



• SUSTAINABILITY FOCUS REPORT 2025

# Lazard Global Sustainable Equity

LAZARD  
ASSET MANAGEMENT

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In a shifting sustainability landscape, we remain resolute in our investment approach designed to identify companies that deliver high or improving financial productivity, driven by their sustainable products and services.



**Barnaby Wilson**  
CFA, Managing Director,  
Portfolio Manager/Analyst

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We believe our three key pillars of sustainability, financial productivity, and responsible operations help clients address their dual objectives of sustainability and investment returns.



**Evie Paterson**  
Senior Vice President,  
Portfolio Manager/Analyst

## Investment Philosophy

Sustainability issues encompass some of the greatest challenges the world faces today. In our view, addressing challenges such as health, social inequality, climate change, pollution, and biodiversity loss is essential and can create compelling investment opportunities.

Propelled by potential tailwinds such as changing consumer behaviour, increased extreme weather events, and government regulation, companies can enable solutions to these challenges through the provision of sustainable products and services. We believe these companies can provide value for shareholders whilst delivering meaningful sustainable outcomes for society.

### Lazard Global Sustainable Equity Strategy

We seek to invest in attractively valued companies with high or improving financial productivity, whose products and services align with a greener, healthier, safer, or fairer world, and conduct operations responsibly. By targeting enterprises that we believe deliver sustainable solutions and benefit from long-term secular trends, we aim to support the transition to a more sustainable future while generating attractive investment returns.

In our view, sustainable investment is compatible with competitive returns. When companies identify and capitalise on sustainability-related opportunities, we believe it can strengthen their financial resilience and productivity. This, in turn, has the potential to drive lasting value creation.

Our approach has three key pillars to help clients pursue both sustainability and attractive risk-adjusted returns. As such, each portfolio company must meet the following criteria:

<b>1</b> Sustainable Products and Services	<b>2</b> Financial Productivity	<b>3</b> Responsible Operations
Companies' products and services provide solutions to the world's sustainability challenges, helping to make the world greener, healthier, safer, or fairer.	Companies have high or improving financial productivity; measured by CFROI and driven by its sustainable products and services.	Companies must be managed sustainably from a human capital, natural capital, and governance perspective.

### We believe that our strategy is differentiated for four reasons:

- 1** Our quality investment approach is empirically backed by research covering 25 years of market data
- 2** To qualify for inclusion into the portfolio, there must be a clear thesis outlining how we believe sustainability is linked to a company's financial productivity
- 3** We leverage Lazard's extensive research platform of ~80 analysts globally to generate differentiated sustainable ideas<sup>1</sup>
- 4** Active ownership led by investment professionals feeds directly into investment decisions, aiming to enhance long-term returns for clients

# Investment Framework

## 1. Sustainable Products and Services

We take a diversified approach to sustainability, defining sustainable companies as those that support a greener, healthier, safer, or fairer world. All companies in the portfolio must have products and services that fall into one or more of these categories.

 Greener	 Healthier	 Safer	 Fairer
<p><b>Contribution:</b></p> <ul style="list-style-type: none"> <li>Companies address environmental issues, helping to mitigate climate change, conserve resources, and preserve ecosystems.</li> </ul> <p><b>Drivers:</b></p> <ul style="list-style-type: none"> <li>The drive for efficiency to reduce costs and regulatory support, such as minimum building energy efficiency requirements.</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Innovative energy-efficient products reduce carbon emissions.</li> <li>Technology companies offer hardware and software for sustainable design, digitalisation, electrification, pollution reduction, and resource efficiency.</li> </ul>	<p><b>Contribution:</b></p> <ul style="list-style-type: none"> <li>Companies improve global health by enabling greater wellbeing, or developing essential medical equipment, treatments, services, and innovations.</li> </ul> <p><b>Drivers:</b></p> <ul style="list-style-type: none"> <li>Emerging diseases, incurable diseases, increased focus on wellbeing and longevity, and ageing populations drive growth in healthcare demand.</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Advanced diagnostic tools enable early disease detection, leading to timely and effective prevention and treatment.</li> <li>Efficient clinical trials enable new drugs to be delivered to the market in a speedy and cost-effective manner.</li> </ul>	<p><b>Contribution:</b></p> <ul style="list-style-type: none"> <li>Companies provide advanced safety devices, equipment, and technologies to reduce risks of injury, disease, death, or disruption.</li> </ul> <p><b>Drivers:</b></p> <ul style="list-style-type: none"> <li>Increasing safety standards and heightened scrutiny on physical and virtual safety drive demand.</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Health and safety equipment manufacturers protect users in hazardous environments.</li> <li>Cybersecurity firms safeguard digital assets for essential infrastructure and individuals.</li> </ul>	<p><b>Contribution:</b></p> <ul style="list-style-type: none"> <li>Companies expand access to transparent credit and investment and reduce fraud, promoting a more equitable society.</li> </ul> <p><b>Drivers:</b></p> <ul style="list-style-type: none"> <li>The intensified challenge of resolving inequality creates investment opportunities.</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>Financial services companies promote financial inclusion and empower underserved populations.</li> </ul>

## 2. Financial Productivity and Its Explicit Link to Sustainability

Sustainability is explicitly integrated into our investment philosophy through the linkage between sustainability and financial productivity. Due to this, we can have confidence that sustainability is a key contributor to investment performance.

### Sustainable Products and Services and Financial Productivity

Importantly, we do not set a sustainable revenue threshold for inclusion. Instead, we seek to identify companies whose sustainable products and services are likely to materially drive financial productivity. We believe assessing sustainability through the lens of financial productivity creates a stronger link between sustainability and potential long-term shareholder value creation.

We believe greener, safer, healthier, or fairer products and services, driven by structural sustainable tailwinds, can translate into potential long-term shareholder value through the following transmission mechanisms:

- Increased total addressable market
- Scope for market share gains
- Opportunity for pricing power and increasing margins
- Reinforcement of existing competitive advantages
- Creation of attractive reinvestment opportunities

### Seeking High or Improving Financial Productivity Driven by Compounders and Improvers

Our proprietary research into financial productivity has identified two historically consistent sources of alpha: Compounders (historically high financial productivity) and Improvers (improving financial productivity).<sup>2</sup>

We believe that these two sources of potential alpha are key to seeking long-term outperformance. As such, each company in the portfolio is categorised into either a Compounder or Improver. Given the risk/reward profile, the portfolio is predominantly composed of Compounders.

