GMs in 2021	No. of GMs at which we voted	Percentage
Germany	10	10	100%
Austria	2	2	100%
Belgium	2	2	100%
Spain	1	1	100%
USA	8	4	50%
Finland	3	3	100%
France	69	64	92%
Ireland	1	1	100%
Netherlands	10	10	100%
United Kingdom	2	2	100%
Switzerland	4	1	25%
Total	112	100	89.29%

The twelve general meetings at which we did not vote and the reasons for not voting are listed in the table below.

Company	Date of GM	Reason
Osmozis	02/12/2021	
Piscine Desjoyaux	02/26/2021	
Novartis	03/03/2021	
Manutan International	03/12/2021	
Givaudan	03/25/2021	Lack of information, no communication, and no notice of meetings received
Nestlé	04/15/2021	
Hermès	05/04/2021	
Amazon	05/26/2021	
Chevron	05/26/2021	
Pernod Ricard	11/10/2021	
Visa	01/26/2021	Outstanding amounts not available at this date / Voting scope not defined
Accenture	02/03/2021	

Lazard Frères Gestion analyzed 1,812 resolutions and voted against the recommendations of the companies' management on 199 resolutions, i.e. 10.98% of the cases.

For	89.2%
Against	10.21%
Abstention	0.77%

Of the resolutions we voted against, 63.49% concerned general meetings of French companies.

Country		
Germany	6	9.52%
Austria	1	1.59%
Belgium	1	1.59%
Spain	1	1.59%
USA	4	6.35%
Finland	2	3.17%
France	40	63.49%
Netherlands	5	7.94%
United Kingdom	2	3.17%
Switzerland	1	1.59%
Total	63	100.0%

OUTSIDE THE VOTING

We endeavor to exercise our voting rights when a general meeting is deemed to be sensitive, for example in the case of non-French European small-cap companies in which we hold a significant proportion of the capital. We may also be called upon to vote at general meetings of Nordic companies when resolutions we consider important are put to the vote.

Company	Country	No. of GMs at which we voted
VOLVO	Sweden	1

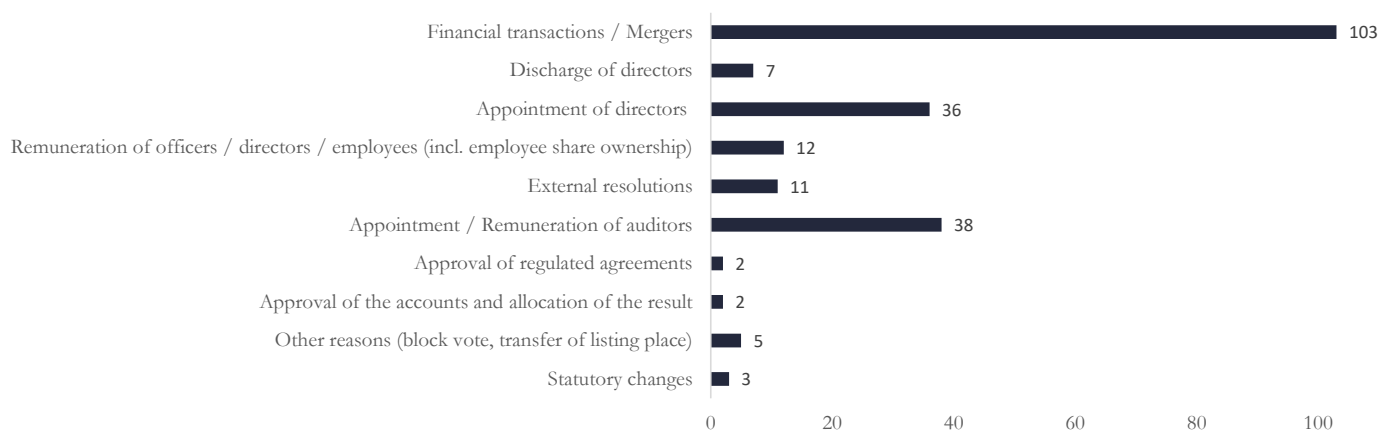
EFFECTIVE SCOPE IN 2021

In total, Lazard Frères Gestion voted at 101 general meetings, analyzed 1,865 resolutions and voted against 200 motions for resolution, i.e. in 9.97% of cases, and abstained on 14 resolutions, i.e. in 0.75% of cases.

