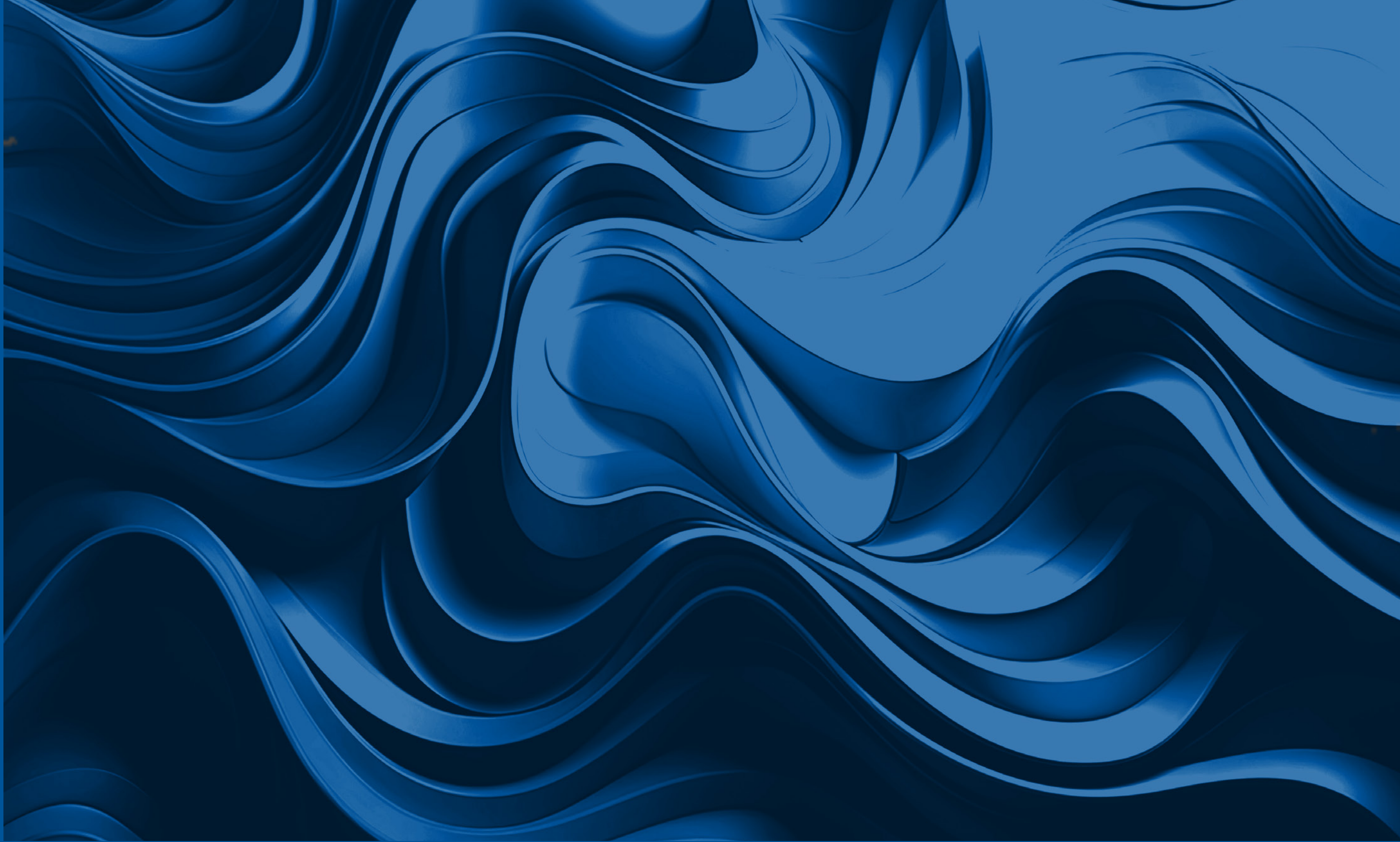

Task Force on Climate-Related Financial Disclosures (TCFD)

• UK Entity Report 2024

LAZARD
ASSET MANAGEMENT

Contents

Message from our UK CEO

Jeremy Taylor

Managing Director,
Chief Executive Officer,
Lazard Asset Management Limited

Lazard, Inc. (Lazard) is one of the world's premier global financial advisory firms and investment managers. With a storied history, Lazard has consistently delivered trusted financial advice and investment solutions through our two specialised divisions: Lazard Asset Management LLC (LAM) and Lazard Financial Advisory.

LAM encompasses various entities, including our regulated UK-based asset management subsidiary, Lazard Asset Management Limited (LAML).

Our clients rely on us to monitor and provide solutions that address the risks and opportunities facing their businesses and investments. Prominent among these risks and opportunities are those created by climate change. Preparing for the long-term impacts of the physical effects of climate change and the transition to a low-carbon economy is a focus for our clients and stakeholders.

Our approach to climate issues is framed by our view that integrating financially material climate considerations into our investment decision-making and risk-management processes can lead to superior investment outcomes, consistent with our fiduciary responsibilities to our clients.

We seek to analyse trends and developments related to climate change to the extent that they impact investment outcomes. This includes conducting independent fundamental analysis and engaging with leaders in business, government and academia to deepen our understanding of climate change and assess its potential impacts on both our business and clients. Climate-related factors are also an important component of our stewardship responsibilities, reflected in our company engagements and proxy voting activities. We believe our portfolio companies will perform better if they are better prepared for climate change.

Engagement remains an essential tool for navigating the growing volume of ESG data, helping us cut through "greenwashing" and understand the "why" behind the trends revealed by data. As concerns over litigation and regulatory scrutiny lead to a reduction in greenwashing, the shift toward "greenhushing"—where companies disclose less information—poses new challenges. In this context, direct dialogue with companies will become even more critical in understanding how they adapt to a world undergoing unprecedented environmental and societal change.

Task Force on Climate-Related Financial Disclosures

We are pleased to present LAML's annual UK entity report, prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). By supporting the TCFD framework, we aim to contribute to the standardisation of climate-related reporting and disclosures across financial markets, thereby addressing systemic risk, and enhancing the market's ability to price carbon-related risks more effectively.

We hope you find this report a useful summary of our climate-related investment policies and our approach to evaluating climate-related risks and opportunities when investing on behalf of our clients.