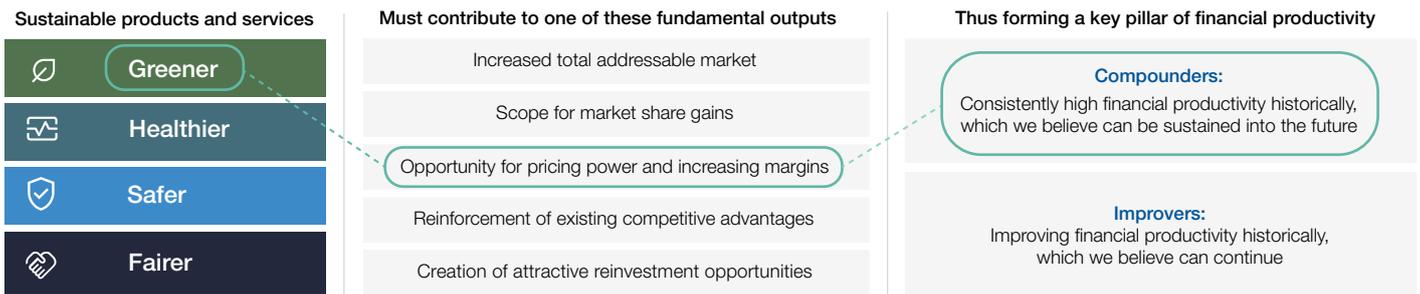
# Example of Linking Sustainability and Financial Productivity

## Ecolab

**Greener:** Products and services focused on innovative water and energy management provide society with greener solutions.

**Opportunity for pricing power and increasing margins:** Ecolab's water and energy efficiency solutions enable customers to reduce costs by reducing their environmental impact. Its eROI (exponential return on investment) value-based pricing mechanism prices each solution based on the cost savings generated for the customer through energy and water efficiency. The rollout of this pricing mechanism is a key driver of increased pricing power and margin expansion.

**Compounder:** Delivering attractive returns to shareholders, supported by 20% CFROI,<sup>3</sup> our measure of financial productivity.



## 3. Responsible Operations

We expect companies to be managed with the interests of all stakeholders in mind and mitigate the negative externalities of their operations. Sustainability Scorecards are our proprietary framework for holistically assessing and quantifying the sustainability profile of each portfolio company. Each scorecard captures a company's sustainability thesis that links material sustainability-related issues to the key value drivers of its products and services. In addition, scorecards evaluate operational aspects such as workforce practices, supply chain management, community impact, resource efficiency, and governance. Sustainability scorecard research is undertaken by the relevant sector analyst.

Based on this research, analysts write detailed commentary across each sustainability category, assigning a score from -5 to +5 for each. To be eligible for inclusion in the portfolio, companies must meet a minimum threshold. Any company failing to reach this in any category is not eligible for inclusion in the portfolio.

Importantly, given the changing nature of societal norms and stakeholder concerns, these assessments are re-evaluated on a regular basis. Upgrades and downgrades are not only contingent on incremental changes to the ambition, execution, accountability, and relevance of a company's sustainability strategy, but also on broader policies and stakeholder engagement to promote responsible operations.

### Sample Sustainability Scorecard

**Key Facts**

- Company Name: [Name]
- Industry: [Industry]
- Market Cap: [Value]
- Revenue: [Value]
- Employees: [Value]

**Key Metrics**

Metric	2021	2022	2023	2024	2025
Water Use (ML)	100,000	95,000	90,000	85,000	80,000
Total Waste (MT)	1,000	950	900	850	800
CO2 Emissions (tCO2e)	1,000,000	950,000	900,000	850,000	800,000

**SPUT OF EMISSIONS**

A pie chart showing the distribution of emissions across different categories: Scope 1 (Green), Scope 2 (Blue), and Scope 3 (Red).

For illustrative purposes only.

# Investment Case Study

**Experian**  
Data, Credit, and Analytics

Societal contribution:



Fairer

Potential source of alpha:

Compounder

200mn<sup>+</sup>

Free members

Climate Alignment



5

Direct company interactions in 2025

## Linking Our Investment Thesis to Sustainable Outcomes

### 1 Societal Challenge

Billions of people worldwide remain underserved or excluded by traditional banking systems, leaving them without access to affordable credit and vulnerable to fraud. Young adults, migrants, and low-income populations are disproportionately affected, with “thin file” or no credit history which can delay or deny economic participation. Without interventions to expand credit visibility and protect consumers, many face systemic barriers to financial inclusion, limiting social mobility and economic growth.

### 2 Company Solution

Experian is a global leader in credit scoring and consumer financial services, maintaining profiles on 1.5 billion people and over 200 million businesses.<sup>4</sup> By augmenting traditional bureau data with alternative data sources, its products expand fair access to credit for “credit invisible” and “thin file” consumers, such as the 28 million in the US without a score.<sup>5</sup> This helps them secure affordable financing for essentials like housing, education, and healthcare. Market-leading tools such as Experian Boost enable individuals to add positive data points to their credit profiles, reducing bias and promoting financial inclusion. In Brazil, its Limpa Nome platform has helped millions renegotiate and settle debts, restoring access to the financial system for underserved consumers. Beyond credit access, Experian engages millions of people with free services that improve financial literacy and help prevent almost \$20 billion in annual fraud losses.<sup>6</sup>

### 3 Financial Productivity

The scale and quality of Experian’s proprietary data sets combined with its longstanding reputation as one of three players in the oligopolistic credit bureau market create significant barriers to competition. This has driven financial productivity by creating a network effect and underpinning the value of Experian’s credit scores. Over time, better data can enable better product creation, which brings in more customers with more data.

Attractive returns should continue to incentivise the company to reinvest, delivering new products which further support financial inclusion and social mobility.

### 4 Sustainable Outcomes

**Outcome to Shareholders:** Has delivered attractive returns to shareholders, supported by a 23% CFROI, our measure of financial productivity.<sup>7</sup>

**Outcome to Society:** Contributing to a fairer world by increasing access to credit through greater transparency and data quality. As of FY25, Experian had over 200 million free members worldwide, with the average profile seeing its credit score boosted by 13 points when using Experian Boost.<sup>8,9</sup>

## Responsible Operations

The key ESG-related risks for Experian include data privacy and cybersecurity, potential bias in credit scoring, and regulatory compliance. We believe that the company is managing these risks well; addressing data security through advanced encryption, multi-layered cyber defences, and regular independent audits. It manages regulatory compliance by transparently disclosing product features, providing extensive consumer support, and engaging proactively with policymakers. To mitigate bias in credit scoring, Experian augments traditional bureau data with alternative data sources, continuously tests algorithmic fairness, and maintains board-level oversight of ethics and responsible AI practices.

## Active Ownership

Recent engagement topics with Experian have included:

- Sustainable Opportunities from its products and services
- Fair and Transparent Remuneration in relation to its AGM
- Product Quality and Safety in relation to how it handles sensitive customer data and its use of AI
- Responsible Corporate Citizens in relation to its ability to influence consumer access to credit and the need for financial education

# Investment Case Study

## EssilorLuxottica Lenses and Eyewear

Societal Contribution:



Healthier

Potential source of alpha:

Compounder

979mn<sup>+</sup>

People reached with vision care since 2013

Climate Alignment:



7

Direct company interactions in 2025

## Linking Our Investment Thesis to Sustainable Outcomes

### 1 Societal Challenge

Myopia affects around one-third of the global population today and is forecast to exceed 50% by 2050, driven by lifestyle changes such as increased screen time. Severe cases can lead to blindness and heighten risks of other eye diseases.<sup>10,11</sup> Meanwhile, 2.6 billion people live with uncorrected poor vision due to lack of awareness, affordability, or access, 90% of whom are in developing economies.<sup>12,13</sup> This widespread but solvable issue limits educational attainment, productivity, and quality of life.