For	89.28%
Against	9.97%
Abstention	0.75%

Breakdown of votes against by resolution category:

Number of resolutions voted “Against” (Voting scope + Outside voting scope)



III / Analysis of votes against

STATUTORY CHANGES

Lazard Frères Gestion supports the “one share, one vote” principle. Any amendment to the articles of association that does not respect this principle, as well as the good governance standards and shareholders’ information rights, will be viewed in a negative light.

For example, we opposed a resolution proposing that the Vice Chairman’s right to convene the Board be withdrawn, as we felt that this was an essential counter power in the presence of a non-independent Chairman.

APPROVAL OF THE COMPANY ACCOUNTS / CONSOLIDATED ACCOUNTS

In principle, Lazard Frères Gestion votes in favor of resolutions to approve the accounts presented. Votes against express our total disagreement with, for example, a new company strategy.

OTHER REASONS

The “other reasons” category includes motions for resolutions regarding block voting, transfer of listing place, authorization to convene general meetings at short notice, etc.

For example, Lazard Frères Gestion is hostile to the grouping of several decisions in one resolution – even if said decisions are in the same vein – which forces shareholders to accept or reject the sum total of these decisions.

APPROVAL OF REGULATED AGREEMENTS

Lazard Frères Gestion pays particular attention to the regulated agreements submitted to the general meeting for approval, with particular regard to their financial terms. These agreements are analyzed on a case-by-case basis by the ESG specialists, and approval of them will depend on the level of detail and justification of the economic conditions set out in the agreement.

For example, we objected to an agreement for IT services as the lack of information did not allow us to make an informed assessment of the resolution.

APPOINTMENT / REMUNERATION OF AUDITORS

Lazard Frères Gestion votes for the appointment of auditors when said auditors offer every guarantee of objectivity and independence. The auditors’ length of service is therefore one of the main reasons for voting against in this resolution category. In line with European audit reforms and in order to encourage company rotation, we generally vote against terms of office longer than 12 years.

APPOINTMENT OF DIRECTORS

Lazard Frères Gestion attaches great importance to the proportion of independent directors, the suitability of a candidate for appointment to the board, and the availability and attendance of directors. The appointment of directors with a potential conflict of interests to an insufficiently independent board is the main reason for voting against.

Lazard Frères Gestion also votes against when a director holds an excessive number of mandates, leading to a high instance of absenteeism.

REMUNERATION OF OFFICERS, EMPLOYEES AND DIRECTORS (“SAY ON PAY”, ALLOCATION OF FREE SHARES, STOCK OPTIONS, SEVERANCE PAY, DIRECTORS’ FEES, ETC.)

Lazard Frères Gestion believes that remuneration should be commensurate with the work done and be linked to changes in the intrinsic value of the company and the relative performance of the equity.

We voted against motions for resolutions regarding remuneration for which we did not have sufficient information and coherent and quantifiable performance criteria.

DISCHARGE OF DIRECTORS

Lazard Frères Gestion generally votes in favor of proposals to discharge directors, except in the instance of contentious issues relating to a company’s boards, officers or management. For example, we voted against discharging members of a Supervisory Board because the variable remuneration component was not in line with market practice.

FINANCIAL TRANSACTIONS / MERGERS

Lazard Frères Gestion votes against resolutions on authorizations for capital increases that could be used during a takeover bid, and against transactions that could have a negative impact on shareholders.

We also vote against:

- Capital increases with Preferential Subscription Rights (PSR) that may represent more than 50% of the capital;
- Capital increases without Preferential Subscription Rights (PSR) but with a guaranteed priority period which may represent more than 1/3 of the capital;
- Capital increases by private placement;
- Capital increases in return for unspecified contributions in kind.

IV Managing conflicts of interest

Lazard Frères Gestion exercises the voting rights of UCITs in the exclusive interest of the latter. To this end, Lazard Frères Gestion acts impartially and independently of any outside interest.

Lazard Frères Gestion has implemented a Conflict-of-Interest Management Policy which aims to detect conflicts of interest, to implement all measures reasonably necessary to manage them, and to define the procedures for informing clients where appropriate.

The main guarantee of independent voting is that such voting is determined by decisions of the portfolio manager-analysts, based on their professional judgement. Portfolio manager-analysts are themselves bound by strict ethical obligations that are monitored.

Lastly, Lazard Frères Gestion is particularly careful to ensure that its votes defend minority shareholders in the event that the management of companies has interests that run counter to them.