Introduction

LAML's TCFD Entity-Level Report has been prepared in accordance with the recommendations of the Financial Stability Board's TCFD and the ESG Sourcebook in the Financial Conduct Authority (FCA) Handbook.

This report is issued at the entity-level for and on behalf of LAML and Lazard Fund Managers Limited (LFM). LFM is a wholly-owned subsidiary of LAML and serves as the Authorised Corporate Director (ACD) for the Lazard Investment Funds, the UK UCITS Funds. LAML is the Investment Manager to the ACD in respect of all the Sub-Funds. LAML is also authorised and regulated by the FCA as a MiFID Investment Firm, providing portfolio management and advisory services to institutional clients.

LAM's approach to the management of climate risks is set out in our Sustainable Investment policy and ESG Integration policy.[1]

The report is broken down into four sections, in accordance with the recommendations of the TCFD guidance:

Governance: Outlines our organisation's governance around climate-related risks and opportunities.

Strategy: Explains how climate-related risks and opportunities are incorporated into our investment products as well as the potential impacts of climate-related risks and opportunities on our organisation's businesses, strategy, and financial planning.

Risk Management: Covers the processes implemented by our organisation to identify, assess and manage climate-related risks.

Metrics and Targets: Used to assess and manage material climate-related risks and opportunities.

Please note all data in this report is as of 31 December 2024.

Governance

Lazard Asset Management Governance Structure

Our governance structure helps ensure LAM's commitment to sustainable investment is reflected in relevant policies and processes. The following is a summary of our key oversight bodies.

LAML / LFM Board of Directors

The UK business of Lazard Asset Management consists of two operating entities: LAML and LFM. The board of directors of each entity is responsible for the oversight of all activities relating to the UK business. Each board works closely with the other management bodies in the Lazard Asset Management Group. Certain LAML and LFM directors are also members of the global committees outlined below, which helps ensure a consistent approach to the discussion of issues and implementation of strategy.

Executive Leadership Team

LAM's Executive Leadership Team (ELT) is responsible for global oversight of the business and setting strategy, while facilitating coordination across LAM's dedicated management groups. These groups are responsible for oversight of our key business areas, including Investment Management, Sales & Marketing Management, Infrastructure Management, and Strategic Growth. The ELT comprises a dynamic group of senior leaders with a broad range of investment, distribution and business skills, including our CEO, COO, and senior investment and distribution professionals.

The ELT, working with the relevant Management Groups and the Global Head of Sustainable Investment and ESG, is responsible for oversight of the firm's Sustainable Investment and ESG strategy and objectives, including its climate strategy. It also reviews firm-wide sustainable investment and ESG policies and reports, including LAM's ESG Integration and Sustainability-Focused policy, and LAM's Net Zero Asset Management commitment. The ELT also oversees compliance with relevant regulations, including the Sustainable Finance Disclosure Regulation (SFDR). They are supported by the Global Head of Sustainable Investment & ESG and other senior members of the team who provide the ELT with regular progress updates.

Led by the CEO, our ELT is committed to addressing climate-related issues through robust governance and collaboration. The Global Head of Sustainability & ESG works closely with the CEO and COO to regularly review and implement key policies, such as the Sustainable and ESG Integration Policy and the Climate Change Investment Policy. These initiatives are further supported by the Head of ESG Data, who has enhanced data management capabilities by integrating an advanced platform to improve portfolio monitoring and data accuracy.

A cornerstone of these efforts is our proprietary ESG data portal, Eleven, which tracks, measures, and reports on portfolios' carbon performance and other sustainability metrics. By aggregating over 70 data points—such as regulatory metrics (e.g., Principal Adverse Impact Indicators under SFDR and EU Taxonomy) and proprietary scores—the platform provides comprehensive insights for investment professionals and client servicing teams. Tools such as the ESG and Net Zero Dashboard make it easier to access and visualise this data, helping prioritise climate-focused engagements across strategies.

We continue to enhance Eleven's capabilities to align with evolving regulatory requirements and the needs of our stakeholders. Beyond streamlining ESG analytics, the platform has improved the integration of sustainability insights into the investment process, enabling us to identify risks, uncover opportunities, and better align portfolios with our climate goals.

Climate-related risks are embedded within our Enterprise Risk Management framework, where appropriate, to assess their potential relevance to business operations and financial performance. This process may include scenario analysis and stress testing to evaluate potential impacts on our operations and financial performance.

We regularly review and update our governance framework to respond to new information and stakeholder feedback. This iterative process ensures that we remain resilient and adaptive to the dynamic landscape of climate-related risks and opportunities.

Investment Management Groups

LAM's investment function is overseen by three Investment Management Groups, organised by investment specialty: Fundamental Equity, Fixed Income, and Quantitative/Multi-Asset/Alternatives. These groups are responsible for the oversight, day-to-day management and coordination of our investment teams. Their responsibilities include the regular review of investment strategies, investment processes and risk controls (including ESG) to help ensure the effectiveness of our research and trading capabilities. They also focus on investment talent, retention, growth and development at LAM. As needed, these groups may delegate specific issues to other management groups or departments.

The Investment Management Groups include senior professionals from various areas across LAM's investment function, including portfolio management, research, and Sustainable Investment & ESG functions. The Global Head of Sustainable Investment & ESG, together with senior members of the Sustainable Investment & ESG team, is periodically invited to provide updates to and solicit feedback from all three Investment Management Groups on relevant matters.

Global Active Ownership Committee

In December 2023, the firm consolidated its legacy Global Proxy Committee and Stewardship Committee to establish LAM's Global Active Ownership Committee. This committee is designed to align proxy voting and engagement, recognising that they are interlinked and integral to the effective stewardship of our clients' capital.

The Global Active Ownership Committee includes executive leadership and representatives from our three regional research platforms, Sales and Distribution, Sustainable Investment & ESG, Proxy Operations and Legal and Compliance teams. Additionally, the Committee comprises members from key investment strategies, including representation from the Quantitative Equity platform.

The Global Active Ownership Committee oversees LAM's Global Proxy and Stewardship Policy. It also considers the reputational and business risk related to stewardship activities, considering both actions where we actively engage in or support, and instances where we refrain from participation.