### 2 Company Solution

EssilorLuxottica is the global leader in prescription eyewear (~75% of sales), lenses, frames, and sunglasses, serving over 500 million customers annually. Innovation such as its Stelless lenses are clinically proven to slow myopia progression in children by 67%.<sup>14</sup> By reducing myopia, its products are helping to reduce the risk of other (more severe) eye problems occurring which are correlated with myopia, such as glaucoma.

Within a generation EssilorLuxottica aims to eliminate uncorrected poor vision by: 1) innovating for affordable solutions, 2) funding subsidised and free services, and 3) raising awareness.

### 3 Financial Productivity

EssilorLuxottica's scale creates significant barriers to competition, supported by diversified product offerings across geography, channel, product category, and price. This is reinforced by its best-in-class distribution network, which creates the opportunity to upsell whilst the customer is in-store. In addition, its vertically integrated business model provides better visibility and control of the value chain, driving time and cost efficiency.

Attractive returns should continue to incentivise the company to reinvest, delivering new products which further support a healthier society.

### 4 Sustainable Outcomes

**Outcome to Shareholders:** Has delivered attractive returns to shareholders, supported by a 13% CFROI, our measure of financial productivity.<sup>15</sup>

**Outcome to Society:** Contributing to a healthier world by addressing myopia globally; reaching 979 million people with vision care and equipping 87 million individuals with eyeglasses via its One Sight programme since 2013.<sup>16</sup>

## Responsible Operations

The company is doing well at turning its most material ESG-related risks into opportunities. Following the Essilor-Luxottica merger, the company experienced notable corporate governance challenges related to the integration of the two organisations. However, this has greatly improved since 2021 after several executive departures, and the introduction of a new board and management structure. In addition, employees are the engine that drive both EssilorLuxottica's innovation and retail network sales. We believe that its investment in initiatives such as Leonardo (educational platform) and Teleoptometry (digital productivity tools) is contributing to retention, but overall culture has some room for improvement. Beyond this, the company is addressing access and affordability well through the expansion of its OneSight Foundation. It is also tackling its environmental impact through investment in circular design, including take-back recycling initiatives.

## Active Ownership

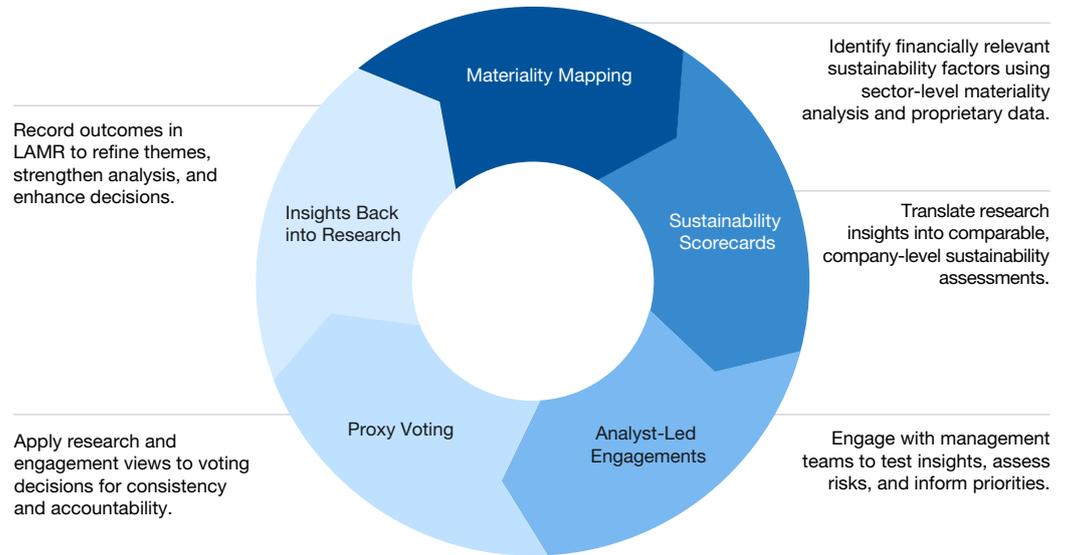
Recent engagement topics with EssilorLuxottica have included:

- Access and Affordability and Disruptive Technologies related to its products and services
- Product Lifecycle Analysis in relation its circular initiatives
- Responsible Content in relation to the use of AI and video recording in its Meta product collaboration

# Integrating Research and Active Ownership into the Investment Process

## A Continuous Feedback Loop

Sustainable investment research and active ownership are fully embedded into the strategy's management. This creates a continuous feedback loop that enhances our ability to identify and assess material risks and opportunities. This integrated approach is designed to support more robust investment decisions and seek long-term value for our clients.



## Our Proprietary Data Engine: LAMR

LAMR is our proprietary research database that centralises company-specific, sector, and thematic insights, along with detailed records of engagements captured using the same framework as used for our Materiality Mapping. Engagement findings can feed directly into research updates, proxy voting analysis, and portfolio positioning, creating a continuous feedback loop that refines our understanding of sustainability-related risks and opportunities. As proxy vote analysis transitions into LAMR by 2026, the system will further strengthen decision-making consistency and efficiency. This integration ensures that research, thematic frameworks, scorecards, engagements, and voting decisions remain fully aligned, evidence based, and continually updated as issues evolve.

## Our Materiality Map

- Sector-level view of the sustainability factors most tied to long-term financial relevance.
- Based on SASB (Sustainability Accounting Standards Board) standards and updated as issues evolve by live engagement data.
- Guides research, scorecards, and engagement priorities for consistent, comparable analysis.