V Exceptions to the voting policy

CASES IN WHICH THE MANAGEMENT COMPANY FELT THAT IT COULD NOT COMPLY WITH THE PRINCIPLES SET OUT IN ITS “VOTING POLICY” DOCUMENT:

In 2021, we voted contrary to our voting policy on 15 resolutions, i.e. 0.80% of the total number of resolutions analyzed and voted on. In terms of resolution type, they all concerned small- and mid-cap companies and covered the following three categories:

- the appointment of directors
- remuneration
- financial operations / mergers

For this type of non-standardized company, we sometimes do not follow our policy because our principles of good governance are not applicable to companies with uncontrolled capital. In some cases, the founder of the company or one of their descendants chairs the board of directors and runs the company. Often, he / she is the majority shareholder with the legitimacy to lead and embody the company.

For example, we voted in favor of a resolution to renew mandates for more than four years. Our voting policy recommends voting against opposing such resolutions in order to retain the possibility of voting regularly on directors' mandates.

In this specific case, the appointment concerned the CEO – the group's reference shareholder. We felt it important that the CEO should remain in post, especially as we were very satisfied with their management of the company. This resolution demonstrates the importance we place on sound and effective governance, coupled with good-quality financial and non-financial performance.



Lazard Frères Gestion has been a signatory of the Principles for Responsible Investment (PRI) since 9 February 2015. ESG criteria are integrated into the analysis and stock-selection processes in all Equity Management portfolios.

We believe that Environmental, Social and Governance factors can influence a company's business and therefore the financial performance of its assets.

It is therefore important for Lazard Frères Gestion to encourage companies to include ESG issues in their development model in order to protect themselves against sustainability risks. This is why dialogue with companies has always been an integral part of our investment process.

DIALOGUE WITH COMPANIES

Lazard Frères Gestion is noted for its conviction-based management approach which is based on regular exchanges with companies.

In 2021, the management teams conducted over 600 interviews with company management during which financial, strategic and ESG issues were discussed.

PRE-GM AND POST-GM DIALOGUE

Companies are increasingly engaging in dialogue with their minority shareholders about the resolutions they intend to submit to the general meeting.

In 2021, we therefore spoke to eight companies at their request. They presented their resolutions to us which we tested against our voting policy.

We also explained to a French small-cap company the reasons why we voted against resolutions at their last GM.



Funds labelled with version 2 of the SRI label



LAZARD EQUITY SRI

Lazard Frères Gestion voted at 40 general meetings held during the 2021 financial year out of a scope of 41 portfolio companies, i.e. a rate of 98.27%.

Country	Number of GMs in 2021	No. of GMs at which we voted	Percentage
Germany	8	8	19.5%
Austria	1	1	2.4%
Belgium	1	1	2.4%
Spain	1	1	2.4%
France	24	23	56.1%
Netherlands	4	4	9.76%
United Kingdom	1	1	2.4%
Switzerland	1	1	2.4%
Total	41	40	98.27%

The 1.73% of GMs at which we did not vote represents one general assembly.

Company	Date of GM
ATOS	02/03/2021

Lazard Frères Gestion analyzed 835 resolutions and voted against the recommendations of the companies' management on 98 resolutions, i.e. in 11.74% of cases.