During the year, the Committee's efforts were aligned with LAM's three overarching stewardship objectives:

1. **Demonstrate the value of fundamental research**, highlighting how fundamental research, including engagement, influences on voting decisions.
2. **Evidence high quality, outcome-oriented engagements** that either influence our investment decision-making and/or drive real-world outcomes.
3. **Meet evolving stakeholder expectations** and provide transparency on our stewardship activities.

The Committee met quarterly throughout 2024. It ended the year by reviewing progress made on firm-wide stewardship activity over the last three years and identified priorities for 2025, ensuring alignment with strategic goals and stakeholder expectations.

Sustainable Investment Team

LAM's Sustainable Investment & ESG team is responsible for setting the firm's sustainable investment goals and helps oversee overall development and implementation of our Sustainable Investment policies, including those related to climate change. The team works closely with investment professionals, risk management, and other stakeholders to integrate financially material sustainability considerations into LAM's investment processes and strategies. The team is led by Jennifer Anderson, who serves as the Global Head of Sustainable Investment & ESG.

The team comprises 13 members, including our Global Head of Sustainable Investment & ESG, as well as domain experts across Research, Stewardship, Data & Analytics, and Client Intelligence.

Climate Change Investment Policy

We recognise climate change as a global structural trend that presents risks and opportunities to many businesses and economies. Our Climate Change Investment Policy seeks to incorporate considerations related to climate change into relevant investment research and decision-making. This policy is governed by three pillars:

1. Climate-integrated research.
2. Climate-focused engagement
3. Transparency, disclosure, and reporting on climate issues.

For further details, please refer to our **Climate Change Investment Policy**.

Strategy

Business Strategy & Operations

At LAM, we evaluate climate-related risks in our own operations and across our business. While climate-related risk considerations are expected to have a limited impact on our physical operations, they are interconnected with other types of risk we may face.

As part of our enterprise risk management, we consider climate-related risk assessments provided by our insurer for the buildings we own and the spaces we lease. These assessments help evaluate physical risks, such as flooding, storms, and other extreme weather events. While such events occasionally impact employee commutes or business travel, our investments in technology and our hybrid work structure—where employees work from home two days a week and in the office three days a week—help ensure continued productivity and operational resilience.

Climate-Related Risks and Opportunities

We believe identifying and seeking to address climate-related risks is crucial for LAM's business. We continue to evaluate our exposures to physical and transitional climate risks from a corporate perspective.

Additionally, climate change presents significant strategic investment opportunities. LAM's business leverages sustainability-focused strategies to capitalise on these opportunities, aligning with our clients' increasing demand for products that address and benefit from structural shifts in the global economy.

With respect to LAML, we consider the following risks and opportunities as the most relevant:

Risk	Time Horizon	Description
Transition—Regulatory Pressure/Policy	Short-Medium Term	Regulatory and legal risks resulting from more stringent climate reporting and disclosure requirements which differ across regulatory bodies and countries.
Transition—Market and Customers	Short-Medium Term	Portfolio investment risk resulting from changes in financial market sentiment or actual performance results stemming from changing market demand, regulatory requirements, or cost of capital and investment.
Transition—Market and Customers	Short-Medium Term	Risks impacting assets under management, and therefore asset management business revenues, due to fluctuations in portfolio market values stemming from materialised portfolio investment risks and opportunities, and/or asset flows stemming from changing consumer preferences.
Transition—Market and Customers	Long-Term	Management of climate-related risks and opportunities, including the achievement of climate-related targets and initiatives across our business strategies, investment processes, and operations.
Transition – Market and Customers	Long-Term	Delivering on our commitment to the Net Zero Asset Manager's initiative which aims to achieve a goal of net zero emissions by 2050 by: (1) engaging with companies transitioning and reducing climate impact to drive organic decarbonisation, and (2) investment in companies providing technology solutions that facilitate the energy transition.
Physical—Acute	Short-Medium Term	Physical risk from extreme weather events, including intensified storms, which may impact the buildings in which Lazard operates and, as a result, could disrupt our business.
Physical—Chronic	Long-Term	Risk of increased insurance premiums and operational costs due to a higher likelihood of building damage from storms, flooding, or other natural disasters.
Transition—Reputational	Long-Term	Reputational risk from stakeholder perceptions of our business and its role in making investment decisions based on climate-related changes in market factors, such as commodity prices, cost of capital, and valuation of assets and liabilities.

We seek to leverage our capabilities across LAM to assist clients who are interested in addressing environmental and climate-related risks through tailored solutions, including support for their transition and resiliency planning. Additionally, we aim to contribute to industry and market dialogue on the pace of change related to climate issues, integrating financially material findings from these discussions into our strategies where appropriate. This includes understanding regional disparities, financing gaps, and the critical distinction between energy addition and a true transition.

Operations

At LAML, we consider sustainable practices in our procurement and business activities. We aim to incorporate environmental sustainability and energy preservation considerations in our office building design, renovation, and choice of location. We are conscious of our environmental footprint as it relates to physical assets, business continuity planning, and remote-access infrastructure. Our investment in video conferencing technology helps to reduce travel-related emissions, and we partner with vendors who can track and report on our travel emissions.

In 2025, we moved our offices to a new building with high sustainability ambitions, targeting health, well-being, and safety, low CO2 design, and circularity, with the aim of achieving WELL Platinum and BREEAM Excellent ratings. The building makes use of renewable energy from solar panels on the roof and a rainwater harvesting system. It adheres to the UK Green Building Council framework for net-zero carbon emissions and uses recycled, long-life materials with reduced replaceability across floors, walls and ceiling finishes, with water efficient taps, showers, and fixtures in place throughout. For the reporting period, the firm was accredited with a ISO14001 and Planet Mark Certification.

As an asset management firm, the primary climate risk of our business predominantly resides within our investment portfolios. We remain committed to integrating financially material climate-related risks and opportunities into our investment processes to ensure long-term value creation and resilience for our clients.

Investments

We look to address climate-change risk by evolving proprietary climate-related frameworks, models, and methods analysis, the stewardship of client capital through allocation, engagement, and proxy voting, and by offering a range of investment products that consider and/or integrate sustainability metrics.

Sustainable Investment Principles

LAM applies an active approach to investing that aligns with our core principles set out below. Our mission is to drive investment returns and improve client outcomes by integrating material human capital, natural capital, and governance considerations into our research and portfolio management of our ESG-integrated and sustainability-focused portfolios.