## Integration in Action at Lazard Asset Management

**3,000+**  
company meetings analysed in 2025

**1,000+**  
unique company scorecards since 2020

**5**  
years of materiality map updates

# Engagement

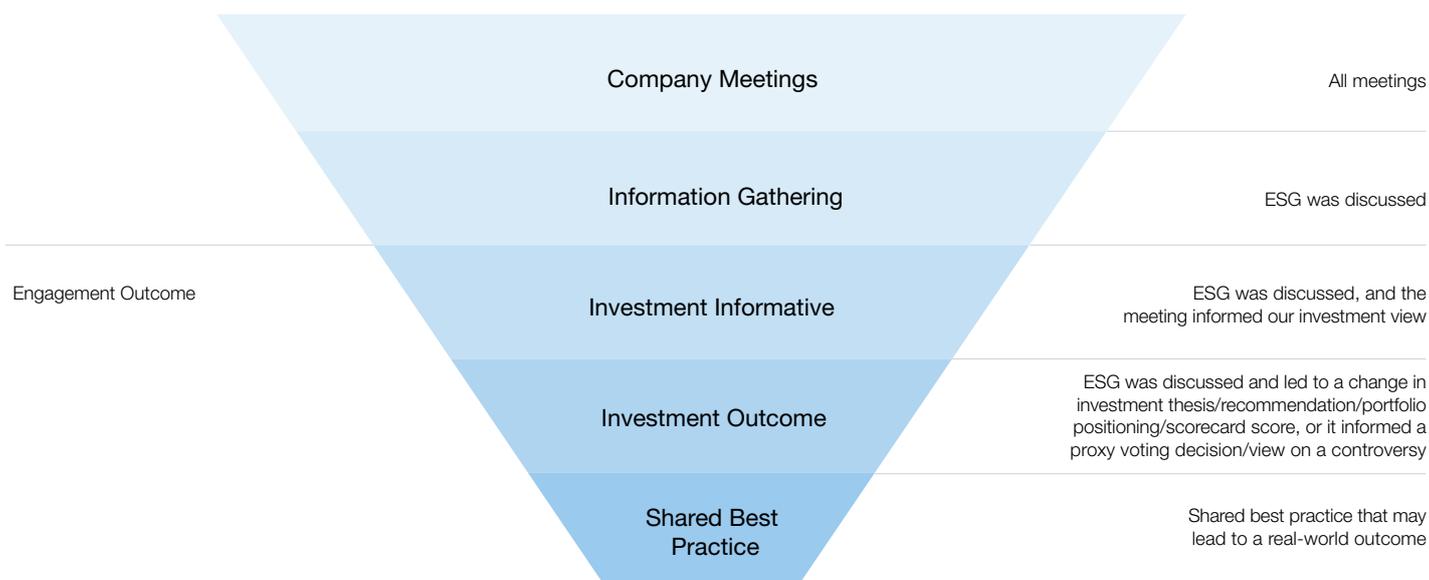
Engagement is an integral part of our investment process, enabling our investment professionals to gain deeper insights into the financial implications of sustainability-related opportunities and risks. Drawing on longstanding company relationships, our investment teams, supported by Investment Stewardship experts when needed, conduct targeted, research-driven discussions with well-defined objectives. Insightful, targeted questions foster meaningful two-way conversations, with company management frequently seeking out and appreciating our investment professionals' views. We believe this direct access to key decision-makers enhances both the quality and the impact of our engagements.

## Defining Engagements

As a firm we continually seek to enhance how we report and communicate the value-add of active engagement and its feedback into the investment process. In 2025, we updated our engagement categorisations to better highlight the importance of engagements that inform our investment view. In practice, this means that we will be able to identify if an engagement positively, negatively, or neutrally influenced our investment view. This builds on our previous approach that identifies investment outcomes, such as a change in recommendation or proxy voting decision, linked to a specific engagement.

We recognise that it is inherently difficult to attribute changes in company practices to any single investor engagement, as investors rarely have full visibility into the many stakeholders a company may be interacting with at any given time. However, we believe that investors can credibly evidence how an engagement has influenced their own investment process, or measure whether a requested change has occurred, regardless of how many other stakeholders may have been requesting the same change.

Our engagement definitions are illustrated by the graphic below, with corresponding reporting starting from 2026.



## Global Active Ownership Committee

The Global Active Ownership Committee oversees the alignment of proxy voting and engagement, recognising that they are interlinked and integral to the effective stewardship of our clients' capital. It is responsible for Lazard Asset Management's Global Proxy and Stewardship Policy, as well as considering the reputational and business risk related to stewardship activities.

The committee brings together leaders from across the organisation, sets policy, ensures transparency, and addresses conflicts of interest. In doing so, it makes decisions that serve clients' best interests while meeting stakeholder expectations and upholding fiduciary responsibilities.

This year, our Global Sustainable Equity team continued its active ownership strategy, identifying proactive engagement opportunities through:

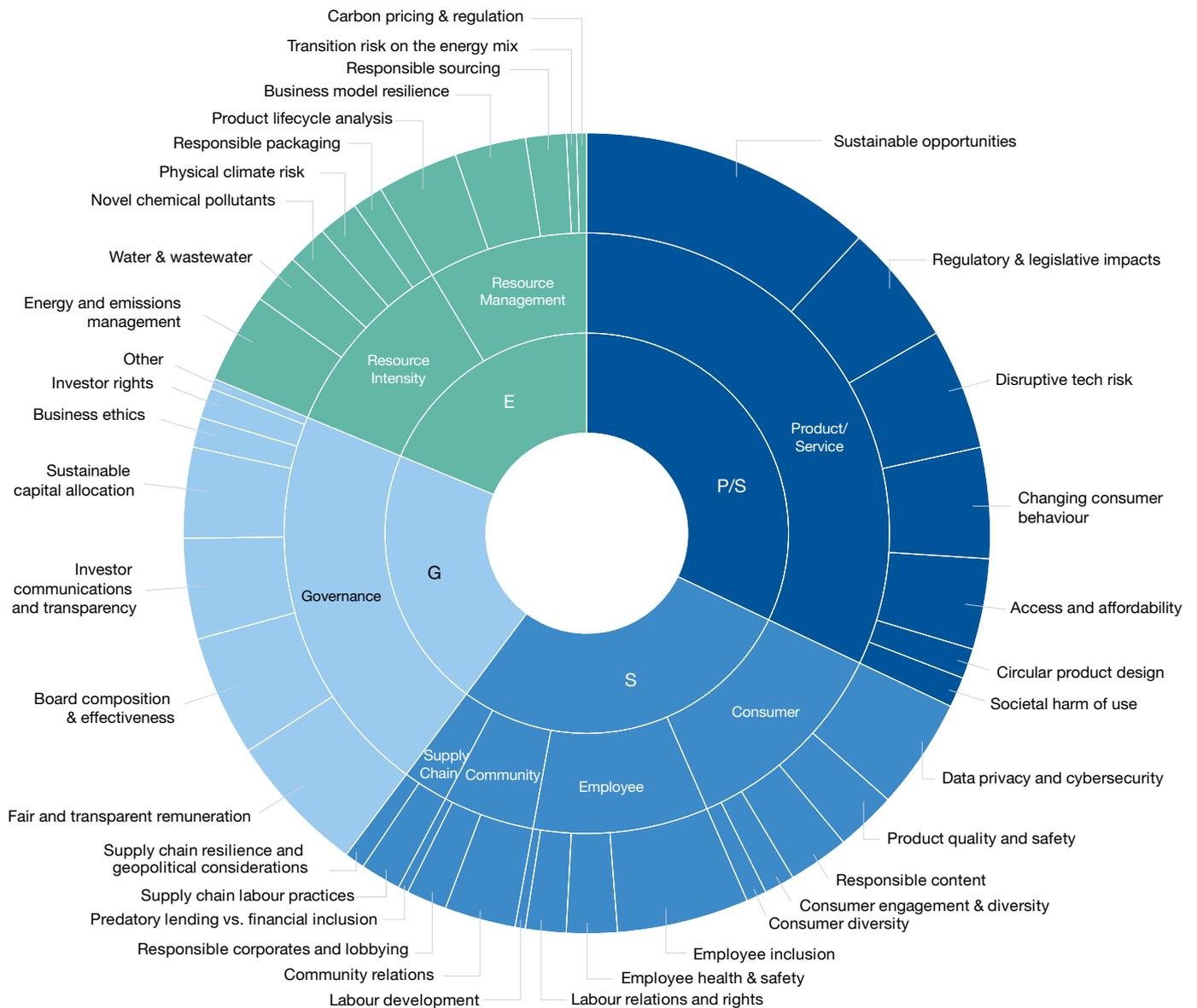
- Proprietary Sustainability Scorecards
- Thematic Research
- Climate Alignment Assessment
- Upcoming AGMs

## 2025 Engagements

	Total
<b>Total</b>	<b>78</b>
Investment Outcome	10
Shared Best Practice	6

The mid-2025 update to our engagement definitions and data capture methodology prevents producing a consistent and comparable metric for the number of Investment Informative engagements over this period. Reporting on Investment Informative engagements will begin in 2026.

