

Global Governance Principles

Lazard Asset Management (“LAM”) is a fiduciary that seeks to manage client portfolios in a way that delivers strong investment performance and maximizes long-term shareholder value. Among other things, we believe this entails the assessment of value creation for multiple stakeholders (employees, customers, suppliers, communities and the environment).

Accordingly, consistent with our overall goal of maximizing shareholder return and understanding that every investment situation is unique, LAM has adopted the following broad governance principles. We will consider these principles when engaging with companies and voting proxies:

1. Board Independence

The primary job of the Board is to hire and evaluate the CEO, and to set corporate policies and objectives. In that regard the Board of a company should be sufficiently independent, diverse and have the appropriate collective skill set to undertake its stewardship role: to hold executive management to account, including on the development and implementation of strategy.

2. Board Accountability

The Board is accountable to the owners of the company, namely its shareholders. Engagement with shareholders should be a priority for the Board as well as management.

3. Board Make-Up

The experience and skills that each non-executive and executive director bring to their role and to the Board should be relevant to the company’s activities, disclosed to stakeholders and, when practicable, further cognitive diversity. Nominations processes should be transparent. Each board member should have sufficient time to fulfil their duties and should not be over-committed.

4. Audit Oversight

Shareholder capital is protected through independent and effective auditor oversight of company financials.

5. Shareholder Rights

Democratic shareholder rights, such as one share one vote, are favored.

6. Disclosure

Accuracy and transparency in disclosure are key conditions for accountability.

7. Integration of human and natural capital and corporate governance

The management of financial, governance and reputational risks and opportunities should be key priorities. This includes those risks and opportunities related to a company’s management of human and natural capital and corporate governance. We believe that this will enhance long-term financial returns.

8. Culture & Ethics

Corporations should strive to instill integrity and impeccable standards of business ethics. We believe that companies with a healthy corporate culture at their core will be more successful in the long-term.

9. Fair & Transparent Remuneration

Remuneration of management and the board should be fair and transparent. We believe that executives should earn rewards that are proportionate with the long-term value they generate for all stakeholders.

10. Sustainable Capital Allocation

In general, capital allocation decisions should prioritize the creation of long-term value. To the extent possible, these decisions should seek to minimize material negative social and environmental impacts. We believe the impacts of those decisions on stakeholders should be managed in a responsible way as we believe this can affect the value of a company.

Although these principles are not designed to change the operation or objectives of any investment process at LAM, we believe that they will help focus our research and enhance our decision-making. We commit to reviewing these principles on a regular basis, and adapting them as appropriate to achieve the best outcomes for our clients.

Important Information

All sources Lazard Asset Management unless otherwise noted.

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