Principle—One Holistic Research:

Our approach is founded upon deep fundamental research that integrates environmental and social issues as well as corporate governance practices across our investment portfolios. Our decisions are based on proprietary processes that draw on research from internal analysis and external data providers selected for their quality and relevance.

Principle—Two Active Owners:

Regular interaction with companies held in our clients' portfolios is a vital part of our investment process. As stewards of our clients' capital, we emphasise engagement and exercising voting rights.

Principle Three—Transparency:

We are committed to disclosing regularly on our investment processes and outcomes as well as our active ownership efforts. We provide evidence of how environmental, social, and corporate governance considerations affect our investment analysis and decision-making.

Principle Four—Sustainability Focused:

For strategies with a sustainability objective, we allocate capital to companies that provide products and services that we believe can support the transition to a more sustainable world and can integrate ESG issues into their goals to offer better resilience and performance over the long term. We favour companies that are effectively managing their human and natural capital, as well as evidencing good governance practices.

Principle Five—Governance:

The ELT defines and oversees the firm's ESG strategy, working closely with relevant internal committees and dedicated resources on the Sustainable Investment & ESG Team to ensure effective implementation.

Investment Process and Research

The firm actively manages all client portfolios with the objective of delivering positive investment performance and maximising long-term shareholder value. LAM does not offer passive or index products. In pursuit of positive investment performance, portfolio managers at LAM have the discretion to incorporate any financially material factors, including those related to human capital, natural capital, and governance considerations into their investment processes, and to determine the extent to which these factors are considered.

As active managers, our investment professionals assess financially material factors within their research, due diligence processes, and ongoing analysis of owned securities. To support this, LAM has built a dynamic proprietary process called Materiality Mapping, which is applied to specific sectors and industries. The maps we have created aggregate the sustainability issues our relevant investment professionals believe to be the most material for the sectors they cover, including a range of climate-related risks and opportunities.

Below is an example of how the ESG integration process can contribute to investment decision-making for relevant teams.

ESG integration company example: European industrials company

The company is a leader in the oligopolistic industrial gas industry. While its own emissions are expected to peak in 2025, the company significantly reduces its customers' carbon footprints by 30-40% through its advanced technology.

Approximately 30% of its sales are in healthcare and electronics. Notably, about 50% of its investment pipeline is dedicated to the energy transition, where we observe a growing backlog.

From a financial productivity perspective, the company's emphasis on energy efficiency is helping the firm benefit from the increased outsourcing of industrial gas operations. We see substantial potential in hydrogen, with projected sales reaching approximately €9 billion by 2050, representing a 5% CAGR in group sales. The company has greater exposure to blue hydrogen technology, which benefits from bipartisan support for tax credits in the US. In contrast, green hydrogen faces more uncertainty following the change in the US administration. This information informed the investment thesis, leading to the company's inclusion in the portfolio allocation.

Assessing the Climate Risk and Opportunity in LAM Portfolios

LAM's approach to assessing relevant portfolios for climate risk and opportunity is through our Climate Alignment Assessment model (CAA). Our CAA model evaluates how relevant portfolio assets are positioned today and over the long term for the low-carbon transition. It is a proprietary tool designed to assess portfolio holdings' transition plans and progress towards net zero across six categories defined by the IIGCC's Net Zero Investment Framework: ambition, targets, emissions performance, disclosure, decarbonisation strategy, and capital allocation. We use multiple data sources (e.g. CDP, SBTi, CA100+, Net Zero Tracker, TPI, Bloomberg) to evaluate the strength of portfolio companies' net zero commitment and strategy for implementation.

The CAA model aids our relevant investment professionals and clients in systematically analysing portfolio assets while staying up to date with evolving disclosure environments and regional implications. For ESG-integrated portfolios and strategies, we target engagement with companies that we identify as having the most material risks related to climate change, are the highest emitters, or have poor practices related to disclosure and transparency. Our relevant investment professionals engage with companies on financially material climate-related issues, focusing on areas where physical or transition risks could impact long-term financial performance.

Broadly, our Sustainable Investment & ESG team seeks to provide tools, training, and resources to our relevant investment professionals to allow them to consider financially material sustainability risks and opportunities, including those that relate to climate, for the issuers they cover.

As part of its thought leadership, the firm produces its annual Levelized Cost of Energy (LCOE) study. This provides a comprehensive analysis of the cost of generating energy from various sources. The study is widely regarded as a valuable resource for industry stakeholders interested in understanding the evolving economics of energy production. It can help inform decisions regarding energy investments, policy development, and strategic planning within the energy sector.

Active Ownership

LAM is committed to ongoing due diligence on the companies and securities held in client portfolios. Our fundamentals-driven investment teams aim to build constructive relationships with senior management representatives, to share our views when given the opportunity, and to support companies undertaking positive changes. As active managers, we strive to continuously incorporate the insights about climate risk and corporate resilience from our engagement with companies into investment decisions while also using our investment decisions to inform future engagements, all with the goal of enhancing long-term value for clients and their beneficiaries.

We have a long legacy in engaging with companies. With an average of 20 years' industry experience, our investment professionals have long-standing relationships and deep knowledge of the companies we invest in. We believe that our investment professionals are in the best position to act as stewards, engaging with company management and making the final decision on voting at annual general meetings (AGMs).

Our stewardship approach seeks to align both engagement and proxy voting with investment decision-making at the heart of these interactions. While our dedicated stewardship and ESG specialists work in collaboration with our investment professionals, they do not operate as a siloed function to which decisions are outsourced.

In 2024, we continued to progress our overarching stewardship goals, with engagement playing a key role in the progress, against objectives:

1. **Demonstrate the value of fundamental research**, highlighting how fundamental research, including engagement, influences on voting decisions.
2. **Evidence high quality, outcome-oriented engagements** that either influence our investment decision-making and/or drive real-world outcomes.
3. **Meet evolving stakeholder expectations** and provide transparency on our stewardship activities.

LAM votes on environmental, climate, social, and corporate governance proposals in a manner that we believe will increase long-term shareholder value. Supporting shareholder proposals is one of several stewardship tools available to drive improvements in company practices. Recognising that the quality of such proposals can vary widely, we adopt a case-by-case approach to ensure thoughtful and informed decision-making.

