Climate Change Investment Policy

Introduction

Clients of Lazard Asset Management LLC ("LAM") entrust our firm to steward their assets on an ongoing basis. Scientific evidence suggests that the world may experience significant negative effects due to climate change in the future. Consequently LAM is evolving its investment processes to research and analyze investment risks related to climate change.

Our investment professionals need to assess a range of scientific projections about future sea-level rises, the frequency and severity of extreme weather events like droughts and also changing weather patterns. These physical risks have the potential to disrupt agriculture and other supply chains as well as raise insurance costs, affecting a range of industries and sectors. Our investment professionals need to anticipate the amount and timing of the loss of cash flows related to climate change, as well as the nature and timing of policy makers' response to these risks in the form of new regulations and fiscal policies. For example, our investment professionals need to assess the impact of the UN Paris Agreement on the financial performance of issuers, both corporate and sovereign, whose securities are owned in our clients' portfolios.

We also believe that the transition to a lower-carbon economy could present investment opportunities for our clients which our investment professionals are keen to identify.

Policy Pillars

To ensure that we are incorporating climate change into our relevant investment research and decision-making, we have developed a climate change investment policy. The precise method of incorporation will vary by investment strategy, but will rest upon the following three pillars:

1. **Climate-integrated Research**
   We are committed to integrating an assessment of climate risks and opportunities into our investment research. Based on the foundation of SASB (Sustainability Accounting Standards Board), LAM is developing a proprietary framework to analyze the materiality of environmental, social and governance issues on an industry basis. Our proprietary framework highlights a range of climate-related factors such as water scarcity, energy management, physical and regulatory risks, etc. with the objective of assessing the financial impacts of these risks on a company's future revenues, costs, expenditures, assets and liabilities.

   To complement our proprietary fundamental research we acquire access to a number of third-party data sets that provide estimates of the quantity and cost of carbon and other emissions. The increasing availability of alternative data, combined with LAM's data science techniques, can help us identify patterns of change and disruption, as well as an understanding of CO2 exposures of our investment strategies on an index-relative basis.

   By looking at emissions data, estimated or reported, rather than just the current cost of carbon credits where they are acquired, we hope to better anticipate the impact of changing regulations (e.g. adoption of cap and trade policies in new geographies in the future), as well as identify companies offering energy efficiency and CO2-reducing technologies, or those that are perceived to be competitively advantaged by their resource efficiency.

   Elements of climate change related risk, specifically data points relating to carbon footprint and carbon footprint relative to the index based on independent data, are captured within our internal portfolio risk assessment of equity portfolios. This assessment is conducted by our firm's Global Risk Management team, which reports to our Firm's Chief Executive Officer, and is made available to senior management and relevant portfolio managers.

2. **Climate-focused Engagement with Stakeholders**
   Meeting with company management is a fundamental part of our investment process. Our investment professionals will engage with company executives and boards specifically on climate change issues, particularly where we believe that physical or transition risks could impact a company's long-term financial performance and therefore the value of our clients' investments. Our engagement efforts will continue to inform our proxy voting practices.

   We believe that it is important to engage with policy makers and the investment industry as a whole to further the transition to a low carbon economy. We are members of the Institutional Investors Group for Climate Change (IIGCC) which enables collaboration between business, policy makers and investors to mobilize capital for the low carbon transition and to ensure resilience to the impacts of a changing climate.

3. **Transparency, Disclosure & Reporting on Climate Issues**
   LAM supports better disclosure of material climate related risks by the companies and sovereigns and in particular seeks improved disclose of data that could help investors to quantify the potential impact of climate change on financial performance. LAM is an investor signatory to the Climate Disclosure Project (CDP) and is a formal supporter of the Task Force on Climate-related Financial Disclosures (TCFD) which promotes standardized frameworks for companies (and investors) to report their financially material risks and opportunities.

   We recognize that our clients require transparency about the exposures generated by their portfolios. We are committed to developing portfolio level carbon metrics in line with the TCFD's guidelines.

Conclusion

We believe that climate change is a critical issue for our industry. Accordingly, this policy applies to both equity and fixed income, and covers all our investment professionals and products. Developments in this area are likely to be frequent and hard to predict. That is why LAM commits to reviewing this policy on an annual basis and adapting its efforts as appropriate in order to provide the best outcomes for our clients.