

A group of people, including several men and women, are walking and cycling across a highly reflective, wet surface. The scene is captured in a wide, horizontal shot. The background is a vast, overcast sky with soft, diffused light. The people are dressed in casual to semi-formal attire, including jackets, sweaters, and trousers. Some are carrying bags or backpacks. The reflection of the people and the sky is clearly visible on the wet ground, creating a symmetrical effect. The overall mood is calm and modern.

ESG POLICY

LAZARD
FRÈRES GESTION

LAST UPDATE ON - JUNE 2021



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INTRODUCTION

“

By shifting the horizon away from the short term and contributing to a more sustainable economic trajectory, the financial sector can become a powerful force acting in our collective best interest.

”

Christine Lagarde,

Chair of the European Central Bank (ECB),
speech at the launch of the COP26 Private Finance Hub.

established an increasingly thorough sustainable investment process and now integrates a number of extra-financial criteria into its management. An internal analysis grid, combined with different data provided by specialist partners, has made it possible to develop a rigorous proprietary ESG model that enables us to offer our clients sustainable ESG solutions.

This approach is also at the heart of our engagement and our voting policy. Thanks to an ongoing dialogue with company management as well as a voting policy that is fully in line with our principles, Lazard Frères Gestion is able to support and guide companies towards more positive behaviour not only in terms of governance but also with regard to environmental, social and climate-related issues.

The past year has demonstrated our progress in the area of environmental and social engagement, as shown in particular by the strengthening of our ESG team and the acceleration of our SRI labelling initiative with 9 new SRI-labelled funds launched and many more to come. These efforts will intensify in the next few years in order to raise our financial and extra-financial performance standards and, along with our employees, move towards a sustainable, resilient, high-performing and inclusive economy.

Since its creation, Lazard Frères Gestion has viewed investment as a vector for both economic and long-term social and human development. The launch in 1998 of the first French ethical SICAV by Lazard Frères Gestion demonstrates our long-standing sensitivity to the issues that are now – in line with the formula that has now become established – grouped under the environmental, social and governance (ESG) criteria.

Current issues facing society have reinforced our desire to favour a long-term approach, centred around our values, in order to better adapt to the major changes taking place in the world. More than ever, companies' interactions with their social, economic and financial environment, with their “stakeholders”, will determine their long-term place in the economic landscape.

As a signatory of the PRI since 2015, Lazard Frères Gestion has gradually



January 2021

François-Marc Durand,

Chairman of Lazard Frères Gestion





“

More than ever, companies' interactions with their social, economic and financial environment, with their “stakeholders”, will determine their long-term place in the economic landscape.

”

François-Marc Durand

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PHILOSOPHY

Investing today to prepare for the future



In a world riven by uncertainty, Lazard Frères Gestion seeks to offer its clients conviction-based management with a long-term perspective. Our investment process takes the form of active management and involves a rigorous selection of stocks to optimise the risk/return ratio, especially via the integration of environmental, social and governance (ESG) criteria.

ESG analysis takes into account criteria that we believe to be essential for the financial solidity, stability and sustainability of the companies. It enables us to highlight major issues that either are not noticed or are underestimated by financial analysis, to detect risks that could be damaging to the company and its investors, especially in relation to the climate, and to identify future opportunities.

Lazard Frères Gestion firmly believes that the integration of ESG criteria into company strategy offers an additional guarantee of resilience and performance over the long term. In fact, such companies are better positioned to take all their stakeholders into consideration, which is essential for value creation and their long-term competitiveness.

Intelligence, adaptability, and experience: the conditions for successful ESG integration

Sustainable investment has seen significant development in recent years. However, its definition is still subject to change and its scope is undergoing constant remodelling as new standards and regulations are established. We are on the cusp of a major change and we believe it is essential to understand the scale of this change and seize the opportunities it brings.

Since its creation, Lazard Frères Gestion has successfully drawn on its expertise and developed the necessary tools to manage uncertainty, whether it be financial, economic, political or social. Faced with the enormous task of preserving our planet, we believe it is essential to approach the integration of the environmental aspect and the development of a more comprehensive vision of social and governance issues with the same high standards, the same competence and the same spirit of anticipation that characterise us in the eyes of our clients.



Good governance: a long-established core priority

For us, good governance has always formed the basis of a credible financial and extra-financial strategy. Competent and reliable management is a prerequisite for achieving not only a company's financial targets, but also its environmental, social and societal objectives.

We invest primarily in companies that we want to support over the long term, with clear development models, effective supervisory bodies, and qualified management teams with whom we can build a strong relationship of trust over the course of our meetings.

Environmental and social engagement reinforced in recent years

We are firmly convinced of the importance of in-depth fundamental analysis and a global perspective with regard to economic and financial determining factors, and have therefore considerably enriched our analysis and integration of environmental, climate-related, social and societal criteria.

All the analysis and management teams are involved in the identification of risks and opportunities offered by the “great ESG watershed moment”.

OUR ESG OBJECTIVES

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The integration of ESG criteria in the construction and management of our portfolios now concerns every single one of the teams at Lazard Frères Gestion. Our working processes have been significantly changed to effectively integrate the E, S and G criteria, to comply with new regulations, and to meet the needs of our clients.

”



Matthieu Grouès,
Chief Investment Officer (CIO)

The long-term perspectives of our management strategies are at the heart of our commitment to sustainable economic and societal development. As we have become more individually aware, new international frameworks and tools have also emerged, encouraging players in the financial sector to be part of a more sustainable system.

Our role as a responsible investor means that we need to adapt to these changes, and integrate them proactively into our management processes in order to become a driving force for change and offer long-term value to our clients.

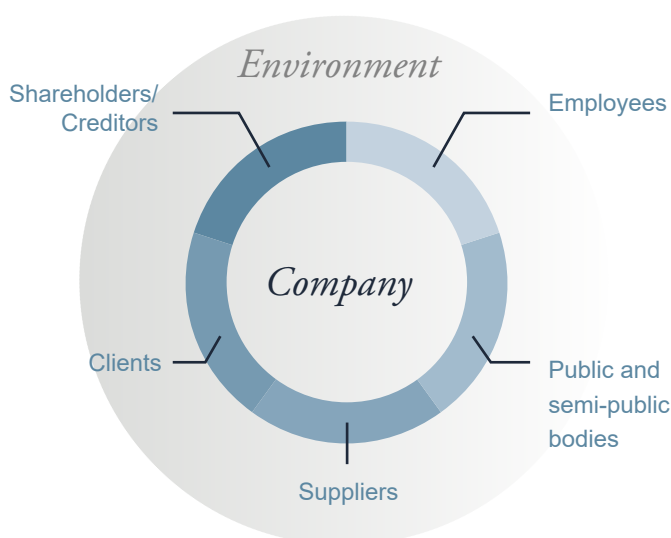
We therefore pay particular attention to all the stakeholders involved in the life of the companies in which we invest: staff, clients, shareholders and creditors, suppliers, regulators, etc.

The Paris Agreement, which was signed in the framework of the COP21 and sets a maximum temperature increase of 2°C by the year 2100, and the Sustainable Development Goals set out by the United Nations in 2015, form the two cornerstones of these new requirements.

**OBJECTIFS
DE DÉVELOPPEMENT
DURABLE**



PARIS2015
COP21-CMP11



ESG PRINCIPLES

E

ENVIRONMENTAL CRITERIA

Any company wishing to ensure its economic sustainability must protect natural capital by constantly seeking to limit and/or optimise the impact of its activities, products and services on the environment and the climate.



The environmental analysis of a company involves the analysis of its activities, products and services that are likely to have a significant impact, either positive or negative, on the environment.

S

SOCIAL CRITERIA

Human capital is, along with financial capital, one of the two essential engines driving any company. Valuing, caring for and developing this human capital, along the entire value chain, must form part of the companies' strategy.



By monitoring and analysing multiple indicators, we can understand the company's social policies and identify any potential risks.

G

GOVERNANCE CRITERIA

Proper governance is a guarantee of transparency and balance of power. We at Lazard Frères Gestion believe that good practices and the existence, where applicable, of a shareholder counter-balance are a key factor in controlling risks, promote value creation, and contribute to the overall alignment of the interests of all stakeholders.



Analysis of good governance is realised with the help of quantitative and qualitative indicators, which enable an objective evaluation of its architecture and its quality.



INTERNAL ORGANIZATION

Integration of ESG criteria at all levels



Today, the entire management company is involved with the integration of environmental, social and governance criteria. The Principles of Responsible Investment (PRI) are now embedded in the discussions and activities across all key functions: internal governance, research and analysis, portfolio management, control and reporting of risks, compliance, and client relationship management.

The Executive Committee defines the major strategies in the area of sustainable investment and coordinates external initiatives. It is also responsible for ensuring that our practices and initiatives are fully aligned with the ESG policy.

The ESG Committee: the operational heart of the ESG policy

Chaired by Matthieu Grouès, Chief Investment Officer (CIO), the ESG Committee meets once a month, bringing together all those involved in institutional and private management at Lazard Frères Gestion.

During each meeting, cross-functional ESG topics are discussed in order to define how best to establish and implement analyses and good practices.