LAM developed a framework for ESG-related shareholder proposals that leverages both the company knowledge of LAM's fundamental research analysts and the subject matter expertise of the LAM's Sustainable Investment & ESG team. Several principles are used to help guide voting on ESG-related shareholder proposals to ensure consistency in voting decisions, as outlined below.

More Likely to Support a Shareholder Proposal on:

Materiality	Progress	Transparency	Asymmetric Knowledge	Responsible Conduct
Issues are deemed material to the company	Where there is a lack of progress in managing an issue	Resolutions target increased transparency	Resolution respects that management is best placed to implement change	When there is an insufficient response to a controversy

For illustrative purposes only

LAM's support for shareholder proposals on behalf of portfolios for which we have voting authority was 57% in 2024. We do not apply a blanket policy supporting all ESG shareholder resolutions. Instead, we aim to assess each proposal on its merits, considering its materiality, feasibility, and potential consequences—whether in supporting or opposing the resolution—to ensure alignment with our fiduciary duty and the long-term interests of our clients.

The following proxy voting example demonstrates our climate-related analysis of a European energy sector company, showing how we evaluate corporate governance and climate transition plans ahead of making proxy voting decisions.

On a selective basis, we also engage where relevant with sovereign issuers on national climate policy and green bond frameworks where relevant. For instance, we have worked directly with finance ministries during their bond issuance processes to influence policy design and governance structures.

We occasionally participate in collaborative engagements that we believe are in our clients' best interest and clearly align with our priorities. For example, this included our participation in the CDP Non-Disclosure Campaign and Climate Action 100+, as well as hosting and participating in several industry events.

Proxy voting-related engagement priority: European energy sector company

Background:

The board of this European company took the decision not to submit a shareholder proposal to the agenda.

The proposal sought to separate the powers of a combined CEO and Chair role based on the individual's performance and what the proponents viewed as insufficient progress on climate transition.

We analysed the company's climate transition plan, where we noted:

- That the company has set targets for scopes 1, 2 & 3 with progress evident for reducing 1 & 2 absolute emissions as well as scope 3 oil emissions.
- That the 2030 methane intensity targets have been extended to cover a broader scope of assets.
- That the 2030 objective of cutting net scope 1 & 2 emissions by 40% aligns to the International Energy Agency's Net Zero Emissions scenario.
- That the company has increased renewable energy production.
- A capex forecast that provides increase in net investments relative to low-carbon energies.

Given our assessment of the Climate Transition plan, together with the board's explanation for combining the CEO and Chair roles and ensuring there is a lead independent director to ensure adequate debate and balance of power, we voted for the reappointment of the CEO/Chair and in favour of the advisory resolution to approve the Climate Transition plan.

Why it is "significant":

Our Global Governance Principles include both board make-up and integration of natural capital to protect long-term financial returns.

Outcome:

The advisory resolution seeking approval of the Progress on Sustainability and Climate Transition plan received support from 79.7% of shareholders, and the combined CEO/Chair was re-elected with majority support from the company's shareholders.

- **CDP:** In 2024 we signed up to collaborative engagement initiatives run by CDP, a non-profit organisation. CDP data is one of the key climate-related data sources that feeds into our Climate Alignment Assessment framework. The non-disclosure campaign identifies corporates that do not voluntarily disclose to CDP and engages with these companies to encourage increased transparency on climate disclosures.
- **Outcome:** The 2024 CDP Non-Disclosure Campaign contacted over 1,300 companies globally, resulting in 12% of those companies completing the survey in response to the campaign.
- **Climate Action 100+:** We also participated in Climate Action 100+ (CA 100+), which is a collaborative engagement platform focused on over 160 publicly listed companies, which collectively account for approximately 80% of global greenhouse gas emissions and play a critical role in the net-zero transition. Our investment professionals continue to engage directly with all US and European listed energy sector stocks but where corporate access is more challenging, we leverage our participation in CA 100+ to engage with two emerging markets companies. During 2024 we had ongoing CA 100+ engagements with two emerging markets energy sector companies as well as joining the quarterly calls providing updates on the wider initiative.

Scenario Analysis

Although we are able to conduct various scenario analyses at an investment or company-specific level, we are still exploring the best methodologies, models, and targets to use to assess overall resilience across differing warming scenarios. Academics have raised questions on the validity of using climate model information to appropriately inform financial risk, impact, and corresponding resilience over long time scales. Despite these challenges, we continue to develop tools and analyses to monitor the resilience of our strategy in the face of numerous potential climate scenarios and expect this area of analysis and calculation to evolve over time.

Specifically for climate scenario analysis, while we recognise that the tools available in the market have various shortcomings, we understand that this analysis is necessary to meet regulatory requirements and client expectations in certain jurisdictions. We have begun leveraging a third-party climate risk platform to conduct climate scenario analysis for in-scope portfolios. Currently such analysis is used solely for reporting purposes; however, it is available for review by our investment professionals as needed. We continue to evaluate third-party offerings to ensure they align with our needs and objectives.

Case study: Fixed income—Emerging Markets Sovereign Debt Issuer

Engagement with governments through fixed income investing is more challenging and therefore more limited in scope and frequency. However, in 2024, we engaged directly with the country during its inaugural green bond roadshow, led by the Minister of Finance.

The Sovereign Debt issuer plans to issue a $750 million green bond focusing on four categories: low-carbon transport, renewable energy, efficient water and wastewater management, and natural resource conservation. We view the selection of categories positively. The framework has been developed with the support of the World Bank and received a favourable S&P second-party opinion without requiring any amendments.

During the engagement, the Minister clarified that electricity sector reforms primarily address distribution losses, not generation. The proceeds will primarily incentivise private sector renewable investments, with approximately 1.5-1.6 GW of renewables already permitted through 2026 (two-thirds solar, one-third wind). The country has set targets of achieving 25% renewable energy by 2025 and 30% by 2030, which they project to exceed.

Governance structures include a thematic bond committee chaired by the Finance Ministry, with representation from multiple essential ministries. The government has committed to annual allocation reports verified by qualified independent third parties and impact reporting published on the Ministry's website.

During the engagement, we identified two areas for improvement: the 24-month refinancing lookback period and the allowance for up to 50% of proceeds to be used for refinancing existing projects, which we view as high.