## 2025 Engagement Topics



# Engagement Case Study

## Procter & Gamble

Global Household & Personal Care

### Company Attendees:

VP of Sustainability  
Investor Relations

### Lazard Attendees:

Consumer Analyst  
Investment Stewardship Analyst

### Engagement Topics:



NATURAL CAPITAL



HUMAN CAPITAL

### Lazard Classification:



INVESTMENT  
INFORMATIVE



SHARED BEST  
PRACTICE

### Objectives

1. Revisit the company's approach to product waste, given peers have reduced ambitions following difficulties hitting environmental targets.
  - As a global consumer goods company, P&G produces a significant amount of plastic waste and is subject to increasingly stringent regulations, mostly from the EU. Understanding the company's approach to preparing for these regulations, changing availability of inputs, and evolving consumer preferences feeds into our assessment of capital outlays required to pursue targets, company positioning, and brand strength.
2. Gain insights into its updated approach to human capital management under the Trump administration.

### Company Actions

- **Packaging Targets:** Acknowledged that achieving 100% recyclable or reusable products by 2030 requires systemic recycling infrastructure enhancements and market demand. Its choice to set 2030 targets (vs. competitors who set them for 2025) reflects these headwinds; P&G is maintaining current targets.
- **Packaging Innovation and Partnerships:** Actively working with partners to enhance recycling capabilities and develop new materials, such as bio-based resins. Highlighted its proprietary polypropylene recycling technology; solves the common issue of recycled polypropylene being low quality / unusable; tech is now being licenced by a third party, PureCycle.
- **Human Capital:** No change to its strategy.

### Lazard Analysis

- P&G provided concrete and clear answers to our questions. Their cost-benefit approach to initiatives, rooted in satisfying customers and maintaining brand strength, aligns to seeking shareholder value creation.
- Specific examples of packaging changes were anecdotal—we would like to see a broader depiction of cost-benefit analysis across the product portfolio to better understand the probability of achieving targets, though we acknowledge that this is not provided by peers.
- P&G's existing human capital strategy reinforces growth and brand positioning; having a workforce that resembles its customer base is part of its success.

### Outcome

**Investment Informative:** Plastic targets are ambitious, yet mindful of seeking a sufficient return; which is supportive of potential shareholder value creation.

**Shared Best Practice:** We suggested P&G undertake a broader cost-benefit analysis across its product portfolio to provide a better indication on the probability of meeting its 2030 packaging targets.

### Next Steps

1. Monitor developments in plastic recycling infrastructure and technology.
2. Monitor updates related to the EU's packaging and packaging waste regulation (PPWR) and assess the potential significance of its impact.
3. This engagement will be used to inform any relevant shareholder proposals at this year's AGM.

Engagement Period: Q1 2025. Source: Lazard

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# Engagement Case Study

## Carlisle

US Building Insulation  
& Installation

### Company Attendees:

Head of Sustainability  
Investor Relations

### Lazard Attendees:

Industrials Analyst  
Global Equity PM  
US Equity PM  
Investment Stewardship Analyst

### Engagement Topics:



PRODUCT/SERVICES



NATURAL CAPITAL



HUMAN CAPITAL

### Lazard Classification:



INVESTMENT  
INFORMATIVE



SHARED BEST  
PRACTICE

## Objectives

1. To get an update on Carlisle's progress in setting up a network to repurpose construction materials and re-incorporate them into new products, with the aim of reducing emissions and costs.
2. To understand its strategy and prioritisation related to emissions-reduction initiatives, including how this aligns to business growth, given reporting is high level.
3. To dig into the impact on labour availability under the Trump administration, and labour safety as a driver of retention & cost saving.
4. To gain further insight on the company's innovation pipeline and how this might drive the business over 2026.

## Company Actions

- **Material Recovery and Repurposing:** 4.5 million sq. ft. of roofing recovered but slower-than-expected progress building out the network; cost of storage and logistics have been a key issue.
- **Emissions Reduction Strategy:** Material innovation and substitution to lower GWP (global warming potential) alternatives is a key focus alongside enhanced operational efficiency. Carlisle has increased reprocessing capacity at its Utah facility by 40% and recovered 20 million pounds of product in a single year (2024).
- **Labour Safety:** SQDC (safety, quality, delivery, cost) meetings every day, every shift to reinforce a culture of safety; have 1/3 the number of safety incidents vs. peers; this drives lower turnover.
- **Innovation Pipeline:** Products such as Ultra Touch (insulation made from recycled denim) and Seam Shield (advanced waterproofing with ease of installation) are seeing good uptake.

## Lazard Analysis

- Given that consumers must store old roofs until removal, it's unsurprising that the recovery network expansion has been slow. In our view, AI could be leveraged to improve logistics planning.
- Carlisle's emissions-reduction strategy aligns with efforts to address environmental challenges whilst supporting shareholder value. The efficiency gains at its Utah facility have been significant and provide a great test case for broader rollout.
- In terms of safety, the company is demonstrating best practice, evidenced by its incident rate and attrition rate.
- We believe Carlisle's innovation pipeline aligns with structural tailwinds in energy efficiency and labour scarcity.

## Outcome

**Investment Informative:** Good management of sustainability-related risks and opportunities is supportive of the long-term investment thesis.

**Shared Best Practice:** We suggested 1) clearer reporting on its emissions-reduction strategy, outlining priority projects & providing an emissions waterfall and 2) investigate the use of AI within logistics to cut storage and removal costs of old material to grow its repurposing network.

## Next Steps

1. Monitor the impact of labour availability on the business.
2. Review 2026 reporting for evidence of shared best practice implementation.
3. Assess dynamics between the new lead independent director (elected in April) and CEO.

Engagement Period: Q4 2025. Source: Lazard

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# Engagement Case Study

## Autodesk

US Design Software

### Company Attendees:

Chief Sustainability Officer  
Chief Trust Officer  
Investor Relations

### Lazard Attendees:

TMT Analyst  
Investment Stewardship Analyst

### Engagement Topics:



### Lazard Classification:



## Objectives

1. To better understand how the role and remit of the Chief Trust Officer has evolved since being appointed in 2023, as well as key achievements to date related to AI governance and future strategic direction.
2. To investigate its emissions-reduction strategy and how this ties to reducing emissions in the industries it serves.
3. To investigate any cultural shifts under the Trump administration, as well as initiatives to promote productivity through increased “belonging”.

