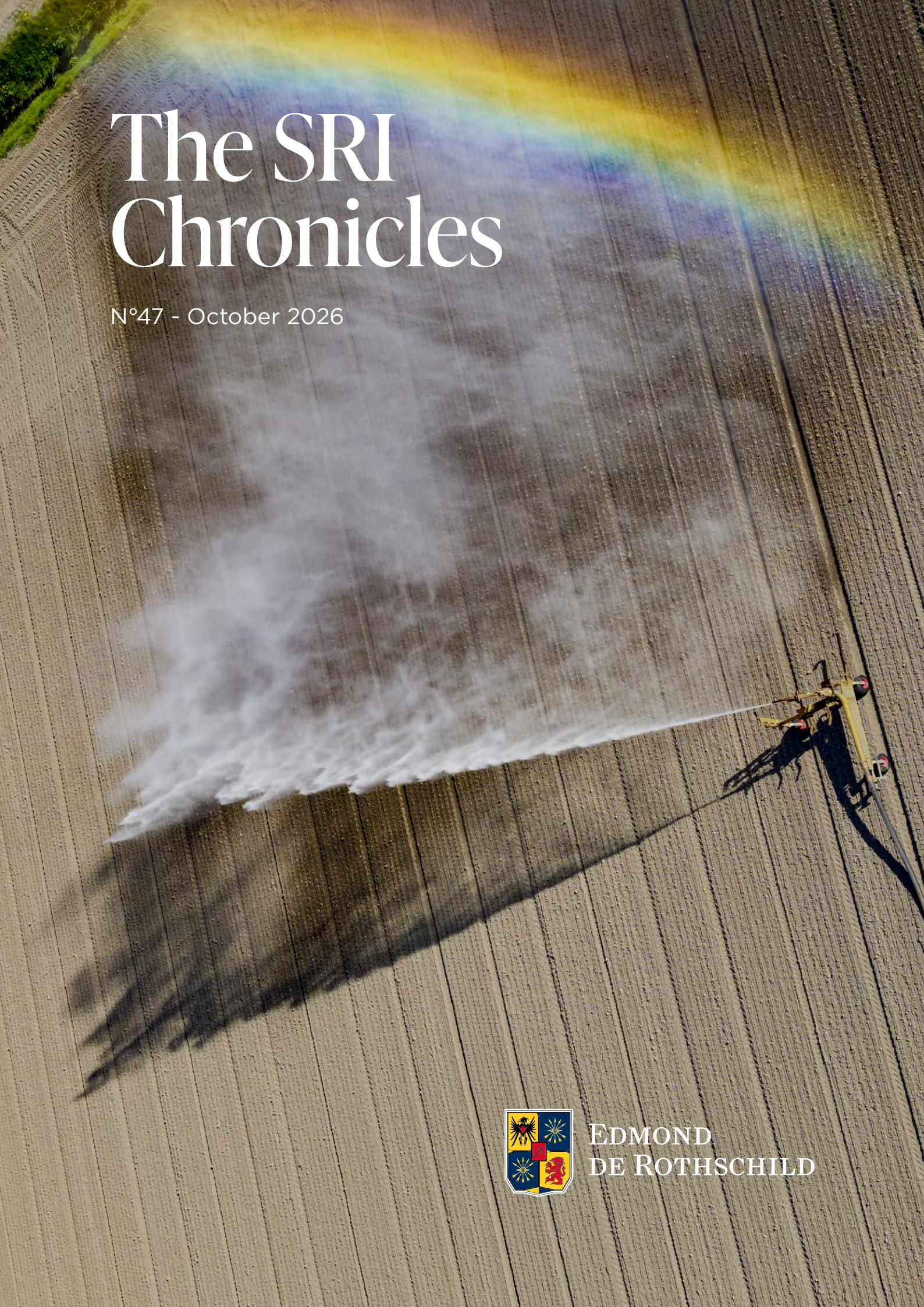
The SRI Chronicles

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Editorial 4

Economics and geopolitics to the rescue of COP 31.
by Jean-Philippe Desmartin

The responsible investment team in action 5

Addressing the challenges posed by an ageing population.

News 6

The summer 2026 heatwave: a climate and human record for Europe.