An ESG team that is fully integrated into the management team

The analyst-manager model, which is specific to Lazard Frères Gestion, enables all portfolio managers to include sustainable investment practices as a key part of their management. Thus, the analyst-managers are directly responsible for the ESG analyses carried out on companies, for their internal rating, for ESG integration, and for the establishment of measures for engagement.

The analyst-managers and the other Lazard Frères Gestion teams are supported by the ESG team, which is made up of four specialists in four areas: equities, fixed income, strategy and communication, and reporting. This ESG team is headed up by Matthieu Grouès, ESG Coordinator and Chief Investment Officer (CIO) at Lazard Frères Gestion.

OUR ESG ANALYSIS MODEL

A proprietary rating model

“

With a particular interest in effective financial and extra-financial analysis, Lazard Frères Gestion places a high priority on the development of proprietary models. We have therefore developed our own ESG analysis model, which adds a huge amount of value in our issuer selection process.

”

Matthieu Grouès,
Chief Investment Officer (CIO)

ESG analysis process

Building the analyses involves in-depth, well-informed, forward-looking and - if necessary - critical investigations. The ESG analyses are carried out by directly our analyst-managers themselves in accordance with our desire to reject a “siloed” ESG approach.

They are based on information published directly by the companies or gathered as part of a direct dialogue with the management, on data from public institutions and NGOs, and on information provided by our partners.





Our ESG analysis process is the result of a rigorous methodology. It summarises the information relating to each company in an ESG Scorecard that is shared by all the analyst-managers.

This provides the Equities, Fixed Income and Private Wealth Management teams with a common analysis that supports the implementation of integration processes that are adapted to the various asset classes.

Our internal ESG Scorecard includes three independent and complementary pillars: E, S, and G. Each pillar is rated from 1 to 5 (5 being the best score).

For each pillar, our analysis focuses on the most relevant criteria, using both quantitative and qualitative indicators.



A large number of ESG criteria systematically taken into account



E > Environment P I L L A R

ENVIRONMENTAL POLICY

OBJECTIVES

- Development of an environmental strategy and management system
- Integration of environmental factors adapted to sector-specific issues

CRITERIA

- Definition and establishment of guiding principles, priorities, appropriate resources, and specific quantifiable targets
- Integration of regulation linked to the sector

UNDERSTANDING OF ENVIRONMENTAL IMPACTS

OBJECTIVES

- Water and waste management
- Control of risks associated with climate change
- Preservation of biodiversity

CRITERIA

- Optimisation of water use, limitation of discharge into the environment
- Limitation of GHG emissions and anticipation of physical consequences linked to climate change
- Measurement of the impact of activities on biodiversity and reduced exploitation of sensitive zones, ecosystems, plants and organisms

ENVIRONMENTAL IMPACT OF THE PRODUCT OR SERVICE

OBJECTIVES

- Environmental innovation
- Eco-design of products or services

CRITERIA

- Development of technological innovations, energy efficiency solutions
- Reduction of impact linked to the manufacture, use and disposal of products or services, development of the circular economy

RESPECT FOR HUMAN RIGHTS

OBJECTIVES
<ul style="list-style-type: none"> • Prevention of situations of or acts of complicity in human rights violations • Respect for individuals' right to safety and security • Privacy and data protection
CRITERIA
<ul style="list-style-type: none"> • Respect for fundamental human rights, elimination of prohibited forms of work, in particular child labour and forced or compulsory labour • Protection of employees against potential threats, particularly in high-risk locations • Compliance with regulations regarding personal data protection

HUMAN RESOURCES MANAGEMENT

OBJECTIVES
<ul style="list-style-type: none"> • Constructive social dialogue • Training and careers management to promote human development • Promotion of diversity • Health, safety and well-being at work
CRITERIA
<ul style="list-style-type: none"> • Respect and promotion of freedom of association and the right to collective bargaining • Employment strategy: training plan, transition of the sector, internal development policy and management of restructuring • Principle of equal opportunity and equal treatment of persons • Prevention of accidents in the workplace and occupational diseases and continued improvement in health and safety conditions at work

MANAGEMENT OF THE VALUE CHAIN

OBJECTIVES
<ul style="list-style-type: none"> • Responsible management of the supply chain • Quality, security and traceability of products
CRITERIA
<ul style="list-style-type: none"> • Elimination of prohibited forms of work at suppliers and subcontractors and sustainable cooperation with suppliers • Protection and respect for the rights of clients/consumers: prevention of anti-competitive practices, security, contractual protection and client information



BOARD OF DIRECTORS OR SUPERVISORY BOARD

OBJECTIVES
<ul style="list-style-type: none"> • Independence of the Board • Competence and diversity of the Board • Limitation of total mandates
CRITERIA
<p>Board able to control and advise executive directors to ensure balance of powers:</p> <ul style="list-style-type: none"> • Separation of the positions of chairman and chief executive officer • Diversity and complementarity of expertises • Significant proportion of independent members allowing objective and impartial control of directors

QUALITY OF MANAGEMENT

OBJECTIVES
<ul style="list-style-type: none"> • Quality of the strategy • Business ethic • Effectiveness of the audit and control mechanisms
CRITERIA
<ul style="list-style-type: none"> • Establishment and implementation of a strategy that is coherent with the external environment and internal resources • Prevention of all forms of corruption, among private players as well as public officials • Internal control systems that can identify and evaluate risks facing the company and guarantee confidence in the independence and objectivity of external auditors

QUALITY OF FINANCIAL AND EXTRA-FINANCIAL COMMUNICATION

OBJECTIVES
<ul style="list-style-type: none"> • Confidence in forecasts and transparency • Accessibility of management
CRITERIA
<ul style="list-style-type: none"> • History of profit warnings • Publication of quantitative data and qualitative explanations giving a true and fair view of the company's current situation and its prospects with regard to financial and extra-financial issues

DIRECTORS' REMUNERATION

OBJECTIVES
<ul style="list-style-type: none"> • Clear formulation of directors' remuneration • Transparency with regard to remuneration • Consistency with results achieved
CRITERIA
<ul style="list-style-type: none"> • Remuneration policy describing its principles and detailing the different elements • Integration of ESG objectives in the remuneration policy • Remuneration in line with the strategy, linked to company performance and changes in the company share price over the long term

2/ Sector-specific features and materiality mapping

We are aware of the importance of intra-sectoral comparisons and of having a solid understanding of the operational, geographical and regulatory environment in which these companies operate. Consequently, in our analysis methodology, we pay particular attention to the materiality of ESG risks and opportunities. We have to take into account different criteria relating to sectors, countries and specific characteristics in order to adequately report on ESG performance in each company.

To better assess materiality and understand how sustainability factors can affect an issuer's financial performance, Lazard Frères Gestion created a proprietary materiality map in January 2021 (see Appendix 1).

This materiality map serves a dual purpose: firstly, it allows for a transparent formalization of the way in which analysts-managers select the most relevant indicators from the internal ESG analysis grid for their analysis. Secondly, it serves as a basis for Lazard Frères Gestion's climate change issues-focused engagement with companies.

3/ Sustainability risk and adverse sustainability impacts

Sustainability risk

The EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 defines sustainability risk as *"an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material adverse impact on the value of the investment."*

For companies, sustainability risk can take many forms: destruction of physical capital, reputational risks, legal and regulatory costs, including those associated with the introduction of a carbon price.

This sustainability risk is fully integrated by Lazard Frères Gestion into its ESG analysis by means of various quantitative indicators (energy intensity, staff turnover rate, board independence rate, etc.), as well as qualitative indicators (soundness of environmental policy, employment strategy, directors' skills, etc.) included in its internal analysis model.

The normative and sectoral exclusion policies and the monitoring of controversies through our various internal and external sources also contribute to the effort to reduce and mitigate the sustainability risk for our investments.

Adverse sustainability impacts

Principal Adverse Sustainability Impacts are, according to EU Regulation 2019/2088 (SFDR), the total negative effects of investment decisions on the environment.

In order to minimize the negative consequences of its investment decisions on the environment, Lazard Frères Gestion includes in its ESG analysis and integration model the carbon footprint of companies, their energy consumption, and their capacity to manage their water consumption and waste production in a responsible manner.

4 Case study: consumer goods

E > Environment P I L L A R



Stanislas Coquebert de Neuville
Equities Analyst and Fund Manager for
Europe
Lazard Frères Gestion

Stanislas is responsible for the chemicals, consumer goods and agri-food sectors. He joined Lazard Frères Gestion in 2012 after five years with Exane BNP Paribas in London.

OUR PRINCIPLES

“

A company wishing to ensure its economic sustainability must protect natural capital by constantly seeking to limit and/or optimise the impact of its activities, products and services on the environment and the climate.

”

IN CONCRETE TERMS:

An ethical company is therefore one that achieves a certain level of efficiency (energy, CO₂, water, waste) and/or one that is on a positive path towards improvement of these environmental criteria with time-bound and quantifiable targets.

When deciding on the “E” rating, we focus our analysis on carbon emissions (CO₂), energy consumed, waste and, if applicable, water consumption. We then take into account the Vigeo rating as well as the existence of medium-term objectives set by the group.