## Company Actions

- **AI Governance:** A key remit for the Chief Trust Officer; developed its “Trusted AI” framework, which is independently certified and ensures all AI systems are developed, deployed, and monitored ethically, transparently, and securely. “AI Transparency Cards” are a key part of this. Also, one of the first companies to achieve ISO 42001 certification.
- **Emissions:** Good progress on operational emission but these are small relative to end-market emissions; focus continues to be on product innovation to reduce downstream scope 3. Regulatory reporting requirements and siloed phases of product delivery within construction are driving product demand.
- **Culture:** Removed FY26 diversity target from FY25 report; restructuring cut 1,350 jobs (9% workforce) but overall headcount grew 8.5% y-o-y. Launched “One Orbit” culture initiative to reinforce purpose-led inclusivity; evolving DEI reporting into a financial framework.

## Lazard Analysis

- A leader in AI governance, as evidenced by being one of the first to achieve ISO 42001 certification. Good alignment of AI implementation and value creation; evidence of a customer-centric AI strategic focus; developing it to mitigate industry pain points and drive efficiency.
- Strategic prioritisation of end-market emissions reduction aligns well with shareholders and the environment.
- Autodesk is taking the necessary steps to remain competitive in a fast-paced industry. Restructuring does not appear to have impacted culture given the company’s ability to continue hiring, but this is something to monitor.

## Outcome

**Investment Informative:** Well-positioned to benefit from sustainable tailwinds. Good management of sustainability-related risks & opportunities is supportive of the long-term investment thesis.

## Next Steps

1. Review latest DEI reporting (once released) to assess if this novel way of reporting as a financial framework is best practice that we should be sharing with other companies.

Engagement Period: Q4 2025. Source: Lazard

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# Voting

Proxy voting decisions are guided by investment research, our active ownership philosophy, and our fiduciary duty to act in the best interests of clients. Our Global Governance Principles are founded on the belief that effective management of material financial, governance, and reputational risks and opportunities is supportive of better long-term financial returns. These principles underpin all of our proxy voting and engagement activities.

Voting decisions are based on our judgement of what will:

- Maximise sustainable shareholder value for the long term;
- Serve the best interests of clients; and
- Be carried out in good faith.

All proposals are assessed against our Global Governance Principles and related voting policy, followed by a review and final vote decision from the relevant analysts. ESG-related shareholder proposals receive additional research support from domain specialists within LAM's Investment Stewardship team.

## Lazard Global Sustainable Equity

In 2025, we supported 33% of ESG shareholder resolutions filed with companies held in the portfolio. This is lower than the firmwide average of c.50% support for ESG shareholder proposals, in part because the portfolio invests in Sustainability Leaders. Our in-house analysis often indicates companies in receipt of shareholders proposals have already undertaken the necessary actions to address the ESG concerns being raised. We utilise our Shareholder Proposal Framework as a guide for determining proposal support.

### 2025 Voting Summary

	Total	(%)
Total number of meetings	49	100
Meetings voted	46	94
Meetings voted with one or more votes AGAINST management	13	28
Resolutions voted	706	91
With a vote AGAINST management	27	4
Management resolutions voted	682	91
With a vote AGAINST*	20	3
Shareholder resolutions voted	24	100
With a vote FOR	8	33

As of 31 December 2025.

\*Includes votes withheld but classified as AGAINST management.

Source: Lazard

# Considerations for Evaluating Shareholder Proposals

We are more likely to support a shareholder proposal based on:



## Materiality

Issues are deemed **material** to the company



## Progress

Where there is a lack of **progress** in managing an issue



## Transparency

Resolutions target increased **transparency**



## Asymmetric Knowledge

Resolution respects **that management** is best-placed to implement change



## Responsible Conduct

When there is an **insufficient response** to a controversy

# Voting Examples

Each shareholder proposal is evaluated in detail against our internal framework by relevant investment professionals, supported by insights from our Investment Stewardship specialists.

## NVIDIA

### US Information Technology Company

**Shareholder Resolution:** NVIDIA Corp was asked to enhance its workforce reporting by identifying employees according to gender and race in job categories defined by the Equal Employment Opportunity Commission (EEOC).

**Lazard Analysis:** NVIDIA's 2024 Corporate Sustainability Report includes a dedicated People, Diversity, and Inclusion section that provided extensive information on the company's workforce practices. The company discloses hiring data by gender, region, race, and ethnicity, and reports on pay and promotion criteria, pay equity initiatives, turnover rates, and other human capital metrics across demographic groups. Whilst the company's workforce and diversity reporting does not match the exact style of reporting requested by the proponent, it does offer broad and substantive disclosure, alongside information on talent attraction, career development, and inclusion programmes.

**Vote Decision:** Based on the above analysis, we voted **AGAINST** the resolution.

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## Cadence Design Systems

### US Application Software Company

**Management Resolution:** To appoint a director to the board.

**Lazard Analysis:** The Chair of the compensation committee holds more than five public company directorships. We note that directors' responsibilities are complex and time consuming. Therefore, when assessing whether a director may be overcommitted ("overboarded"), we account for the complexity of roles; double-counting chair positions and quadruple-counting executive roles.

**Vote Decision:** As a result, we voted **AGAINST** the reelection of the Chair of the compensation committee. The resolution received approximately 20% dissent at the AGM. Lazard will continue engagement with the company to better understand how the director manages their time between these directorships accordingly.

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## Thermo Fisher Scientific

### US Life Science Tools Provider

**Management Resolution:** To ratify the named executive officers' (NEO) compensation.

**Lazard Analysis:** Although year-over-year performance targets in the short-term incentive (STI) programme were lowered, target bonus opportunities were not adjusted accordingly, resulting in payouts well above target. In the long-term incentive (LTI) programme, most awards continued to rely on single-year measurement periods and used a metric that overlapped with the STI programme. In addition, for NEOs other than the CEO, most equity awards were based solely on time vesting. Executives also received a special grant; although structured as multi-year performance equity, part of the award could still be earned after only one year of results.

**Vote Decision:** As a result, Lazard voted **AGAINST** the resolution due to misalignment between performance and pay. The resolution received approximately 65% votes **AGAINST** at the AGM.