From an academic point of view 8

Coordinated engagements: is leadership the key to collective action?
by Oğuzhan Karakaş, Elroy Dimson and Dr. Xi Li

Company meetings 12

Focus on Zurich Insurance.

Recommended reading 13

The Lehman Trilogy by Stefano Massini

The BRIDGE team in action 14

Project Ampere.

Economics and geopolitics to the rescue of COP 31.



Jean-Philippe Desmartin
Head of the Responsible Investment Team

Multilateralism has never been so challenged since the creation of the United Nations at the end of the Second World War. However, the COPs are the result of global agreements under the aegis of the United Nations. In this context, hopes may seem slim for the next COP 31 scheduled to take place in Antalya, Turkey, from 9 to 20 November, a few days after the "Midterms" elections in the United States (3 November).

Turkey has the capacity to discuss with all governments (the West, Global South, etc.) but its leadership has historically been weak on climate issues. Australia, in competition with Turkey to host the next COP, has obtained the presidency but its contribution is difficult to assess at this stage. On the side of governments and potential global progress, things look difficult. The United States, the 2nd largest emitter after China and ahead of India, will be in the empty chair for the second year in a row and, without any effort at discretion, is encouraging other countries not to participate. Oil and gas exporting countries will be all the more confident in helping to slow down any commitment to reducing GHG emissions from fossil fuels (about 80% of the global challenge). The issue of financing will also be a complicated subject at a time when the UN is facing arrears of several billion dollars for its own financing.

So, is all hope lost? No, because an economic and geopolitical dynamic has been underway since March 2026. The war in Iran is creating a period of rising fossil fuel prices and raising the question of access to supply for entire continents such as Africa, Asia (excluding the Middle East) and Europe. The world is realizing first-hand that fossil fuels can also become "intermittent" and dependent countries (governments, consumer citizens and private sectors) are reacting by taking a closer look at the Chinese experience curve in terms of energy transition. As a result, outside the United States, sales of electric vehicles (Latin America, Europe, etc.) as well as solar panels (Africa, Asia, etc.) have exploded since last March, with growing challenges of capacity and continuity of electricity distribution networks.

"The world is realizing first-hand that fossil fuels can also become "intermittent" and dependent countries (governments, consumer citizens and private sectors) are reacting by taking a closer look at the Chinese experience curve in terms of energy transition."

COP 31, which advocates a transition involving the reduction of the use of fossil fuels AND massive investments in decarbonization solutions such as energy efficiency, renewable energies, electrification and green hydrogen, is not only an environmental and social challenge. The transition that China has already largely begun is also an economic and energy sovereignty challenge to reduce dependencies. During COP 31, we could therefore see progress by blocs of countries (Europe, Japan, Australia, etc.) and/or economic sectors that will partially respond to the economic and geopolitical challenges posed in terms of energy. Above all, we can reasonably expect to see concrete progress on solutions (opportunities, renewables, etc.) in the face of the fronts opposing the reduction of GHG emissions (risk component).

Enjoy your reading!

Sustainable Finance and Responsible Investment Chair

FIR FORUM POUR L'INVESTISSEMENT RESPONSABLE

PRI Principles for Responsible Investment

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Addressing the challenges posed by an ageing population.

The ageing of the population is one of **the main structural demographic changes** facing our societies. It is accompanied by an increase in situations of loss of autonomy, increased use of care and medico-social support systems and profoundly questions the sustainability of our social protection systems. A few key figures illustrate this. In France, between 2021 and 2031, the increase in the number of 75–84-year-olds is expected to be close to 50%[1]; 1 in 4 working people will be carers in 2030[2]; the number of people with a loss of autonomy could increase from 2.2 to 4 million by 2050[3].

Beyond the question of financing the elderly, **the associated issues** are therefore multiple: prevention and health, adaptation of housing and territories, support for caregivers, social ties and inclusion, mobility and autonomy, etc.

In June 2026, as we did in 2024 about disability, Edmond de Rothschild Asset Management responded positively to the call to participate in the work of an **"Ageing Well" working group of the FIR** (Forum for Responsible Investment). This group is jointly led by FIR, the CDC and Colville Capital Partners.