APPLICATION

• Emissions (CO₂)

Analysis of carbon intensity (tons of CO₂/m€ of revenue)
Comparison with sectoral average

Example: Danone, 26T/m€ vs. 97T/m€ (average in food/bev. sector).*

• Waste

Intensity of waste generation (in T/m€ of revenue and change)

• Energy consumption

Change in energy intensity (MWh/m€ of revenue)

Example: L'Oréal, 28 MWh/m€ in 2017, 31 MWh/m€ in 2019. Watch.*

• Water consumption

Intensity of water consumption (m³/m€ of revenue and change)

Example: LVMH, 246 m³/m€ in 2017, 204 m³/m€ in 2019. Positive trend.*

QUANTIFIABLE OBJECTIVES

The existence of quantified commitments to the improvement of certain environmental criteria is taken into account.

Example: AB InBev, “by 2025, 100% of our products will be in packaging that is returnable or made from majority recycled content, 100% of our purchased electricity will be from renewable sources, and we will reach a 25% reduction in CO₂ emissions”*

*The companies referred to in this document are mentioned for information purposes only and for exact indicators. Their performance for these indicators and related comments do not in any way presume their final ESG rating.



OUR PRINCIPLES

“

Human capital is, along with financial capital, one of the two essential engines driving any company. Valuing, caring for and developing this human capital, along the entire value chain, must form part of the company's strategy.

”

IN CONCRETE TERMS:

An ethical company strives, among other things, to reduce staff turnover, to increase the presence of women in the workforce and in management, and to reduce the rate of accidents in the workplace.

For the “S” rating, we add the Vigeo rating to the above criteria as well as the possible existence of social targets (e.g. monitoring working conditions at supplier sites).

APPLICATION

• HR

Analysis: staff turnover, proportion of staff belonging to the union, proportion of women in the teams and changes to this figure

Example: Heineken, percentage of women at management level increased from 19% in 2017 to 23% in 2019*

• Consumables and suppliers

Monitoring standards established at supplier sites

Example: JDE Peets, «100% responsibly sourced green Coffee & Tea by 2025»*

• Health and safety

Accident rate and changes to this rate



OUR PRINCIPLES

“

Proper governance is a guarantee of transparency and balance of power. We at Lazard Frères Gestion believe that good practices and the existence, where applicable, of a shareholder counter-balance are a key factor in controlling risks, promote value creation, and contribute to the overall alignment of the interests of all stakeholders.

”

IN CONCRETE TERMS:

An ethical company seeks to get an independent, diversified and active board, to represent a real counterweight to management and to be able to represent and defend the interests of minority shareholders.

For the « G » rating, we are interested in a multiplicity of factors such as the share of independents on the Board, the diversity of management and the Board, and the remuneration of senior executives.

APPLICATION

• Independence

Combination of the roles of Executive Director and President
Share of independents on the Board

Example: EssilorLuxottica, no combination of the CEO's roles but only 44% of independents on the Board.

• Diversity

Representation of women on the Board
Executive Director and President average ages

Example: L'Oréal, 53% of women on the Board.

• Engagement

Board meetings attendance
Mandates duration

Example: LVMH, same CEO for 32 years.

*The companies referred to in this document are mentioned for information purposes only and for exact indicators. Their performance for these indicators and related comments do not in any way presume their final ESG rating.

5/

ESG pillar weights

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True to its core values and its desire to support companies over the long term, Lazard Frères Gestion gives a higher weighting to the Governance pillar. We believe that, over the long term, good governance guarantees the protection of the best interests of all the stakeholders in the company. It is also a prerequisite for the implementation of a credible environmental and social policy and therefore represents a decisive criterion in our selection of stocks.

”



Régis Bégue,
Head of Listed Equities at Lazard Frères Gestion

30%

Environment

30%

Social

40%

Governance



Specific weights are used for the **Lazard Patrimoine** range, reflecting a management bias that emphasises a response by financial players to the environment and climate emergency. The **Lazard Patrimoine** and **Lazard Patrimoine Opportunities** labelled diversified management funds apply a weighting of 50% for the Environment, 25% for Social and 25% for Governance to the E, S and G ratings provided by Vigeo-Eiris.





Controversy monitoring



CONTINUOUS CONTROVERSY MONITORING

Lazard Frères Gestion ensures continuous monitoring of controversies affecting the companies in its universe, from different sources and external data. Since January 2020, this monitoring has been enriched by the analysis of ESG controversies, conducted by Vigeo-Eiris.

This analysis provides a view on all events that could affect the reputation of the company, its legal and economic security, and its financial value. It constitutes an important element in the analysis of ESG risks affecting the company, and is integrated into the proprietary ESG Scorecard established by Lazard Frères Gestion.

Information communicated by the media and brokers also provide ongoing alerts to the analyst-managers about any controversies that may affect the companies in their investment universe.

SYSTEMATIC INTEGRATION INTO INTERNAL ESG ANALYSIS

Any controversy that is considered to be relevant and particularly serious by the analyst-manager will be the subject of an in-depth investigation. The analyst-manager will, if they consider it necessary, revise the issuer's E, S or G rating based on their analysis of the controversy. In this way, they integrate the effects of the controversy directly into the internal ESG evaluation of the company stocks.

Moreover, by evaluating each controversy according to its severity and frequency, and the reaction of the company, Vigeo-Eiris informs the analyst-managers about issuers' ability to manage controversies. The data provided are used as a tool to aid in decision-making, and a basis for alerts.

Companies affected by serious and frequent controversies, and that do not respond to these in an appropriate manner, are placed on a "Warning List". They are the subject of close attention by the analyst-managers and are preferred targets for engagement initiatives.



INTEGRATION OF ESG CRITERIA

ESG analysis directly influences our investment decisions and feeds quantitatively into the stock selection and allocation processes. A qualitative analysis informed by the data and opinions of our analyst-managers enhances this quantitative integration.

1 Listed Equities

DIRECT INTEGRATION INTO VALUATION

The result of our ESG analysis is taken into account in the financial valuation of each company. The analyst-managers integrate the ESG ratings from the internal Scorecards into the cost of capital of the companies that they monitor, by calculating the beta.

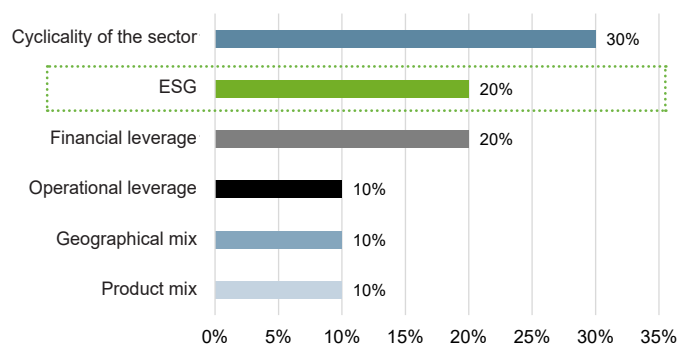
This calculation is carried out internally using a methodology specific to Lazard Frères Gestion and measures all the risks faced by the company.

Our calculation methodology considers financial and extra-financial criteria as complementary, using the weighting seen opposite.

We update the cash flows using WACC (weighted average cost of capital). This cost is the weighted average cost of the company's equity capital and debt. The cost of equity capital depends on the profile of the company and especially its specific risk.

This specific risk includes, amongst other things, the cyclical nature of the company's activity, the geographical mix, and compliance with ESG criteria. If the company underestimates the importance of ESG issues, its risk increases accordingly.

In our model, risk reduces the company's financial valuation. However, good management of the ESG criteria reduces the risk associated with the company and increases its fair value. Thus, the degree of integration of the ESG criteria has a direct impact on our financial valuation.



**The integration of ESG aspects
has a direct impact on our valuations**



2/ Fixed Income

INTERNAL ESG ANALYSIS DIRECTLY INFLUENCES THE SELECTION OF CORPORATE ISSUERS

Bond analyst-managers participate actively in the proprietary ESG analysis process and complete the internal grids for issuers that are not covered by the Equities team. As part of their management role, they ensure that the bond portfolios include the most advanced issuers in terms of ESG practices and engagements, while also ensuring that the spread remains attractive from a credit risk perspective.

The investment process quantitatively integrates the proprietary ESG analysis both in terms of stock selection and their weighting in the portfolio. In this way, the bond management team excludes issuers whose internal ratings are considered to be weak (≤ 2 over 5). Moreover, for Investment Grade issues, the proportion of issuers rated between 2 over 5 and 3 over 5 is limited to 30% of stocks in the portfolio.

For the High Yield portfolios, which are more exposed to small issuers who traditionally have lower ratings, this share is limited to 50% of the portfolios. The ESG analysis, integrated in our fundamental analysis, therefore has a direct impact on investment decisions, favouring the allocation of investments towards issuers that perform better in terms of ESG.