# Active Ownership Over Time

**Argenx**  
Immunology Biotech

9

meetings with Argenx’s C-suite, board, remuneration specialist, and investor relations since 2024

## Dialogue Over Time Strengthens Shareholder Trust

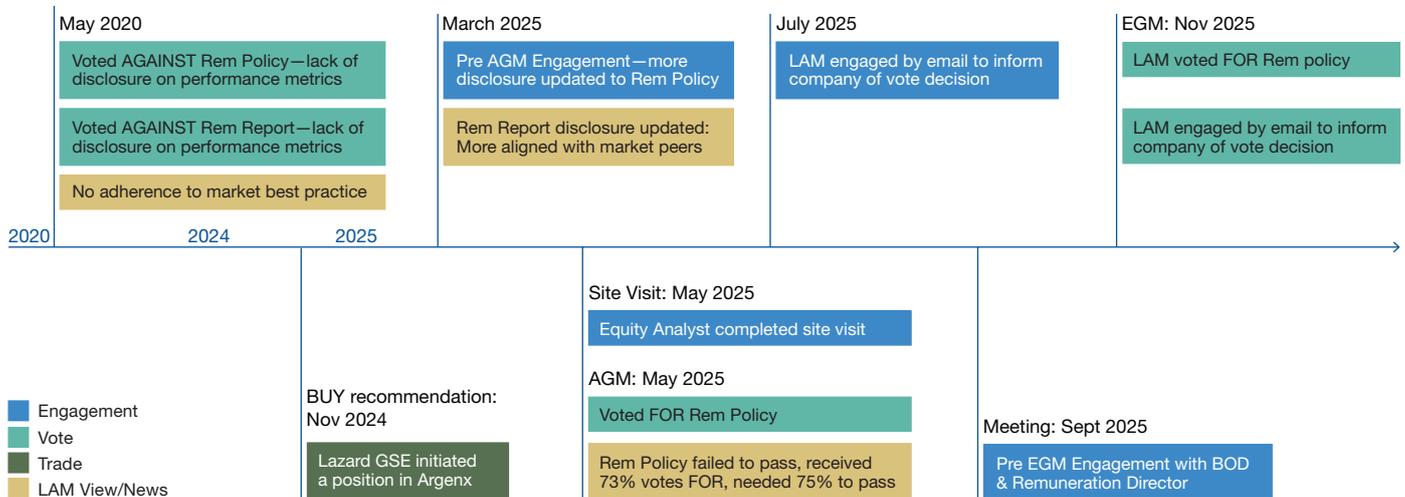
As long-term shareholders, we aim to foster strong company relationships that deliver insightful open dialogues. A good example of this over the last year was our engagement with Argenx, a global immunology biotech company that develops and commercialises antibody-based therapies for severe autoimmune diseases. Since November 2024 we have met with members of Argenx’s C-suite, board, remuneration specialist, and investor relations nine times. After initiating the position, we engaged to address Argenx’s longstanding issues regarding its Remuneration Policy and Report, which received significant shareholder dissent in 2024. Following extensive analysis and engagement with the board in the build-up to the AGM, LAM decided to vote FOR the policy on the basis that:

1. Significant progress had been made to conform with market best practice and align compensation with long-term shareholder value creation. Changes included improved short-term and long-term incentives, the removal of stock options for non-executive directors, and the introduction of a four-year holding period for executive equity-based remuneration.
2. Pay was appropriately aligned with performance given the share price had increased ~50% since IPO.

Although the Remuneration Policy did not receive approval at the 2025 AGM, securing 73% support versus the required 75% majority, it has since passed at the 2025 EGM. Following further dialogue with the company, LAM remained supportive of the policy and voted FOR. Additional changes to the policy included enhanced performance metrics, clearer peer group definitions, and the removal of future CEO vs. current CEO pay limit distinctions. Whilst we did not believe that these additional changes were necessary for the Remuneration Policy to pass, we commend the company for further striving to align with market expectations. We were also impressed by its tenacity towards driving its broader shareholder and proxy advisory engagement programme.

Throughout 2025, LAM built a strong partnership with the company, offering valuable investor insights that were well-received and appreciated. This open dialogue fostered greater trust in Argenx’s governance, which should further strengthen company and shareholder alignment.

Argenx



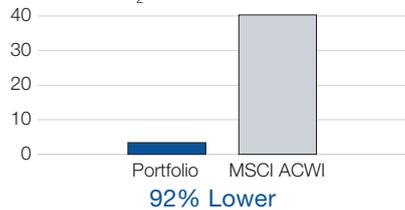
As of 31 December 2025. Source: Lazard

# Portfolio Sustainability Metrics

## Environmental Metrics

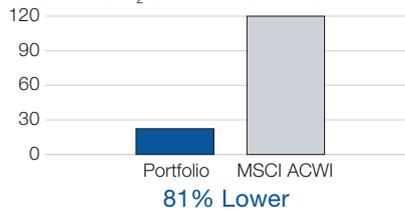
### Carbon Footprint

Scope 1+2 (CO<sub>2</sub>e) / EVIC (US\$ mn)



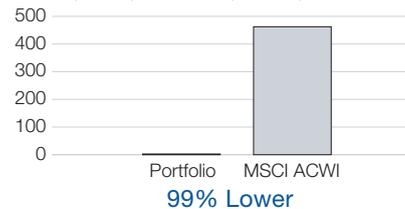
### Carbon Intensity

Scope 1+2 (CO<sub>2</sub>e) / Revenue (US\$ mn)



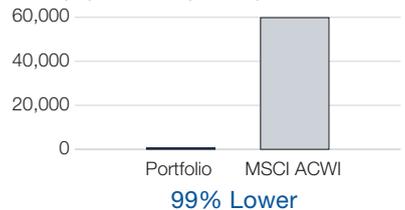
### Waste Intensity

Waste (tonnes) / Revenue (US\$ mn)



### Water Intensity

Water (m<sup>3</sup>) / Revenue (US\$ mn)



## Social and Governance Metrics

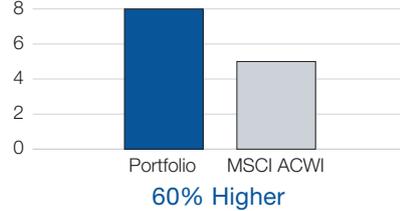
### Board Gender Diversity

(%)



### Female CEO

(#)



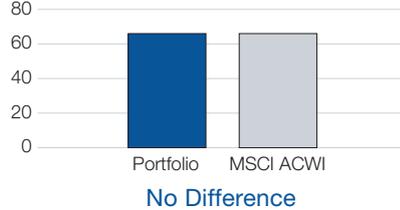
### Independent Directors

(%)



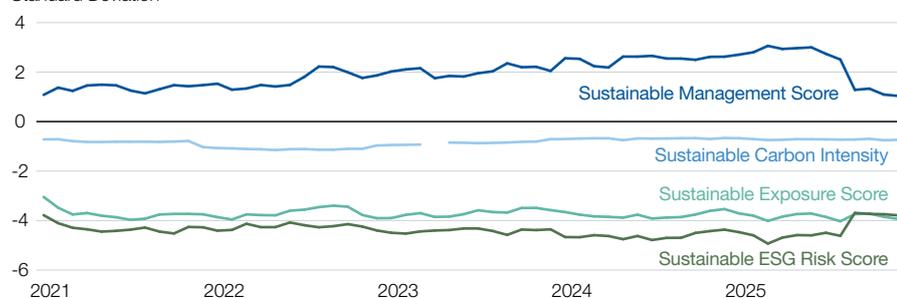
### Exec. Comp Linked to Sustainability

(%)



## Style Tilt vs. MSCI ACWI

### Standard Deviation



As of 31 December 2025. Source: Lazard, Bloomberg, CDP, Sustainalytics.