The work is organised into three sub-groups, structured by types of actors to be heard: Companies (listed and unlisted) / Institutional and investors / Public actors and civil society (public authorities, associations, trade unions and academics). This work will focus on a French scope. **Edmond de Rothschild Asset Management is co-leader of the Corporate sub-group.**

This Working Group aims to structure a market reflection on ageing, autonomy and responsible investment. Three objectives have been defined:

— Translating a social issue into an impact theme: creating a shared framework to position ageing well as an impact investment theme through better identification of risks and opportunities.
— Establish a methodological framework and a base of indicators that can be taken up by ESG data providers and transcribed in the CSRD.
— Propose a framework of engagement to structure the dialogue with the companies exposed.

A restitution of this work is planned for the second half of 2027.

1, 2, 3: Source: INSEE

The summer 2026 heatwave: a climate and human record for Europe.

The summer of 2026 will remain as the hottest ever recorded in Western Europe, even surpassing the historical reference of 2003. According to the European Copernicus Climate Change Service (C3S), the combined average temperature of June and July in Western Europe reached 21.62 degrees, 2.79 degrees above the 1991-2020 average, while August 2026 emerged as the hottest month ever measured globally, with an average temperature of 16.96 degrees. Globally, the period June-August 2026 equals 2024 as the hottest summer season on record.

Carlo Buontempo, director of C3S, summed up the situation in no uncertain terms: "We have not experienced such a climate in our lifetime and perhaps not even since the advent of our civilization."

A heavy human toll

These thermal records have resulted in exceptional mortality. According to provisional data from the EuroMomo monitoring platform, relayed by AFP, more than 35,000 excess deaths were recorded in Europe during the summer. An AFP count covering eight countries (Austria, Belgium, England, France, Germany, the Netherlands, Portugal and Spain) reports 33,000 deaths directly or indirectly linked to heat. The last week of June was the deadliest, with nearly 16,000 excess deaths.

France recorded about 7,300 excess deaths related to the heatwave, 75% of which concerned people aged 75 or over.

Drought, wildfires and infrastructure under strain

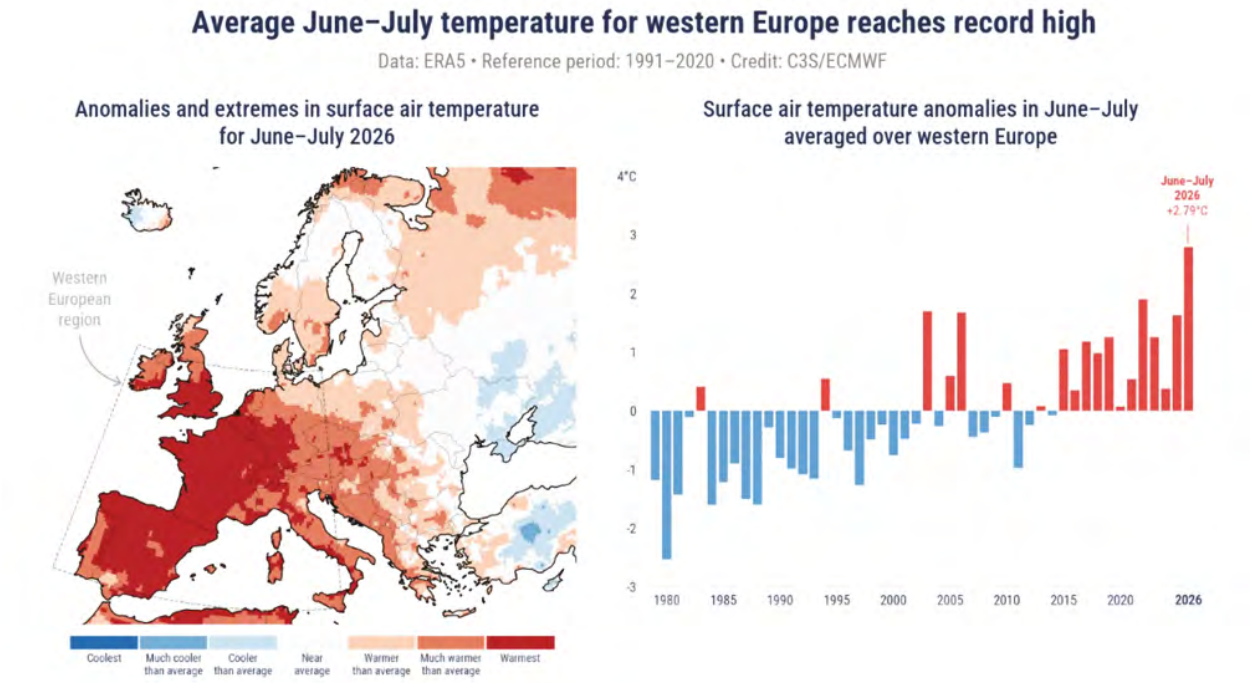
The heat was accompanied by a marked drought. In July, 95% of the French metropolitan territory and 99% of Switzerland were in a drought situation, levels not seen since the creation of the European Drought Observatory in 2012. Several major rivers have reached historic lows: the Rhine in Germany, which is threatened with becoming impassable for river transport, as well as the Danube and the Vistula in Poland. The drop in the flow of the Danube even led Hungary and Romania to consider, at the end of July, the temporary closure of nuclear power plants dependent on its cooling water.