Quantitative integration of proprietary ESG analysis within the investment process

Type of issuer	Internal rating	Exclusion	Exposure limit
All issuers	Rating ≤ 2 over 5	Yes	-
Investment Grade	$2 < \text{Rating} \leq 3$	-	Max 30%
High Yield	$2 < \text{Rating} \leq 3$	-	Max 50%

SYSTEMATIC ENGAGEMENT INITIATIVES WITH LOWER-RATED ISSUERS

As part of its philosophy of active management, Lazard Frères Gestion encourages the analyst-managers to initiate dialogue and engagement to promote the implementation of good ESG practices. Since 2019, issuers present in the portfolio that are rated “Weak” by our partner Vigeo-Eiris (ESG rating < 30/100) are systematically contacted by email to ask them about their integration of ESG criteria.

In compliance with our collaborative commitment to the CPD and the TCFD as well as our approach to supporting companies, we inform the issuers about the importance of transparent communication on environmental, social and governance issues. Our experience at Lazard Frères Gestion shows that, too often, it is a lack of information that is detrimental to some issuers, however ethical they may be in terms of ESG or however ready to engage.

For issuers with the lowest extra-financial ratings, the ESG team prepares a summary commentary, which is sent every quarter to the manager of the funds in question. This commentary serves as the basis for the engagement initiated by the Fixed Income teams.

A ROBUST ESG MONITORING AND REPORTING PROCESS

We regularly measure the effect of ESG integration and risk management by the selected companies on the ESG performance of the bond portfolios. All the flagship portfolios are subject to a quantitative evaluation every quarter, based on external data provided by our partner Vigeo-Eiris.



SELECTION OF SOVEREIGN ISSUERS (STATES)

The sovereign debts invested in by Lazard Frères Gestion are usually considered to be safe investments. However, States are exposed to ESG risk factors that could alter the sustainable development of their economies in the long term.

Lazard Frères Gestion uses research provided by Vigeo-Eiris to:

- Enrich its traditional analysis of sovereign debts by integrating sustainability indicators in the stock selection process
- Identify strengths and weaknesses of different States according to ESG risk factors
- Obtain a qualitative analysis of the most significant risk factors for the OECD countries
- Track normative developments on an ongoing basis

As well as economic and financial aspects, the sovereign States are assessed on ESG criteria grouped into three pillars based on their commitments in the area of institutional, environmental and social responsibility, or how the State creates value for its citizens and contributes to their well-being.

In addition, Lazard Frères Gestion has established an exclusion list of countries (FATF prohibited countries) and a watchlist of countries (countries under international sanctions or embargo) for which it will be necessary to obtain approval from the Compliance Department prior to any investment. These lists include countries that are likely to present a major risk in terms of money laundering and terrorist financing.

172 indicators are analysed for each country
Example indicators: Ratification of the Paris Agreement, life expectancy, gross national income per capita, etc.

Broken down into three areas:

- ENVIRONMENTAL PROTECTION
- SOCIAL PROTECTION AND SOLIDARITY
- RESPONSIBILITY OF GOVERNANCE



Absolute rating out of 100 for each country

Environmental responsibility

Respect for the environment is assessed on the basis of the States' commitments in terms of the fight against global warming and pollution, the management of natural resources, and the preservation of biodiversity.

Social responsibility and solidarity

This pillar is analysed primarily by using the United Nations Human Development Index (HDI) taking into account life expectancy, education and standard of living.

- Life expectancy or health: access to and coverage of healthcare systems, inequality and life expectancy
- Education: average years and expected years of schooling
- Standard of living: gross national income per capita

Institutional responsibility

The criteria that we consider to be essential are the defence of human rights, respect for fundamental liberties, and the integrity of public and private institutions, such as independence of the judiciary and the press.

3 Multi-Asset

Under Multi-Asset Management, Lazard Frères Gestion seeks to exploit all the opportunities offered by the different asset classes by means of a flexible allocation that results from a fundamental approach based on our macroeconomic scenario. The Multi-Asset Management team defines the tactical allocation according to the cycle and the markets, and delegates the management of the Equities and Fixed Income allocations to the specialist management teams.

The environmental, social and governance (ESG) criteria are integrated in compliance with the responsible investment philosophy of Lazard Frères Gestion: the equity allocations follow the approach used by the Equities team and the bond allocations that of the Fixed Income team.

The funds Lazard Patrimoine and Lazard Patrimoine Opportunities benefit from the SRI label, being the result of a rigorous selection process and responsible management.



4 Convertibles

Lazard Asset Management is responsible for the management of convertible bond UCIs on a delegated basis. The extra-financial analysis is conducted by the analyst-managers and integrated into the investment theses. This extra-financial analysis and its integration in the selection of convertible bonds is carried out in line with the ESG policy of Lazard Asset Management.

(available at www.lazardassetmanagement.com/gl/references/sustainable-investing)

5 External Manager Selection

Lazard Frères Gestion is attentive to the consideration of good ESG practices by all market players. For assets under delegated management, Lazard Frères Gestion ensures that its partners are guided by our ESG policy. This is assessed by means of due diligence questionnaires and through our direct contacts with external companies.

However, the analysis of ESG criteria, their integration, the voting and commitment policy as well as exclusions, excluding normative exclusions, are the responsibility of each delegated management company's own policies.



DIALOGUE, VOTING, AND ENGAGEMENT

The management philosophy of Lazard Frères Gestion is based on the fundamental analysis of companies. Individual meetings with the management are thus an essential part of the analysis and monitoring process.

Expertise of the analyst-managers at the heart of the meetings with management

The objective of this dialogue is primarily to encourage companies to achieve continuous and constructive improvement across all their ESG practices: transparency, integration of sustainable development issues, the Sustainable Development Goals (SDGs), good governance practices, etc.

During these interviews, the analyst-managers discuss a number of ESG issues with the management. On the strength of their expertise, it is the analyst-managers who define the salient points to be addressed at these meetings.

The dialogue and engagement initiatives are recorded in a database containing the minutes of all the meetings conducted by the analyst-managers.

In-depth analysis of resolutions as a manifestation of our active shareholding

Lazard Frères Gestion is also in favor of active shareholding, which allows shareholders to influence the ESG strategies and practices of companies. We apply our own voting policy (available online on http://www.lazardfreresgestion.fr/FR/ESG-ISR_112.html) when we vote at the General Meetings of the issuers that fall within the defined scope.

The number and reason for dissenting votes are recorded and form an integral part of the annual voting report (available online on http://www.lazardfreresgestion.fr/FR/ESG-ISR_112.html).

OUR EXCLUSION POLICY

1 Normative exclusions

Controversial weapons

BACKGROUND

There is no universally recognised definition of controversial weapons, and viewpoints differ between countries, regions and industries. They are generally understood to be weapons that strike indiscriminately and are disproportionate in their effects (excessive damage not commensurate with the expected military advantage). In an attempt to restrict or even put a definitive end to the production and use of these weapons, a number of standards and treaties have been established at a global level.

The international agreements and treaties applicable to Lazard Frères Gestion are the following:

- The 1997 **Treaty of Ottawa** (or the Ban on Anti-Personnel Mines), which forbids the use, storage, production and transport of anti-personnel mines and encourages their destruction.

- The 2008 **Oslo Agreement** (or the Convention on Cluster Munitions), which forbids the use, production, storage and transport of all weapons defined as cluster munitions.

In addition, Lazard Frères Gestion excludes investments in companies involved in the development and manufacture of biological weapons, in accordance with the 1972 Biological and Toxin Weapons Convention (BTWC), and the production of chemical weapons, in accordance with the 1993 Chemical Weapons Convention (CWC).

SCOPE OF APPLICATION

Our exclusion policy concerns companies involved in the production or distribution of the weapons prohibited by these Conventions. It also applies to issuers that produce and/or distribute components and materials that are essential for the manufacture of these weapons.

Its scope therefore includes cluster munitions, anti-personnel mines, biological weapons and chemical weapons.

Lazard Frères Gestion regularly identifies the companies involved in these controversial weapons. Based on information provided by our partner ISS-Ethix, an internal list of exclusions is established and tracked by our Risk Control department.

The companies are divided between two categories:

● Red	Confirmed involvement
● Orange	Strong suspicion of involvement

Companies placed in the "red" category are excluded from Lazard Frères Gestion investments, and those in the "orange" category remain in the investment universe.

The following criteria are applied to define a company's involvement:

- The company is involved in the development, production, use, maintenance, or marketing of the aforementioned weapons.
- The company is involved in the development, production, maintenance, or marketing of a key and specific component of the aforementioned weapons.
- The company holds a stake of more than 20% in a company involved in one of the activities mentioned above.

2/ Sector-based exclusions

Tobacco

BACKGROUND

Each year, more than eight million people worldwide die as a result of tobacco and its effects. The tobacco industry, in particular, is the subject of many ESG controversies relating to child labour in tobacco cultivation, transparency about the composition of tobacco products, and deforestation.

Consequently, in 2003 nearly 180 countries adopted the World Health Organisation's Framework Convention on Tobacco Control, which aims to drastically reduce consumption by 2025 through new regulations and taxes.



SCOPE OF APPLICATION

In response to these major ESG issues, Lazard Frères Gestion has opted to establish a **tobacco exclusion policy**.

Effective from 15 October 2020, Lazard Frères Gestion will no longer invest in companies whose core activities involve the production of tobacco or products linked to tobacco. To allow for liquidity and management constraints, stocks already present in the portfolio must be sold before 31 December 2020.