**Carbon Footprint:** Negative tilt indicates lower carbon intensity versus the benchmark. **ESG Risk Rating:** The ESG Risk Rating measures the degree to which a company's economic value is at risk driven by ESG factors, as assessed through Sustainalytics' calculation of the company's unmanaged ESG risks. **ESG Risk Exposure:** Exposure considers a company's sensitivity or vulnerability to ESG risks. Lower exposure scores indicate that the constituent companies face less ESG risk. **ESG Risk Management** evaluates a company's performance on managing its exposure to ESG issues. Higher management scores indicate the constituent companies have stronger management of their exposure. Tilts between -0.5 and +0.5 likely insignificant, Tilts less than -0.5 or more than +0.5 indicate tilt but may be insignificant. Tilts less than -1 or more than +1 are significant, Tilts less than -2 or more than +2 are very significant.

## Climate Targets

Companies committed to setting Science Based Targets

**5%** Portfolio  
**4%** Index

Portfolio Index

Companies with validated Science Based Targets

**65%** Portfolio  
**49%** Index

Portfolio Index

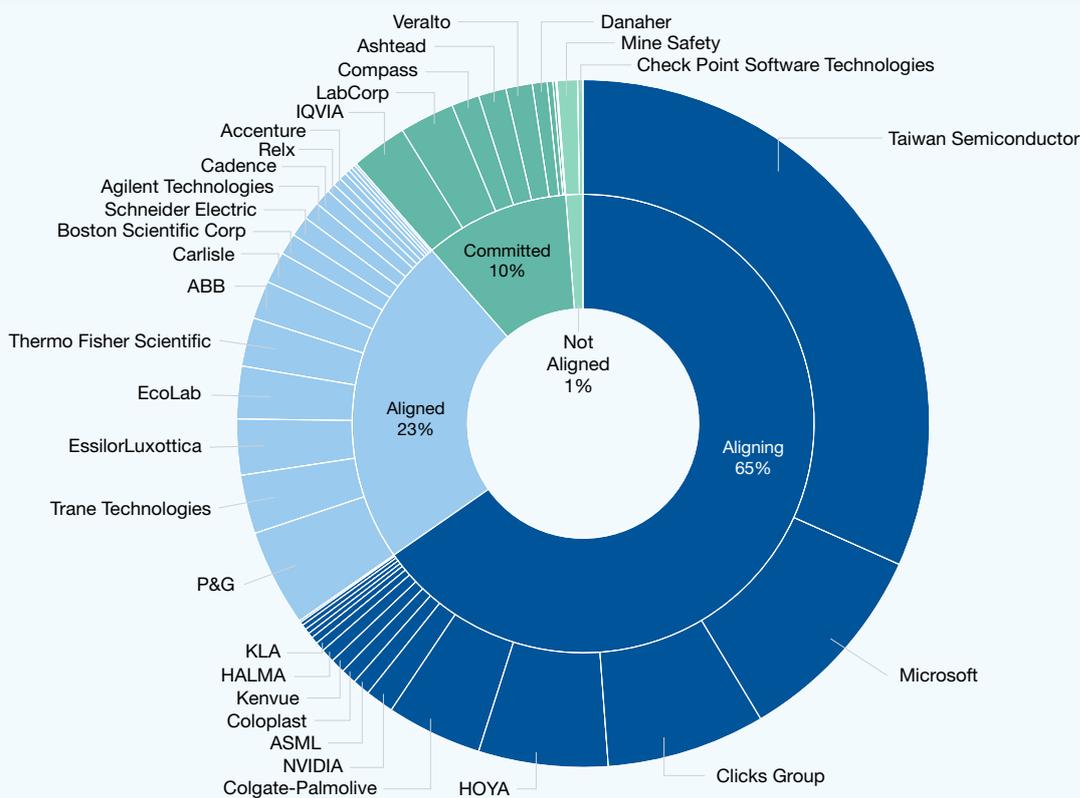
Companies with Net Zero Goals

**79%** Portfolio  
**71%** Index

Portfolio Index

Our low turnover strategy has consistently scored better on ESG risk management, exposure, and carbon intensity since inception. Our analysis suggests that the recent decline is based on an improvement in the benchmark score, particularly large stocks such as Apple, Meta Platforms, and Amazon.com.

# Climate Alignment Assessment



## Our Model



**6**  
Core Pillars

**49**  
Distinctive Metrics

**6**  
Different Vendors/  
NGO Data Sets

### Ambition

5 factors/5 sources  
(Bloomberg, CA100+,  
CDP, NZT, SBTi)

### Targets

9 factors/6 sources  
(Bloomberg, CA100+,  
CDP, NZT, SBTi, TPI)

### Emissions Performance

19 factors/2 sources  
(Bloomberg, CDP)

### Disclosure

8 factors/3 sources  
(Bloomberg, CA100+, TPI)

### Strategy

6 factors/3 sources  
(Bloomberg,  
CA100+, TPI)

### Capital Allocation

2 factors/4 sources  
(Bloomberg, CA100+,  
CDP, TPI)

As of 31 December 2025. For illustrative purposes only.

# Portfolio Management Team



**Louis Florentin-Lee**

Managing Director,  
Portfolio Manager/Analyst



**Barnaby Wilson**

CFA, Managing Director,  
Portfolio Manager/Analyst



**Evie Paterson**

Senior Vice President,  
Portfolio Manager/Analyst



**Olivia Tidd**

Vice President,  
Research Analyst



**Jessica Kittay**

CAIA, Managing Director,  
Portfolio Manager/Analyst



**Stephen Tong**

Director,  
Portfolio Manager/Analyst

**21 Years**

Average in the Industry<sup>17</sup>

**12 Years**

Average at Lazard<sup>17</sup>

# Important Information

## Notes

- 1 Includes Lazard research analysts only as of 31 December 2025
- 2 Source: Quality Investing, Lazard
- 3 Source: UBS HOLT FY24
- 4 Source: Experian Annual Report 2025
- 5 Source: Experian Financial Inclusion and Access to Credit report
- 6 Source: Experian's 2025 U.S. Identity & Fraud Report
- 7 Source: UBS HOLT FY24
- 8 Source: Experian Annual Report 2025
- 9 Source: Experian Boost webpage
- 10 Source: Holden et al., "Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 to 2050," *Ophthalmology* (2016)
- 11 Source: WHO Fact Sheet - Blindness and Visual Impairment (2023)
- 12 Source: WHO — World Report on Vision (2019)
- 13 Source: *Delhi Journal of Ophthalmology* (2022), "The Need of School Screening and Refractive Error Prevalence in Children"
- 14 Source: Company Sustainability Report FY24
- 15 Source: UBS HOLT FY24
- 16 Source: Company Sustainability Report FY24
- 17 Source: Lazard. As of 31 December 2025

Published on 19 February 2026.

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