"Europe remains the fastest warming continent in the world, which explains the disproportionate intensity of the heat waves observed compared to the global average."

Forest fires also marked the season. In France, the fire that affected the Gironde is now the second largest forest fire recorded in France since 1949, while more than 10,000 hectares of pine forest have been destroyed by a fire northwest of Athens.

A phenomenon destined to repeat itself

Scientists agree on the origin of the phenomenon: human-caused global warming, amplified this year by the development of an El Niño episode in the Pacific. Europe remains the fastest warming continent in the world, which explains the disproportionate intensity of the heat waves observed compared to the global average. The European meteorological services are now calling for these episodes to be considered no longer as exceptions, but as a new climate standard to which infrastructure, health systems and agricultural practices will have to adapt sustainably.



Sources: Copernicus Climate Change Service (C3S), Agence France-Presse (AFP), EuroMomo platform, World Health Organization (WHO).

Shareholder engagement: is leadership the key to collective action?

Shareholder engagement on environmental and social issues has grown rapidly among institutional investors, yet coordinating dozens of participants around a shared objective is far from straightforward. Free-riding, diverging priorities and a lack of accountability can all weaken a coalition's bargaining position with the companies it targets. Until recently, however, little empirical evidence existed on whether the way a coalition is organised, rather than simply its size or the assets behind it, actually affects the outcome of an engagement.

Collective engagement typically brings together investors of very different sizes and levels of commitment under a single campaign. Some participants sign a joint letter and follow developments from a distance, while others may take on a more active role in leading dialogue with the target company. Traditionally, this distinction has received little formal attention: engagement success has largely been attributed to the number of investors involved or the assets they collectively represent.

This article explores a different explanation. It examines unique data from the Principles for Responsible Investment (PRI) Collaboration Platform, the main venue through which the world's largest network of responsible investors organises joint dialogue with companies on issues ranging from carbon disclosure to labour standards, to understand whether formal leadership, rather than sheer numbers, is what makes a coalition effective, and what this means for the investors who choose to lead.

Leadership as a coordination mechanism

At first glance, the added value of naming a formal leader within a coalition of dozens of institutions may seem marginal. All participants, after all, share the same objective and, in principle, access to the same public information about the target company. How, then, could designating one or several lead investors meaningfully change the odds of success?

The authors' answer draws on an established idea in economic theory: a leader who holds an informational or reputational advantage can improve a group's outcome simply by committing visibly to the effort, which in turn reassures other participants that the campaign is worth supporting. Without such a figure, coalitions tend to settle for a weaker, second-best outcome, even when information is otherwise shared symmetrically among members, a pattern consistent with the classic free-rider problem in team production.

The PRI Collaboration Platform offers an unusually clean setting to test this idea. Between 2007 and 2015, 224 investment organisations from 24 countries, together managing 23 trillion dollars in assets as of 2017, took part in 31 coordinated engagement projects targeting 960 listed companies across 63 countries. Crucially, it was the PRI Secretariat, not the investors themselves, that determined how each project would be organised:

— in a two-tier structure, one or several lead investors took formal responsibility for driving dialogue with the target company, supported by a wider group of signatories;

— in a single-tier structure, all participating investors held equal standing, with no designated leader coordinating the campaign.