Our policy does not apply to companies that are indirectly involved in the tobacco industry via secondary products and/or services (e.g. packaging suppliers, airlines, airport sales services) as their businesses are not exclusively focused on tobacco.

¹ Source: World Health Organisation, 2020
(<https://www.who.int/fr/news-room/fact-sheets/detail/tobacco>)





Coal



BACKGROUND

As part of its **climate policy**, in 2020 Lazard Frères Gestion defined a **strategy under which it aims to leave coal behind by the year 2030**.

It aims to participate in the fight against climate change and the reduction of human pollution, while taking into account the financial risks associated with the abandonment of assets affected by the energy transition.

Thermal coal combustion is still the principal source of global warming, accounting for more than 29% of total greenhouse gas (GHG) emissions linked to human activities and more than 40% of anthropogenic carbon dioxide (CO₂) emissions in 2019, according to the International Energy Agency. Its reduction will therefore be one of the most effective and broadly applied measures to limit the global rise in temperatures.

² <https://www.iea.org/reports/coal-2019>

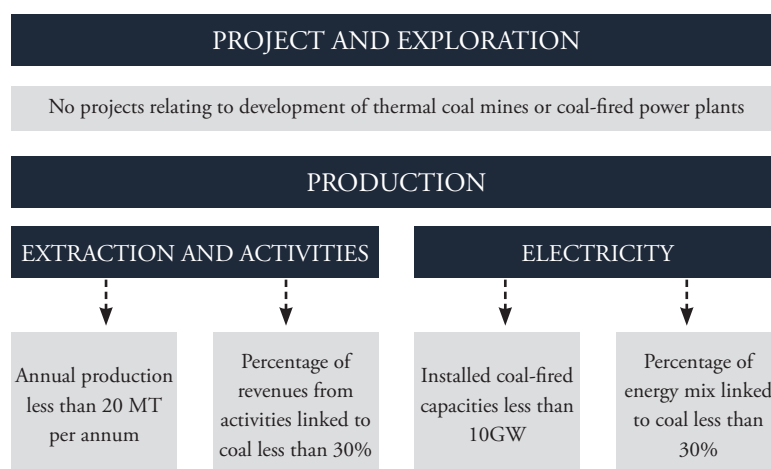
To allow for liquidity and management constraints, stocks already present in the portfolio must be sold before 31 December 2020.

Lazard Frères Gestion reserves the right to update the data provided by the Global Coal Exit List (GCEL), used for the exclusion of thermal coal. In this regard, some companies that appear in the list may be reintroduced to our investment universe if the latest available data indicate compliance with the stated thresholds. Conversely, if the managers or ESG

SCOPE OF APPLICATION

Effective from 15 October 2020, Lazard Frères Gestion will no longer invest in companies from which:

- More than 30% of revenue comes from activities linked to thermal coal
- More than 30% of the energy mix (per MWh generated) is based on coal
- Annual production of thermal coal exceeds 20 MT per annum
- Installed coal-fired capacities exceed 10 GW
- Projects relate to the development of thermal coal mines or coal-fired power plants.



specialists at Lazard Frères Gestion become aware that a company in the portfolio has exceeded on these thresholds, that position will be sold within three months.

Moreover, in line with its approach of supporting and working with companies, Lazard Frères Gestion considers that green bonds or instruments such as Sustainability-Linked Bonds (SLBs) with a performance indicator (KPI) tied principally to an environmental goal (for example, reducing carbon emissions) are always eligible for investment, regardless of the issuer.

OUR CLIMATE CHANGE POLICY

In 2020, Lazard Frères Gestion modified its investment process to gain a better understanding of climate change and the risks arising from it, and to support companies in their transition to a low-carbon economy.

Thus, we now integrate an assessment of the risks and opportunities linked to the climate in our analysis process, by taking account of environmental factors, especially greenhouse gas (GHG) emissions, in our internal ESG grid. Thanks to data provided by our partner Carbon Delta, we are able to evaluate the carbon exposures of the managed portfolios and to measure their alignment with the 2°C target set by the Paris Agreement.

We also integrate these climate-linked factors in our **engagement policy**. During our discussions with companies, we regularly address issues related to the climate, which we believe will have direct and indirect effects on their long-term performance. Our **voting practices**, which are aligned with our engagement policy, also follow this strategy.

In keeping with the recommendations of the **CDP, to which we became a signatory in 2020**, we encourage companies and sovereign issuers to publish risks and opportunities linked to the climate. In return, **we are committed to greater transparency towards our clients** in terms of their portfolio exposure, especially via the development of carbon indicators aligned with the recommendations of the **TCFD** and enhanced monitoring for SRI-labelled funds.

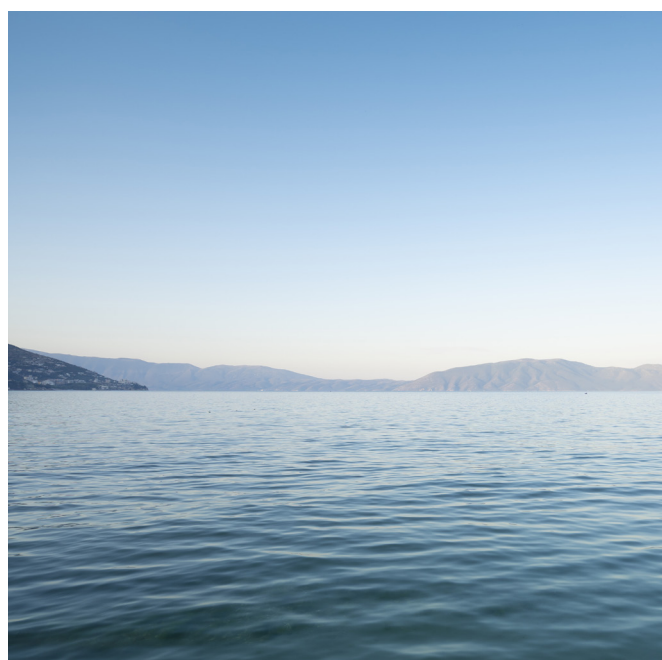
3/ Customized exclusions

In keeping with its previous policy, Lazard Frères Gestion aims to offer its clients products that meet their needs as much as possible but are also aligned with their philosophy. In addition to the exclusions defined above, which are applied to all of our management, we offer customised exclusions that meet our clients' needs and are aligned with their core values.

There can be many exclusion or selection criteria in the area of responsible and ethical investment. Thus, Lazard Frères Gestion strives to always be able to adapt its management to the specific constraints imposed by clients (ESG, SRI, ethical, etc.) by means of mandates and dedicated funds.






We are especially likely to apply the following exclusions:

- Exclusion of certain sectors
(gaming, pornography, weapons, etc.)
- Exclusion of certain countries
- Exclusion of certain stocks
- Rating constraints
(minimum ESG rating target)



OUR SRI FUNDS

Lazard Frères Gestion has adopted specific management strategies for each of its SRI funds, offering a varied range of products.

Fund name	Asset class	Geographic focus	Approach	ISR label
Lazard Equity SRI	Equities	Eurozone	Best In Class	
Norden SRI	Equities	Europe	Exclusion	
Lazard Small Caps Euro SRI	Equities	Eurozone	Best In Universe	
Lazard Patrimoine SRI	Multi-Asset	World	Best In Universe	
Lazard Patrimoine Opportunities SRI	Multi-Asset	World	Best In Universe	