The Minister of Finance emphasised the country's focus on improving governance issues such as reducing corruption and enhancing transparency, and indicated plans for future green, social, and sustainable bond issuances

Case study: Climate Action 100+

Since 2021, LAM has been part of a collaborative engagement with a state-owned emerging markets company in the energy sector. Through several years of constructive dialogue, the group of investors gained a clear understanding of the company's perspective and how the political and regulatory environment influenced its practices. Investors were then able to provide recommendations and feedback requesting further transparency. This engagement may have contributed to positive changes within the company, including the formation of a board-level sustainability committee in 2023, and the publication of the company's first sustainability plan in 2024.

This sustainability plan included enhanced climate-related disclosures, offering details that helped investors to understand the company's decarbonisation commitments. This included the alignment between capital expenditure and long-term climate goals, reductions in both carbon and methane emissions, and efforts to further strengthen employee health and safety.

Risk Management

Investments

Identifying Financially Material Climate—Related Risks in Our Relevant Products

At LAM, financially material climate-integrated research conducted by our relevant investment professionals provides the first layer of assessment for transition, physical impact, and geopolitical regulatory risks. Our proprietary framework for financially material human capital, natural capital, and governance considerations aggregates the sustainability issues our relevant investment professionals believe to be the most material for the sectors they cover, including a range of climate-related risks and opportunities such as water scarcity, energy management, physical, and regulatory risks. Our investment professionals, where relevant, also incorporate external data and analytics to identify risks and opportunities.

Our investment professionals actively assess financially material climate-related risks on a contextual basis and from both bottom-up and top-down perspectives across relevant strategies and products. From a geopolitical perspective, our analysis of sovereign bonds has long incorporated financially material human capital, natural capital, and governance considerations, including the dynamics with respect to climate change that could have significant impacts on the creditworthiness of countries. At the relevant portfolio level, portfolio managers regularly monitor and report on investee company emissions, as appropriate.

Managing Financially Material Climate—Related Risks in Our Relevant Products

The investment professionals who manage our fundamentally driven strategies generally attempt to identify, analyse, and monitor systemic risks through their research activities and related meetings. For financially material social and environmental trends, especially those related to systemic risks like climate change, we derive insights from Materiality Mapping exercises. The interaction between investment professionals through materiality mapping surveys allows us to identify emerging, financially material environmental, social, and governance (ESG) issues, which can also inform our corporate engagement, amongst other activities.

We believe our proprietary analysis of climate-change considerations that are financially material to particular industries enhances our bottom-up stock selection process. We continue to strengthen our research and stewardship capabilities relating to climate change and assessing the potential transition risk and opportunities. In 2024, we achieved the following:

- Further enhanced the Climate Alignment Assessment in collaboration with the Quantitative Advantage Platform. Our Climate Alignment Assessment is a proprietary tool which is designed to evaluate how relevant portfolio assets are positioned today and over the long term for the net zero transition. We utilise multiple data sources to evaluate the strength of portfolio companies' net zero commitment and alignment with the Paris Agreement.
- Expanded the capabilities of our proprietary platform Eleven, which is designed to measure, track, and report on portfolios' carbon performance and provide greater visibility and accessibility of climate-related data, amongst other ESG metrics, to investment professionals. This platform has also been used to help identify and prioritise climate-focused engagements for relevant strategies.
- Published several internal research pieces on net zero and climate topics such as the impact of EU elections on climate policy, the EU Carbon Border Adjustment Mechanism, and investing in the energy transition through emerging markets equities and debt, amongst others.
- Participated in multiple meetings with the Institutional Investors Group on Climate Change (IIGCC) around their Net Zero Investment Framework.

Climate-related issues are a component of our research analytics and long-term investment theses across relevant strategies and products. Our stewardship approach seeks to align engagement and proxy voting, with investment decision-making at the heart of these interactions. Over the 12 months ended 31 December 2024, Lazard investment professionals participated in over 4,800 company meetings globally. In 28% of those meetings, an ESG issue was discussed, of which 32% included issues on natural capital, 29% included issues on human capital, and 58% included issues on governance.

As an active manager, we seek regular dialogue with company management as an integral part of our fundamental research process. This can include meetings with company management that allow us to gain a better understanding of a company's approach to managing natural and human capital-related risks and opportunities and, in certain cases, these meetings can result in tangible investment outcomes or observable changes in company or issuer practices that support real-world outcome.

LAM's Global Risk Management team provides risk reports to relevant portfolio managers. These reports may include relevant sustainability-related metrics from third-party providers.

Additionally, we provide an ESG Watchlist to our investment professionals concerning companies in our relevant client portfolios. On a monthly basis, LAM's Global Risk Management Team generates a report containing ESG Risk Ratings and Controversy Scores sourced from Sustainalytics, which incorporate human capital, natural capital, and governance considerations. The report also flags companies in breach of the United Nations Global Compact Principles, as provided by MSCI. Investment professionals are encouraged to conduct further research on any watchlist companies held in relevant portfolios to determine the reasons for higher risk.

Metrics and Targets

Operational Emissions

The scope of our operational greenhouse gas (GHG) emissions principally derives from three main sources: energy usage in our offices, business-related employee travel, and investments. We have estimated our GHG emissions from our leased office space (S1 and S2), and business travel (S3a), where information is available from third-party business partners.

The table below outlines emissions for Lazard Asset Management's London operations in 2024.

Measured in metrics tons of CO2 equivalent (MtCO2e)

	2024
Scope 1 (S1)[a]	23
Scope 2 (S2)[b]	96
Scope 3 (S3a)[c] – business travel	691
Total operational emissions	**810**

a Source: Scope 1 (S1) emissions estimated from building equipment using fossil fuels to provide ventilation, heating, and air conditioning based on squarefootage of leased properties.

b Source: Scope 2 (S2) emissions of purchased electricity estimated based on square footage of leased properties.

c Source: Scope 3 (S3a) indirect emissions resulting from business travel. Data reflects global travel programme. LAM UK approximation derived as a proportion of total Lazard, Inc. indirect emissions resulting from business travel.

Investment Portfolio Metrics

Beyond our operational footprint, we have estimated various metrics based on our assets under management. As the risks endemic to the global transition to a low-carbon economy are more broadly understood, asset management clients are increasingly requiring asset managers to reduce climate risk exposure in their managed portfolios by decoupling their capital from high-emission investment risk. LAM's approach to financed emissions begins with analysing the climate risk of our assets under management, and providing climate performance and disclosure.