Of the 31 projects studied, 15 adopted the two-tier model. Success, in each case, was assessed against project-specific criteria set jointly by the PRI Secretariat and participating investors, such as improved disclosure, a revised corporate policy or a measurable change in a company's scorecard. Two examples from the sample illustrate the contrast well. A 2011 single-tier campaign brought together 13 signatories to press 91 companies on weak carbon disclosure through a joint letter, with no investor formally in charge. A 2012 engagement on employee relations, by contrast, was run by a dedicated steering committee of 11 lead signatories, who commissioned independent research, built scorecards and directly managed dialogue with 25 retail companies across 14 countries on behalf of a much larger supporting group.

The results are striking. Across 1,077 individual engagements with recorded outcomes, the raw success rate reaches 72.6 percent for two-tier engagements, against 32.8 percent for single-tier ones. After controlling for differences in target companies, engagement topics and coalition composition, the estimated advantage of having a formal leader remains at 23 to 31 percentage points, a large effect given an average success rate of 52.7 percent across the full sample. The result holds regardless of how long the investors involved had already been engaging together, ruling out simple learning effects as the explanation.

“Formal leaders appear to improve coordination, contribute local information and lend credibility to the engagement process, turning a loosely aligned group of investors into a genuinely coordinated campaign.”

Two channels of influence

Not every investor is equally suited to a leadership role, and the paper identifies two distinct channels through which leadership improves outcomes. The first is informational: leaders headquartered in the same country as the target company achieve noticeably higher success rates, an advantage that becomes more pronounced when

the target operates in an opaque or less transparent information environment. The second is reputational: engagements led by investors with strong track records, particularly those based in countries with well-established societal norms around environmental and social issues, are more likely to succeed.

Among the 224 collaborating investors, only 90 ever stepped into a leadership role, and they share a consistent profile: larger stakes in the target company, more developed internal engagement processes, and broader participation in other collaborative initiatives. Leaders are also markedly less likely to take on a new leadership role while already leading another ongoing project, a sign that leadership is a genuinely costly commitment rather than a symbolic title.

Lessons from the data

Beyond engagement outcomes narrowly defined, the study also traces what happens to target companies financially, and to the investors who lead. Relative to pre-engagement levels, companies targeted through two-tier engagements record an estimated 4.7 percentage-point increase in annual abnormal returns and a 0.9 percentage-point increase in return on assets during the first two years, rising to 9.4 and 2.3 percentage points respectively by the third year. Single-tier engagements show no comparable shift in either measure. Several robustness tests suggest that superior stock selection and mean reversion are unlikely to explain these results, lending support, though not definitive proof, to the idea that well-led engagement itself contributes to the improvement.

For investors, leadership also carries a commercial dimension. Participation in a successful engagement is associated with an 18.3 percent increase in subsequent fund flows, while unsuccessful engagements show no such effect, suggesting that clients reward outcomes rather than mere participation. Separately, prior leadership experience is associated with an additional 8.9 percent increase in fund flows, regardless of whether the engagement led was itself successful, indicating that clients also value the costly signal that leadership itself sends.

Taken together, the findings suggest that the effectiveness of collective engagement depends less on the number or combined assets of participating investors than on how responsibilities are distributed within the coalition. The results also speak to a broader debate in responsible investing, between a value-based view, in which engagement is treated as a tool for risk management and value creation without an inherent trade-off against returns, and a values-based view, more closely tied to exclusionary screening. The evidence here is consistent with the value-based reading, since well-led engagement appears to combine improved financial performance with measurable progress against predefined objectives, a distinction the authors connect to ongoing debates about the compatibility of environmental and social engagement with investors' fiduciary duties.

For asset managers and asset owners considering collaborative initiatives, the practical implication is not that every campaign requires the same structure, but that clear accountability, relevant local expertise and adequate stewardship capacity are what ultimately turn a coalition into effective collective action, and what clients appear willing to reward when investors step forward to lead rather than simply join.

Authors



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Dr. Xi Li is an Associate Professor of Accounting at the London School of Economics. She earned her PhD in Accounting from the London Business School and specializes in financial reporting and disclosure, corporate social responsibility (CSR), and shareholder engagement on environmental, social, and governance (ESG) issues. Her research has been published in leading accounting and finance journals and has received numerous awards, including the First Prize in the Brandes Institute Research Paper Contest, the International Centre for Pension Management (ICPM) Research Award, the Moskowitz Prize for Socially Responsible Investing, and the FIR-PRI Award for Best Published Research Article. Her work has been cited by major media outlets and referenced in regulatory documents. Dr. Li also serves on the Technical Advisory Board Member of the Transition Pathway Initiative Centre and is a research fellow at both the Centre for Endowment Asset Management at the Cambridge Judge Business School and the European Corporate Governance Institute (ECGI).