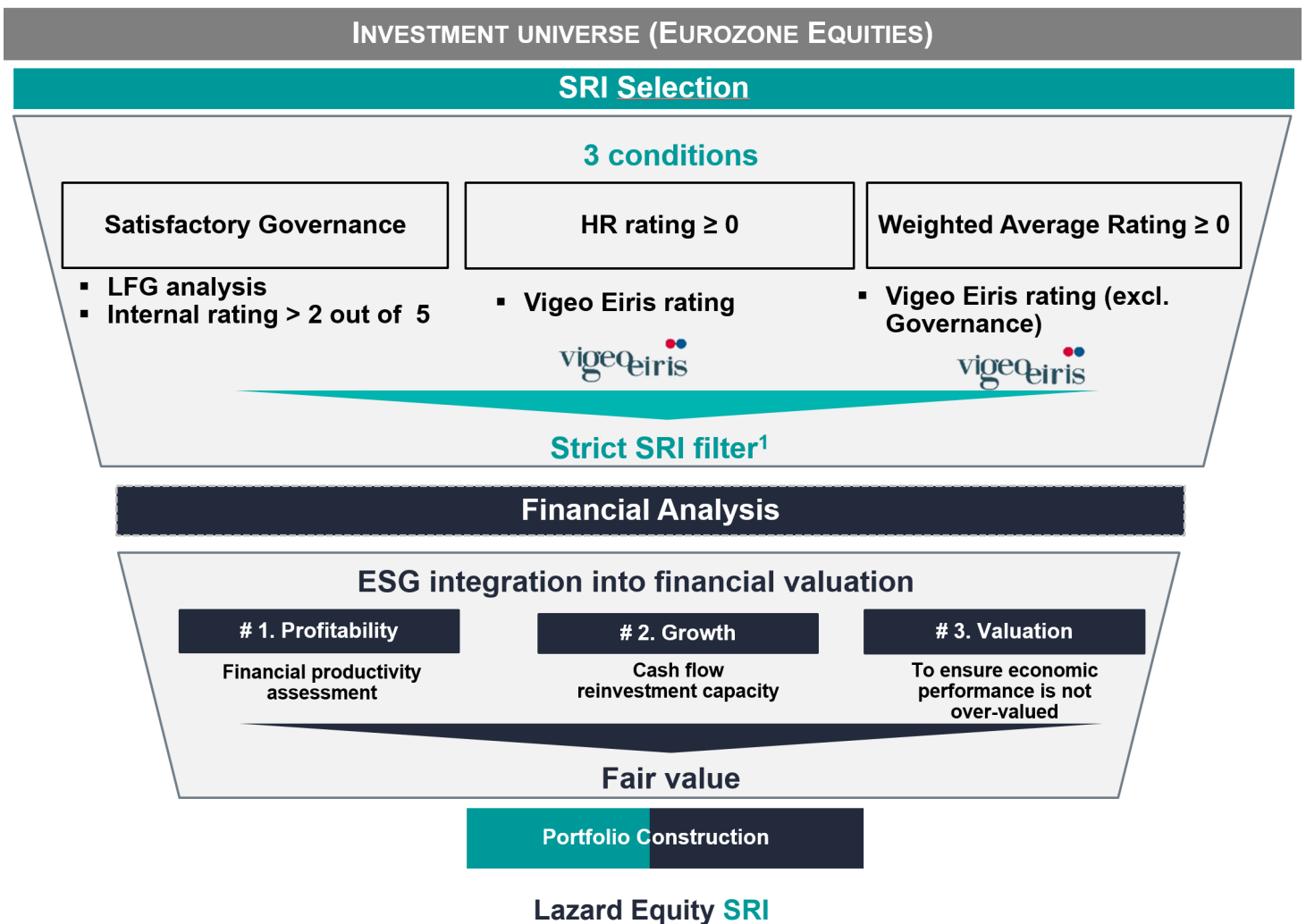
For more information, consult the Equities, Fixed Income and Private Wealth Management transparency codes available on our website http://www.lazardfreresgestion.fr/FR/ESG-ISR_112.html

Lazard Equity SRI



The management philosophy of this portfolio is based on the selection of companies that are considered to be ahead or pioneers in their sustainable development practices.

These companies are recognised for the quality of their management teams, the quality of their employees' working conditions, and their reasoned understanding of the impact of their activity on the environment.