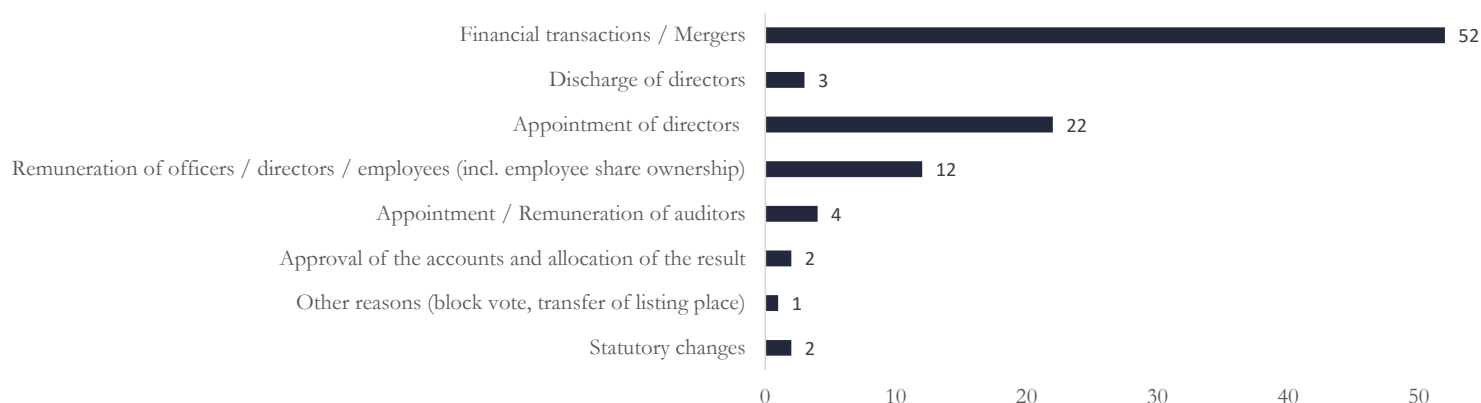
For	88.3%
Against	11.7%
Abstention	0%

Of the resolutions we voted against, 77.5% concerned the general meetings of French companies.

Country		
Germany	6	6.12%
Spain	4	4.08%
France	76	77.55%
Netherlands	10	10.20%
United Kingdom	1	1.02%
Switzerland	1	1.02%
Total	98	100%

Distribution of votes against:

Number of resolutions voted “Against”



LAZARD ALPHA EURO SRI

Lazard Frères Gestion voted at 35 general meetings held during the 2021 financial year out of a scope of 40, representing a rate of 87.76%.

Country	Number of GMs in 2021	No. of GMs at which we voted	Percentage
Germany	7	7	17.5%
Belgium	1	1	2.5%
Spain	3	1	2.5%
France	17	16	40%
Netherlands	7	6	15%
United Kingdom	1	1	5%
Switzerland	1	1	2.5%
Finland	2	1	2.5%
Total	41	35	87.76%

The 12.24% of GMs at which we did not vote represent the following five general meetings:

Company	Date of GM
Atos	02/03/2021
Banco Bilbao	02/26/2021
Telefonica SA	03/03/2021
Arcelormittal SA	03/12/2021
Credit Suisse Group	03/25/2021

Lazard Frères Gestion analyzed 724 resolutions and voted against the recommendations of the companies' management on 87 resolutions, i.e. in 12.02% of cases.

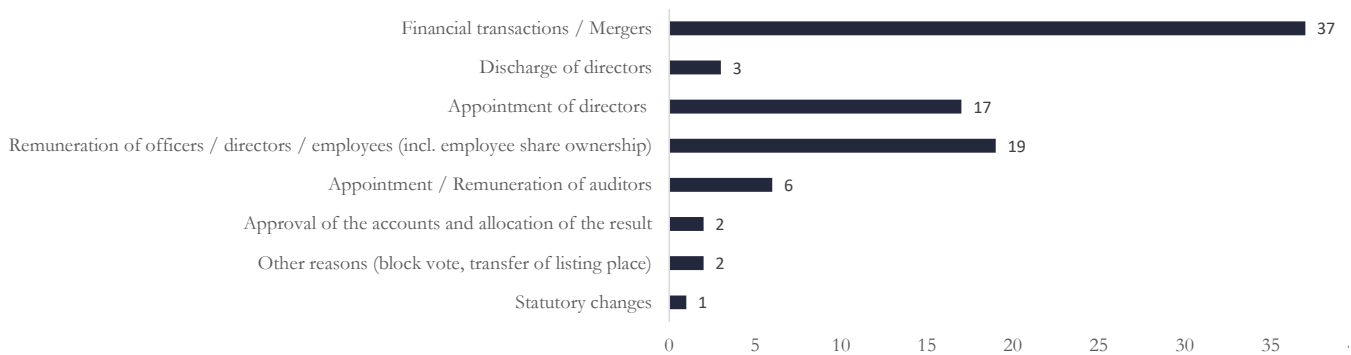
For	87.8%
Against	12%
Abstention	0%

Of the resolutions we voted against, 66.7% concerned the general meetings of French companies.

Country		
Germany	5	5.75%
Belgium	5	5.75%
Spain	4	4.60%
France	58	66.67%
Netherlands	10	11.49%
United Kingdom	3	3.45%
Finland	1	1.15%
Switzerland	1	1.15%
Total	87	100%

Distribution of votes against:

Number of resolutions voted "Against"



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