ELROY DIMSON, OĞUZHAN KARAKAŞ and XI LI, "Coordinated Engagements", 15 April 2026, Journal of Finance, upcoming publication.

Focus on Zurich Insurance.

The insurance industry has increasingly been exposed to climate risks in its two main activities: underwriting policies, typically for corporate customers—some of whom are active in carbon-intensive industries or invest in legacy energy assets—thus adding exposure to business models directly challenged by the energy transition; and investment activities, where a portion of assets is exposed through liquid markets, real estate investments, and infrastructure funds.

Founded in 1872, initially providing reinsurance policies, Zurich Insurance has grown to become one of the largest primary insurance providers, with an established presence in developed economies across Europe, America, and Asia. Among its peers in the multi-line insurance business, Zurich Insurance's identification and integration of climate risks is best-in-class. Its continued commitment to the NZAOA, executive remuneration materially linked to relevant climate targets, assessment and transparent disclosure of physical risk exposure in both underwriting and investment portfolios, and recognition as an engagement leader both upstream and downstream offer a refreshing contrast in a sector marked by backtracking, dropped targets, and reduced climate data disclosure. We also highlight the strength of its governance, with an independent board overseeing an experienced and diversified management team, steering the group in a clear direction since 2016.

One dark spot remains, following the corporate wave that began in 2025: the withdrawal of its commitment to set SBTi targets aligned with a 1.5°C pathway.

The information about the companies cannot be assimilated to an opinion of Edmond de Rothschild Asset Management (France) on the expected evolution of the securities and on the foreseeable evolution of the price of the financial instruments they issue. This information cannot be interpreted as a recommendation to buy or sell such securities.

Environment

Air quality continues to improve in Europe.

EU standards for fine particulate matter (PM2.5) and nitrogen dioxide are now met in most areas of the continent.

Source: European Environment Agency (EEA), April 2026

Social

2.1 billion moderately to severely food insecure people.

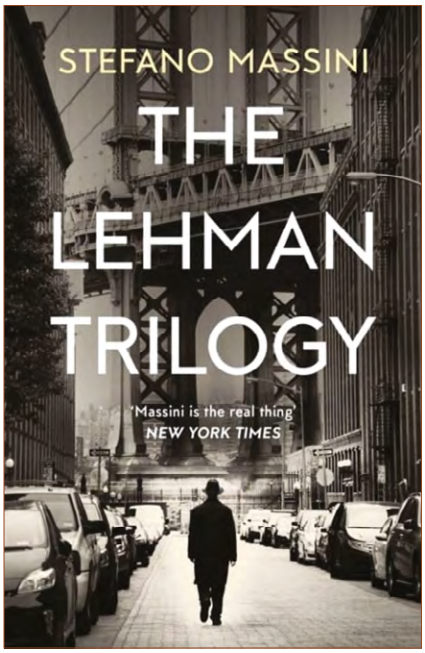
These people have had to reduce the quantity or quality of their diet at times in 2025.

Source: FAO, IFAD, UNICEF, WFP, WHO - SOFI Report 2026

How individual ambition becomes a collective mechanism.

To retrace the history of Lehman Brothers, and more broadly of the rise of capitalism, in free verse: this is Stefano Massini's challenge. In this long epic poem, he recounts the arrival of the three Lehman brothers in America in 1844, the development of their fabric store in Alabama, then their conversion to the cotton, coffee and oil trade, until making their name one of the temples of Wall Street.

This family fresco, which spans the Civil War, the abolition of slavery, the Great Depression and world conflicts, follows the evolution of American society as much as the intimate torments of its protagonists: the nightmares of one, the tenderness of the other, the fractures of transmission. With humour and virtuosity, Massini shows how individual ambition becomes a collective mechanism, sometimes blind to the human and social costs of prosperity. A prolific work, at once a family saga, an economic chronicle and a very topical interrogation of the excesses of finance.