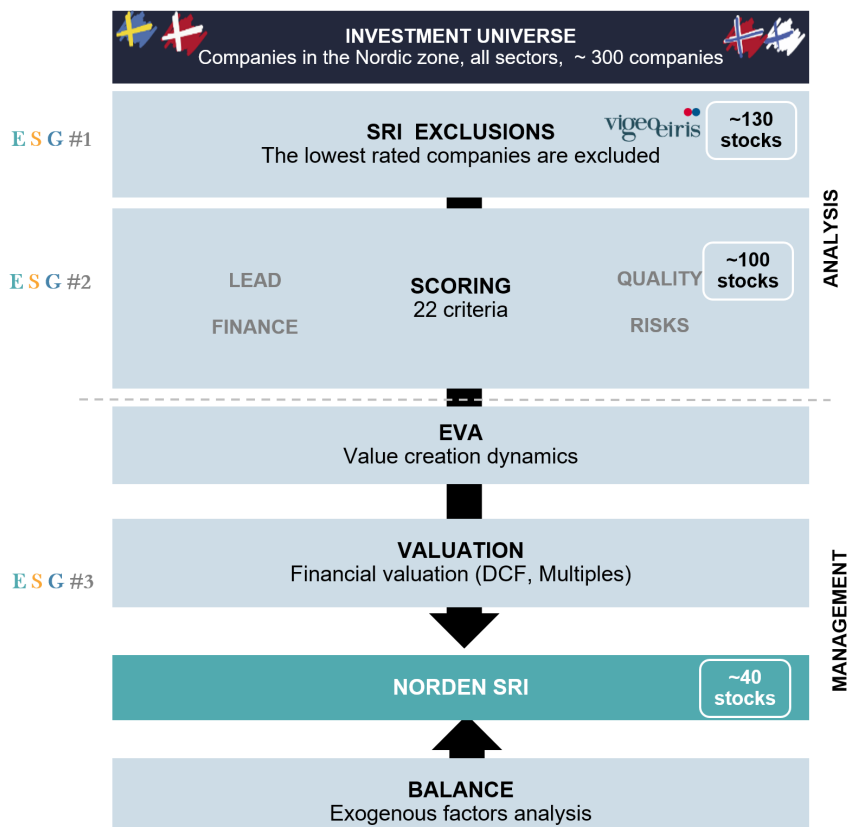


Norden SRI

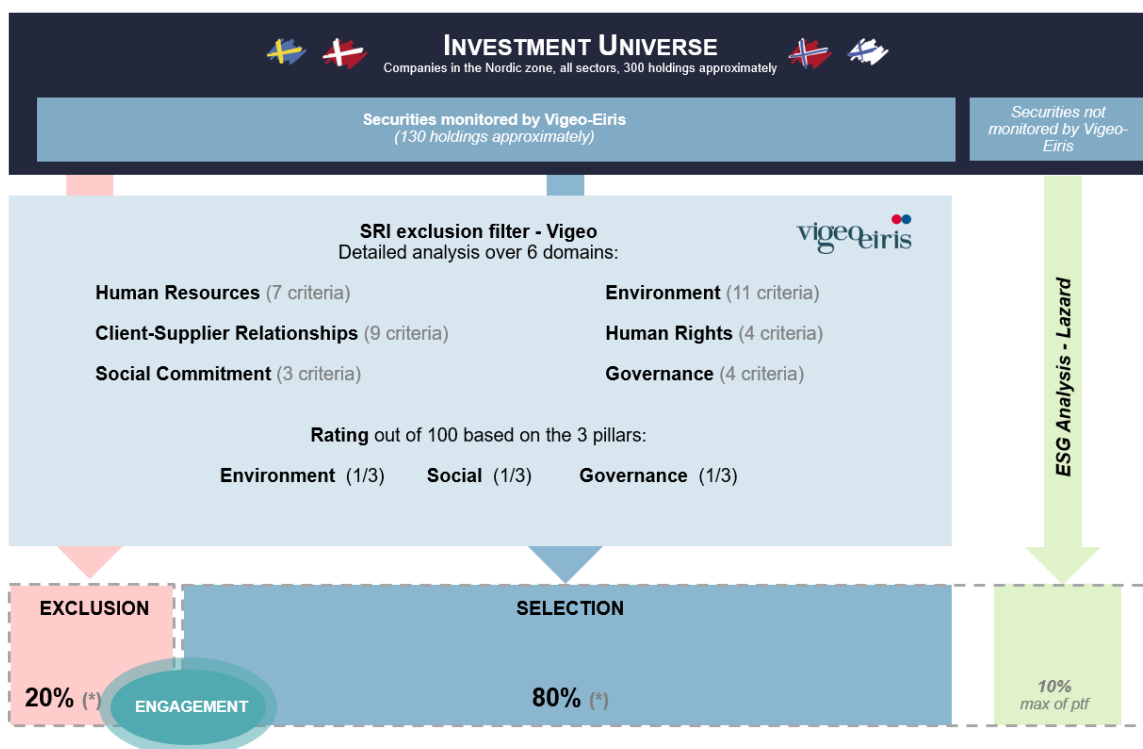


Label
ISR

GLOBAL STRATEGY



ISR FILTER FOCUS



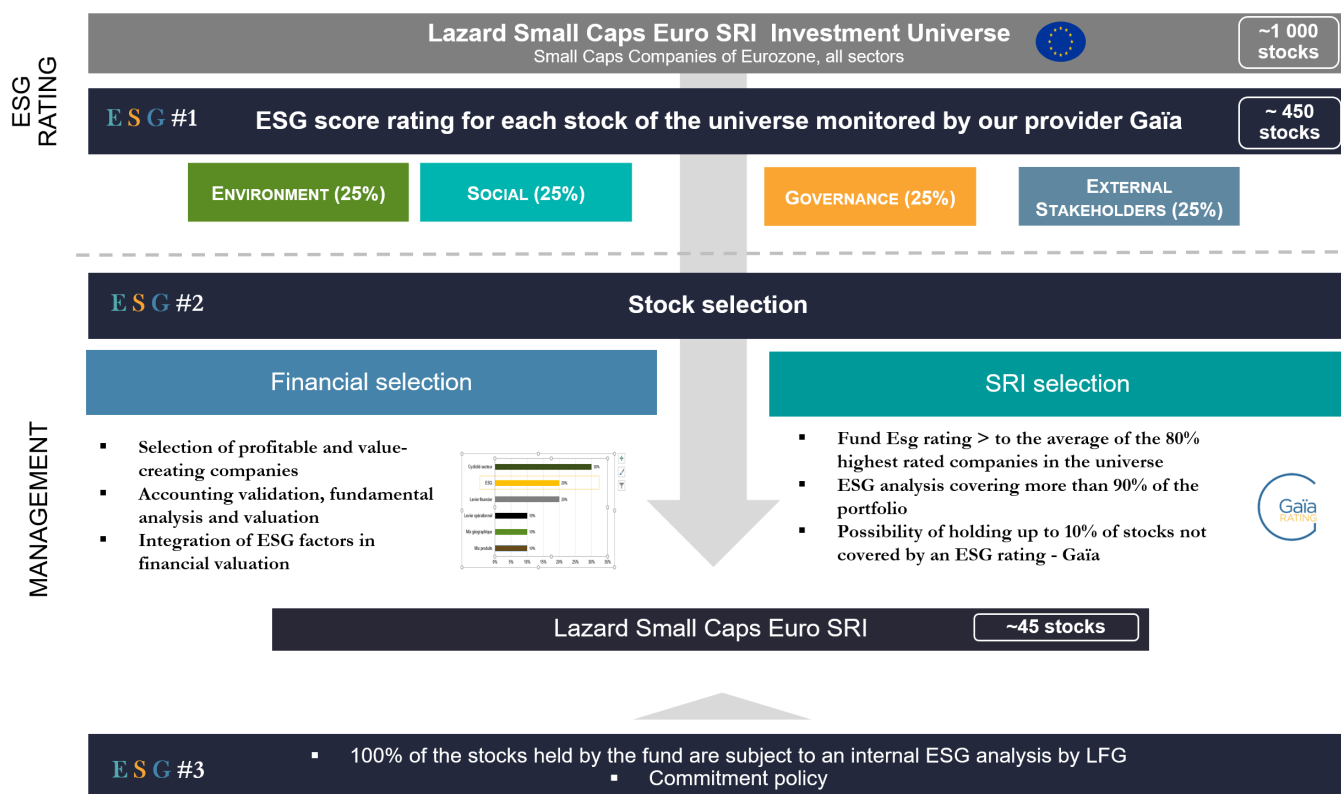
ESG INTEGRATION

The investment process within the Lazard Small Caps Euro SRI fund consists in taking into account **both the fundamental financial approach** and SRI integration through a "Best in Universe" SRI approach.

The SRI approach aims to favour companies with the **best ratings** from an extra-financial point of view, **regardless of their sector of activity (Best in Universe)**.

- **ESG analysis:** based on a **proprietary model** shared by the teams in charge of financial management in the form of an **internal ESG Scorecard**.

- **SRI integration:** in order to meet the management criteria of the SRI label, the analysts-managers ensure that the fund's **ESG rating is above the average of the 80% of the highest rated companies in its SRI investment universe**. A company's ESG rating is based on a rating scale from 0 to 100. The ratings used for management purposes correspond to four pillars described hereinafter:





Lazard Patrimoine SRI

Lazard Patrimoine Opportunities SRI



STOCK SELECTION PROCESS: FOCUS ON MANAGEMENT OF THE DEVELOPED COUNTRIES EQUITIES ALLOCATION

Analysis at the heart of investment decisions

Financial analysis

- Bottom-up approach focused on analysis of the profitability of companies and their fair assessment
- The companies selected are characterised by a solid financial structure, present the best economic performance profile and create value over the long term

Internal analysis and ESG integration

- Integration of ESG criteria in the cost of capital (WACC), using Beta
- Rating of the ESG pillars from 1 to 5 (5 being the best rating) from at least ten relevant key indicators per pillar
- Overall ESG rating for the company synthesises the ratings for each pillar according to the following weightings: 30% each for Environmental and Social, and 40% for Governance

Universe of stocks offering an attractive risk/return profile from a financial and extra-financial perspective¹

Maintain an external ESG rating² that is consistently higher than the average rating of the top 80% stocks in the MSCI Developed World index

FOCUS ON MANAGEMENT OF THE FIXED INCOME ALLOCATION

A dual top-down and bottom-up approach

Financial analysis

- In-depth analysis of the issuer:
Activity profile: sectoral analysis, strategy, and profile of directors and shareholders
Financial profile: credit ratios, quarterly results
- Analysis of the issue:
Characteristics of the stock: maturity, seniority, legal clauses
Valuation: relative value, history of risk premiums

Internal analysis and ESG integration

- Exclusion of the lowest-rated issuers ($\leq 2/5$) and percentage of issuers rated 2/5 and 3/5 limited to 30%
- Green bond issues preferred for sovereign debts
- The valuation must be consistent with the extra-financial ratings, i.e. the spread must remain attractive from the credit risk perspective

Universe of stocks offering an attractive risk/return profile from a financial and extra-financial perspective¹

Maintain an external ESG rating² that is consistently higher than the average rating of the top 80% stocks in the composite index³

1. In application of the SRI Label requirements.

2. The external ESG ratings of the Sub-fund and the index correspond to the weighted average of the absolute E, S and G ratings provided by Vigeo-Eiris allocated the following weightings: 50% for Environment, 25% for Social, and 25% for Governance.

3. Benchmark index: 90% ER00 + 10% HEAE.

OUR MARKET COMMITMENTS

Since 2015, Lazard Frères Gestion has been a signatory of the PRI, undertaking to comply with the six United Nations Principles for Responsible Investment. This initiative aims to encourage companies to take environmental, social and governance issues into account in their investment analysis and decision-making processes.

Signatory of:



Lazard has been a signatory to the CDP since 2020. This NGO aims to improve the transparency of carbon data at a global level. Since 2003, it has conducted an annual campaign using a questionnaire to gather information about companies' greenhouse gas (GHG) emissions. Its scope of application was extended with the addition of an annual survey on water management in 2010, and a survey on impacts on forests in 2013.



Participating member



Since 2014, Lazard Frères Gestion has been a member of the Spanish Sustainable Investment Forum, which was launched in 2009. Its aim is to promote responsible finance in the service of the real economy, contributing to the Sustainable Development Goals and encouraging integrity in the financial markets.

Member of the technical committee



Lazard Frères Gestion participates actively in various market committees. In particular, we have been members of the AFG working group dealing with the subject of Article 173 and have been involved in the drafting of a professional guide to Article 173.

TCFD Supporter



Since 2020, Lazard Frères Gestion has been a supporter of the TCFD (Task Force on Climate-Related Financial Disclosure), a working group established at the end of 2015 at the COP21. Its mission is to define recommendations relating to companies' transparency in the area of risks linked to the environment and climate change.

ESG DATA PROVIDERS

We use various data providers to contribute to our analyses. With vigilance always in mind, their respective offerings are reviewed every year so that we can be sure that we are benefiting from the most appropriate services for our fund management.



Vigeo-Eiris: we have established a long-standing partnership with Vigeo-Eiris, having signed our first contract with them in 2001. On the strength of its 17 years of experience in extra-financial analysis of companies, Vigeo-Eiris provides us with information about the majority of the companies in our investment universe. The agency provides a detailed analysis for each company and a rating for their environmental, social and governance performances. Since 2019, Vigeo-Eiris has also provided a tool for analysis of controversies for companies in our portfolios.



Trucost: this firm specialises in the carbon data of companies and provides data for our “carbon footprint and energy transition” reports, published on a quarterly basis.



Carbon Delta (MSCI): this Swiss start-up, which was acquired in 2019 by MSCI, enables us to evaluate physical and transition risks. We can also calculate a “temperature” for the portfolio, or in other words, assess its ability to meet the 2°C target set by the Paris Agreement.



ISS Ethix: the research tool for controversial weapons allows us to track, and exclude from the portfolios, companies that directly or indirectly contravene the 1997 Treaty of Ottawa (anti-personnel mines) and the 2010 Oslo Agreement (cluster bombs).



Proxinvest: this French company advises investors on their engagement policy and exercise of voting rights. It analyses resolutions at General Meetings that fall within our voting perimeter and issues voting recommendations that serve as an aid to decision-making for our analyst-managers.



Gaia: a subsidiary of Ethifinance, Gaia is an extra-financial rating agency that specialises in ESG ratings for SMEs and MSBs listed on the European market.



ESG REPORTING

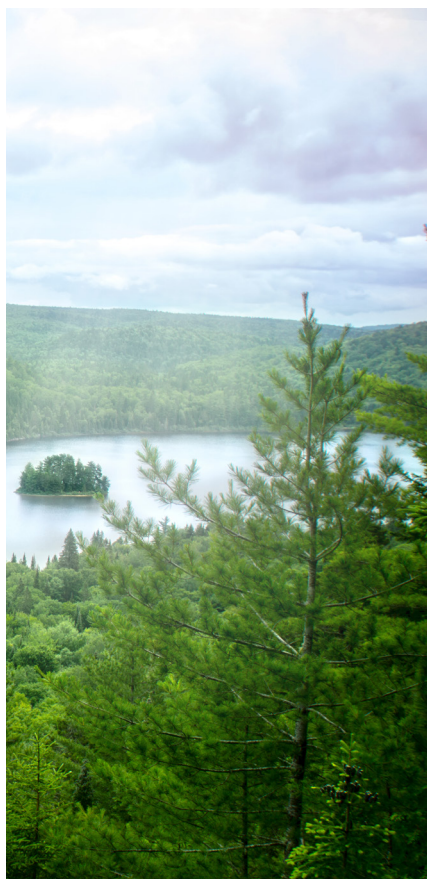
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Climate Issues Reporting



SCOPE

Lazard Frères Gestion, conscious of climate issues and the growing demand from private and institutional investors to monitor the climate risks associated with our investments, has decided to publish information relating to the carbon footprint of its UCIs with assets in excess of €500 million. This scope also covers our entire SRI management, with no minimum threshold.