The methodology used to calculate these figures, along with our perspectives on these methodologies and data sources, are detailed in the "Investment Portfolio Metrics - Definitions" and the "Data Gaps, Limitations, and Assumptions" sections at the end of this report. Please note that variations in data may occur due to the use of different sources.

Emissions Metrics

Emissions metrics, although backward-looking, provide information about an entity's exposure to emissions and can help investors understand an entity's position with regards to the transition towards a low-carbon economy.

Financed emissions are the portion of a company's emissions that an entity "owns", based on its ownership percentage in the company. For example, if an entity holds shares in two companies, the financed emissions would be calculated as the sum of the emissions corresponding to the owned shares in both companies. This total is then divided by the entity's total market value (in $M) to determine the carbon footprint of the entity.

Carbon intensity refers to a company's total carbon emissions divided by the company's revenues (in $M), indicating how efficient the company is (in terms of carbon emissions) per unit of revenue. At an entity level, carbon intensity reflects a weighted average of the carbon intensities of the individual holdings, thereby reflecting how efficient (in terms of carbon emissions) the entity's investments are and how much exposure the entity has to carbon-intensive companies.

For each of these three metrics, lower values should be interpreted as better.

LAML

Metric	Scope	Source	LAML				MSCI ACWI			
			Value ($m)	Total Coverage	% Reported	% Estimated	Value ($m)	Total Coverage	% Reported	% Estimated
Financed Emissions[a]	1 + 2	Sustainalitics	2,412,047	96%	94%	4%	2,162,302	99%	94%	5%
	3		19,544,886	90%	80%	10%	21,255,910	94%	84%	10%
Carbon Footprint	1 + 2	Sustainalitics	51	97%	94%	4%	46	99%	94%	5%
	3		415	90%	80%	10%	452	94%	84%	10%
Weighted Average Carbon Intensity (WACI)	1 + 2	Sustainalitics	95	96%	92%	4%	125	98%	92%	5%
	3		886	89%	78%	10%	898	93%	83%	10%

a MSCI ACWI financed emissions assume the same market value as the entity.

LFM

Metric	Scope	Source	LFM				MSCI ACWI			
			Value ($m)	Total Coverage	% Reported	% Estimated	Value ($m)	Total Coverage	% Reported	% Estimated
Financed Emissions[a]	1 + 2	Sustainalitics	257,337	98%	91%	7%	64,006	99%	94%	5%
	3		929,534	91%	75%	16%	629,196	94%	84%	10%
Carbon Footprint	1 + 2	Sustainalitics	154	98%	91%	7%	46	99%	94%	5%
	3		598	91%	75%	16%	452	94%	84%	10%
Weighted Average Carbon Intensity (WACI)	1 + 2	Sustainalitics	142	95%	88%	7%	125	98%	92%	5%
	3		837	89%	73%	16%	898	93%	83%	10%

a MSCI ACWI financed emissions assume the same market value as the entity.

Exposure Metrics

Entity exposure to areas such as fossil fuels is a backward-looking reflection of an entity's investment in companies that may face varying levels of risks and opportunities as governments and policymakers seek to mitigate the impact of climate change and reduce global emissions.

Science-based and net zero targets can reflect companies' intentions to align with changing stakeholder expectations and global policies to address climate change. These targets can take the form of self-disclosed commitments or targets validated by the Science Based Targets initiative (SBTi) and may help to support the decarbonisation of investment portfolios. For these metrics, higher exposure at the entity level is viewed as positive.

Exposure to companies with involvement in fossil fuels can reflect exposure to potential risks as governments set clear incentives for decarbonisation of our economies. For these metrics, higher exposure at the entity level can be viewed as negative.

LAML

Metric	Source	LAML		MSCI ACWI	
		Value	Coverage	Value	Coverage
Fossil Fuel Exposure	Sustainalytics	6%	99%	8%	100%
Exposure to Companies with Science-Based Target[a]	Bloomberg	64%	83%	63%	83%
Exposure to Companies with Net Zero Target	Bloomberg	77%	89%	69%	83%

a Using SBTi we can confirm that at least 64% of our exposure has an SBTi validated target. Using SBTi as a reference source can be challenging (e.g. identifier mapping), therefore we prefer to use a third-party vendor for this type of analytics.

LFM

Metric	Source	LFM		MSCI ACWI	
		Value (%)	Coverage (%)	Value (%)	Coverage (%)
Fossil Fuel Exposure	Sustainalytics	9%	99%	8%	100%
Exposure to Companies with Science-Based Target[a]	Bloomberg	44%	78%	63%	83%
Exposure to Companies with Net Zero Target	Bloomberg	67%	86%	69%	83%

a Using SBTi we can confirm that at least 64% of our exposure has an SBTi validated target. Using SBTi as a reference source can be challenging (e.g. identifier mapping), therefore we prefer to use a third-party vendor for this type of analytics.

Implied Temperature Rise

The Implied Temperature Rise (ITR) is an aggregated, forward-looking indication of an entity's alignment with emissions reductions needed to meet a 1.5-degree scenario. The primary output of the rating, in degrees Celsius, answers the question: "to what degree would the world be expected to warm, if the global economy differed from its budgeted emissions to the same degree as the entity's owned holdings?"

An ITR below 1.5 indicates an entity that is aligned, between 1.5 and 2.0 an entity that is moderately misaligned, between 2.0 and 3.0 an entity that is significantly misaligned, between 3.0 and 4.0 an entity that is highly misaligned, and above 4.0 an entity that is severely misaligned. The methodology used to calculate these figures, along with our perspectives on these methodologies and data sources, are detailed in the "Investment Portfolio Metrics - Definitions" and the "Data Gaps, Limitations, and Assumptions" sections at the end of this report. Please note that variations in data may occur due to the use of different sources

LAML

		LAML		MSCI ACWI	
Metric	Source	Value	Coverage	Value	Coverage
Implied Temperature Rise (ITR)	Sustainalytics	2.24	97%	2.26	99%

LFM

		LFM		MSCI ACWI	
Metric	Source	Value	Coverage	Value	Coverage
Implied Temperature Rise (ITR)	Sustainalytics	2.21	97%	2.26	99%

Investment Portfolio Targets

At a strategy level, some clients have set decarbonisation commitments in their Investment Management Agreements, which may include a reduction of carbon relative to a benchmark. However, there are various approaches to implementing these commitments, such as customised solutions that align with clients' specific goals and objectives. Regardless of the chosen method, we have the ability to assess and report across a wide variety of climate metrics and key performance indicators, including engagement.