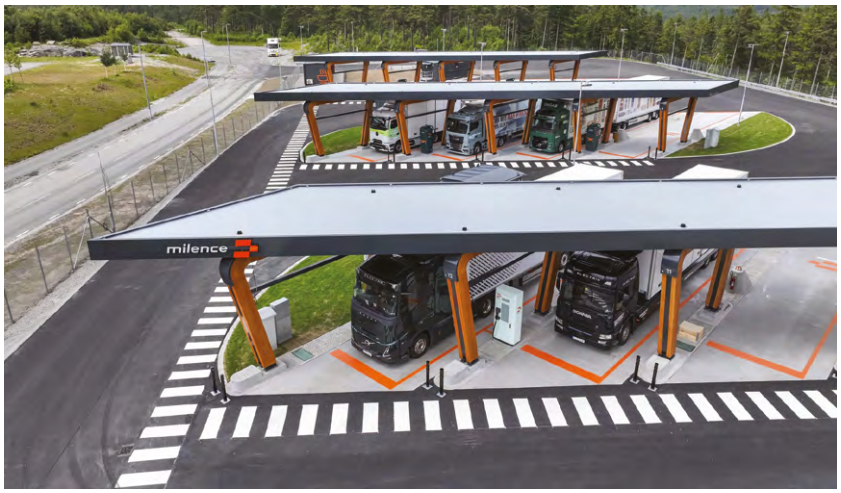


The Lehman Trilogy
by Stefano Massini

Project Ampere.

Project Ampere is the inaugural debt financing of Milence, an early-stage Pan-European public charging network dedicated to electric heavy and medium duty trucks. Milence is a joint venture between Europe's three leading truck manufacturers, Volvo, Daimler Truck and TRATON, which together account for c.70% of the European truck market and have committed EUR 500m of equity. BRIDGE structured a EUR 120m senior secured capital solution to compliment the EUR 500m of committed shareholder equity and help fund the roll out of 70 new sites. Further, BRIDGE anchored the facility with a EUR 70m ticket. The transaction was signed on 30 April 2026.

Milence refuelling station



The project addresses one of the most challenging segments to decarbonise: road freights. etrucks are the leading solution as battery electric trucks correspond to greenhouse gas emission saving of 65%+ over their life cycle compared to a conventional diesel truck; emission savings increase above 90% if only renewable electricity is used[1]. The main constraint to electrifying trucking fleets has shifted from the trucks to the supporting infrastructure as the latest generation of etrucks allow for driving ranges of 700+ km on a single charge. Yet long-haul electrification depends on a continuous network of charging sites and rapid charging to eliminate driver down time.

Further, binding EU CO_2 standards require new trucks over 7.5 tonnes to cut emissions by 43% from 2030, and 90% from 2040, creating a strong regulatory runway for truck electrification. As OEMs are rolling out the latest generation of eTrucks, the challenge is no longer the vehicles, but the lack of megawatt scale charging infrastructure along key logistics corridors, where grid capacity is scarce and desirable sites are being secured early.

32	8.46 GWh	100 %
dedicated truck charging sites	of electricity on an annual run rate basis sourced	renewable electricity

At signing, Milence operated 32 dedicated truck charging sites delivering 8.46 GWh of electricity on an annual run rate basis sourced, wherever possible, with 100% renewable electricity, alongside onsite battery storage and solar PV. The financing helps fund a future proof infrastructure solution for freight operators facing growing emissions reporting and Scope 3 commitments and is a flagship deal for BRIDGE's contribution to the energy transition.

Aligning the financing to BRIDGE's strict commitment to ESG, the facility agreement embeds an Environmental and Social Action Plan (ESAP) that outlines an overarching framework including site-level emergency preparedness plans addressing wildfire and flood risk, a certification roadmap covering certain environmental, health and safety and quality management standards, and an end-of-life strategy for installations.

1. Adrian O'Connell, Nikita Pavlenko, Georg Bieker, Stephanie Searle; "A Comparison of The Life-Cycle Greenhouse Gas Emissions of European Heavy-Duty Vehicles And Fuels"; The International Council on Clean Transportation; February 2023; https://edrchlu.isolation.menlo/doc/docview/viewer/docN9540EDDB2276bf71eadc5bb-d611aafb1c4c0f9c65c8f3a5e4af69222a2b5c79bb375ef359e3b

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