CARBON FOOTPRINT

To obtain the data needed to calculate the carbon footprint, we decided to initiate a partnership with Trucost in 2016.

- Lazard Frères Gestion used carbon intensity, expressed in tons of CO₂ equivalent per million € of revenue, as an indicator.
- The carbon footprint assessment takes into account scopes 1 and 2 of greenhouse gas (GHG) emissions

Scope 1: direct emissions resulting from the combustion of fossil fuels required for the manufacture of the product
Scope 2: indirect emissions arising from the company's consumption of electricity, heat or steam

- The measurements are taken only on stocks held directly. The method of calculating the carbon intensity of a portfolio's is a weighted average of GHG divided by the revenue of each position.

ENERGY TRANSITION

The Energy Transition analysis is carried out by Vigeo-Eiris, which establishes the methodology and the assessment.

- A list of criteria is established to measure the efforts made by companies in relation to the energy transition.
- Depending on the company's sector, Vigeo-Eiris then gives these criteria a weighting of between 0 and 3.
- The company is then assessed based on its governance policy, measures in place and results obtained. For each criterion, scores range between 0 and 100, with a higher number indicating a better performance. The overall score for the company is then obtained by calculating the weighted average of these criteria according to their weightings.
- Lazard Frères Gestion uses these company ratings to establish a score for the portfolio, weighting the ratings according to their weighting in the portfolio.

Carbon intensity of a portfolio =

$$\sum \frac{\text{Emissions (scope 1+2)}}{\text{Revenue of each stock}} \times \text{weighting of each stock}$$

2/ ESG performance reporting

We regularly measure the ESG performance of our investments.

In this regard, every year we publish an ESG report for our SRI-labelled funds.

Our approach to communication is essential in maintaining the relationship of trust that we have established with our clients. We produce customised reports for our clients, adapted to their specific requirements.

MATERIALITY MAP

APPENDIX 1

Natural Capital Criteria Human Capital Criteria Governance Criteria

Essential factor	Consumer Goods Extractives & Basic Resources	Construction Materials	Banks	Insurance	Energy	Food & Beverages	Food Retailers	Health Care	Industrials	Chemicals	Media	Hotel, Leisure Goods & Services	Travel & Airlines	Telecommunication Services	Hardware	Software & IT Services	Automobiles	Real Estate	Utilities
ENVIRONMENT																			
Accidental pollution																			
Biodiversity protection and animal testing																			
Atmospheric emissions and climate change																			
Responsible packaging																			
Water and waste management																			
Responsible sourcing of raw materials																			
Energy management																			
Green products and SRI																			
Use and disposal of products																			
Impact of transportation																			
HUMAN RESOURCES																			
Reorganisation																			
Employee health & Safety																			
Social dialogue																			
Carrer management																			
Diversity & inclusion																			
HUMAN RIGHTS																			
Fundamental human rights																			
Fundamental labour rights																			
Non-discrimination																			
COMMUNITY INVOLVEMENT																			
Access to energy																			
Societal impact of products																			
Social & economic development																			
Tax transparency																			
Financial inclusion																			
Access to services, base stations impact																			
BUSINESS BEHAVIOUR																			
Product safety																			
Supplier relations																			
Soc. and env. standards in supply chain																			
Data Privacy and security																			
Cust. information, resp. relationship																			
Corruption and money laundering																			
Responsible lobbying																			
Anti-competitive practices																			
CORPORATE GOVERNANCE																			
Boards of directors																			
Internal controls & risk management																			
Audit independence																			
Executive compensation																			
Shareholders' rights																			

ESG ANALYSIS - COMPANY X

Bloomberg Ticker

XXX

Currency

NOK

Data year

2018

Company

X

Sector

XXXXX

Zone

ESG SCORE 4.45 / 5

Analyst

Imad Brossard

Update date

9.jul.20

Environment

Emissions	2019	Scope 1	Scope 2	Source
Intensité CO2 (tCO2e/mCA USD)		5	5	Tricost
Moyenne Europe Software & Computer Services (tCO2e/m		6	8	Tricost
Temperature sector specific (°C)		6.0		Carbon Delta
Temperature sector agnostic (°C)		1.5		Carbon Delta
Brevets	2019	Number	Score	
Brevets Low Carbon		5687	4878	Carbon Delta
% brevets Low Carbon		32	28	Carbon Delta
		0.56%	0.57%	
Politique en matière de changement climatique (Y/N)				Bloomberg

Energy

	2017	2018	2019	Tendency
Intensité énergétique (MWh/m CA)	39	37		

Water

	2017	2018	2019	Tendency
Intensité de consommation d'eau (m3/m CA)	51	56		
Politique de gestion de l'eau (Y/N)				

Waste

	2017	2018	2019	Tendency
Intensité de génération de déchets (t/m CA)				

Sector specific

	2017	2018	2019	Tendency

Vigeo

	Score	Relative score
Environnement	80	++

UN Global Compact (Y/N) signing

ENVIRONMENT SCORE (/5)

5.0 30%

Weighting

30%

Commentary E

- Intégration des enjeux environnementaux et définition d'une politique adéquate
- Gestion des déchets, des rejets, des nuisances ou services
- Traitement de l'eau et des déchets
- Gestion de la pollution et des accidents industriels
- Impact de l'offre de l'entreprise sur l'environnement
- Solutions d'efficacité énergétique
- Innovations technologiques
- Développement de l'économie circulaire
- Evolution des tendances

Social

HR	2017	2018	2019	Tendency
Nombre d'employés	88 543	96 498	100 330	
Rotation du personnel (%)	5.4	6.1		
% d'employés syndiqués	50	50		
% de femmes dans les salariés	33	33		
% de femmes dans le mgmt		19		
Politique d'égalité des chances (Y/N)				
Politique anti-corruption (Y/N)				
Politique de protection des lanceurs d'alerte (Y/N)				

Health and safety

	2017	2018	2019	Tendency
Taux d'accidents en lps perdu (%)				
Taux d'accidents total (%)				
Politique de santé et sécurité (Y/N)				

Supplier relationships

	2017	2018	2019	Tendency
% de fournisseurs audités				
% de fournisseurs non-conformant				
Politique des droits de l'homme (Y/N)				
Politique contre le travail des enfants (Y/N)				
Politique de juste rémunération (Y/N)				

Sector specific

	2017	2018	2019	Tendency

Vigeo

	Score	Note relative
Droits humains	69	++
Ressources humaines	56	++
Comportement commercial	40	+
Engagement social	71	++

SOCIAL SCORE (/5)

4.5 30%

Weighting

30%

Commentary S

- Respect des droits humains
- Climat et diversité des ressources humaines
- Climat et diversité sociale
- Formation et gestion des carrières
- Promotion de la diversité
- Santé, sécurité et bien être
- Gestion de la chaîne de valeur
- Devoir de vigilance
- Qualité, sécurité et traçabilité produits
- Evolution des tendances

Governance

Share ownership	Nom	% du capital	Conflit ?
Actionnaire principal	BLACKROCK	10.8	
Autre (activiste, etc)			
Floating		83.1	
Droits de vote multiples (Y/N)			N
Cumul des rôles de DG et Président (Y/N)			No
Taille du Board			19
% d'indépendants au board			Y
Chairman indépendant (Y/N)			89.5
% de membres non exécutifs au Board			N
Ancien CEO au Board (Y/N)			

Diversity

	25.0
% de femmes à la direction	47.4
% de femmes au Board	55
Age moyen du Board	76
Age du Chairman	49
Age du CEO	

Engagement

	92
Participation aux Board meetings (%)	5.7
Durée moyenne du mandat au Board (# années)	5
Nombre de membres du Board servant depuis plus de 10 ans	16.9
Chairman depuis (# années)	5.5
Durée moyenne du mandat au Comex (# années)	0.5
CEO depuis (# années)	

Fair representation

	0.0
% de Board members exécutifs > 2 Boards	1
Nombre de Board positions du CEO	

Compensation

	EUR
Rémunération totale du CEO	24 257 300
Attribution d'actions	EUR
% d'actionnaires approuvant la rémunération des dirigeants	0

Vigeo

	Score	Note relative
Gouvernance d'entreprise	53	+

GOVERNANCE SCORE (/5)

4.0 40%

Weighting

40%

Commentary G

- Point du conflit d'intérêts le cas échéant
- Répartition des conseils d'administration
- Qualité du management
- Qualité de la communication financière
- Rémunération du CEO

Ongoing controversies

4 active including

1 of high or critical severity

Analyst's commentary

E Impact

S Impact

G Impact