LAM has established three preferred portfolio alignment methodologies for its ESG Integration and Sustainability-Focused strategies:

1. LAM's Proprietary Climate Alignment Assessment (CAA)
2. Science-Based Target (SBTi) Validated Commitments
3. Weighted Average Carbon Intensity (WACI) Initiative

We actively engage with portfolio companies to better assess financially material aspects of their emissions profiles relative to net zero trajectories.

LAM has designed a climate analytics dashboard, which has been integrated into internal portfolio management systems used by our investment professionals. This dashboard helps to support our relevant investment professionals in assessing climate-related risks and opportunities and includes security-level and portfolio-level climate metrics that are required for net zero portfolio management and client reporting. Key metrics include carbon footprint, security-level intensity metrics, financed emissions, and weighted average portfolio trajectory along determined net zero pathways.

Investment Portfolio Metrics–Definitions

Financed Emissions: Total of carbon emissions for an entity (based on the % of the company owned), expressed in tons CO2e. MSCI ACWI financed emissions assume the same market value as the entity.

Formula

$$\sum_{i}^{n}\left(\frac{current\ value\ of\ investment_i}{issuer\ EVIC\ _i} * issuer's\ GHG\ emissions_i\right)$$

Carbon Footprint: Total carbon emissions for an entity (based on the % of the company owned) normalised by the market value of the entity, expressed in tons CO2e/$M invested.

Formula

$$\frac{\sum_{i}^{n}\left(\frac{current\ value\ of\ investment_i}{issuer\ EVIC\ _i} * issuer's\ GHG\ emissions_i\right)}{current\ portfolio\ value}$$

Weighted Average Carbon Intensity (WACI): Entity's exposure (weighted average) to carbon-intensive companies, expressed in metric tonnes CO2e/$M revenue.

Formula

$$\sum_{i}^{n}\left(\frac{value\ of\ investment_i}{total\ value\ of\ covered\ portfolio\ holdings} * \frac{issuer\ GHG\ Emissions_i}{issuer\ revenue\ (\$M)_i}\right)$$

Fossil Fuel Exposure: percentage of entity holdings (by weight) with exposure to revenues from fossil fuels (Involvement in Fossil Fuel - Thermal Coal Extraction, Thermal Coal Power Generation, Oil & Gas Generation, Oil & Gas Production and Oil & Gas Product and Services, Arctic Oil & Gas, Oil Sands; does not include Shale Energy).

Exposure to Companies with Science-Based Targets: percentage of entity holdings (by weight) for which the company has explicitly disclosed that it has either committed to setting or has set science-based targets, which are defined as aligning with the goals of the Paris Climate Agreement to limit warming to well below 2 degrees Celsius above pre-industrial levels.

Exposure to Companies with Net Zero Targets: percentage of entity holdings (by weight) for which the company has disclosed its ambition and engagement related to achieving Net Zero greenhouse gas (GHG) emissions.

Implied Temperature Rise: An implied temperature alignment that specifies by what degree would the world warm if all companies' projected emissions differed from their net zero budgeted emissions to the same degree as this company for this scope.

Relevant formulas from the Recommendations of the Task Force on Climate-related Financial Disclosures:

Weighted Average Carbon Intensity:

Formula

$$\sum_{i}^{n}\left(\frac{current\ value\ of\ investment_i}{current\ portfolio\ value} * \frac{issuer's\ Scope\ 1\ and\ Scope\ 2\ GHG\ Emissions_i}{issuer's\ \$M\ revenue_i}\right)$$

Total Carbon Emissions:

Formula

$$\sum_{i}^{n}\left(\frac{current\ value\ of\ investment_i}{issuer's market\ capitalization_i} * issuer's\ Scope\ 1 + Scope\ 2\ GHG\ emissions_i\right)$$

Carbon Footprint:

Formula

$$\frac{\sum_{i}^{n}\left(\frac{current\ value\ of\ investment_i}{issuer's market\ capitalization_i} * issuer's\ Scope\ 1 + Scope\ 2\ GHG\ emissions_i\right)}{current\ portfolio\ value\ (\$M)}$$

Data Gaps, Limitations, and Assumptions

Our investment process relies on long-term company valuations, incorporating bottom-up analysis that considers all material factors, including climate-related risks. Climate risks and opportunities vary by sector, geography, and

company, with certain factors being more relevant to specific industries or operations. For example, drought is pertinent to companies heavily dependent on water resources, while policy and carbon pricing impacts may affect those with significant non-renewable energy usage.

Other important points regarding the climate risk analysis report:

1. This report applies to listed corporate (equity and credit) exposure only. The coverage figures are based on the "Total public investments (credit and listed equity) versus the total NAV" field above, which is normalised to 100%.
2. Data Source Vendors: We explicitly acknowledge the vendors of our data sources, as we have observed significant discrepancies in reporting lag, estimation methodologies, data quality, and other factors when comparing different vendors. These disparities could potentially lead to divergent results.
3. Backward-Looking: It is important to note that the various metrics derived from our respective vendors are typically considered slow-moving data. This means they are updated infrequently and are often based on earlier company reporting. For example, the Sustainalytics' GHG emissions data used in this report pertain to the fiscal year 2024. This report should not be seen as a guide for how our funds may score in the future.
4. Estimations and Coverage Rates: Due to the high level of estimations involved in the different metrics, we have provided a breakdown of our coverage rates for GHG emissions into "as reported" and "estimates" categories. It is worth noting that the level of "as reported" data has significantly increased in recent years. We are not able to provide this level of granularity on our other metrics.
5. Cash and Derivatives: These instruments are considered out of scope for analysis and are removed from funds' holdings prior to calculating coverage and analysis.
6. Verification: Although we periodically review and evaluate our ESG data and analytics providers to ensure we are using reliable and comprehensive sources, the calculations and methodologies used by vendors that provide ESG data are not verified by LAM and therefore are not warranted to be accurate or complete.

These notes serve as a reminder that the information and data presented in this report are subject to limitations and uncertainties. This report should be used with caution, considering the potential discrepancies and variations in the data sources and methodologies employed.

Important Information

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