

SUSTAINABILITY-RELATED DISCLOSURES
LAZARD EMERGING MARKETS DEBT FINANCIAL PRODUCTS

Summary

Lazard is providing these Sustainability-Related Disclosures for the following actively managed financial products pursuant to Article 8(1) of the Sustainable Finance Disclosure Regulation 2019/2088:

Lazard Emerging Markets Debt – Blend Strategy

Lazard Emerging Markets Debt – Core Strategy

Lazard Emerging Markets Debt – Corporate Strategy

Lazard Emerging Markets Debt – Local Strategy

Lazard Emerging Markets Debt – Total Return Strategy

Each of these financial products is offered to investors in the European Union and United Kingdom in the form of segregated mandates by the appropriate Lazard entity. Pursuant to the relevant prospectus, the products also are offered as the following sub-funds of a UCITS sponsored by Lazard Fund Managers (Ireland) Limited: Lazard Emerging Markets Bond Fund, Lazard Emerging Markets Corporate Debt Fund, Lazard Emerging Markets Debt Unrestricted Blend Fund, Lazard Emerging Markets Local Debt Fund, and Lazard Emerging Markets Total Return Debt Fund.

No Sustainable Investment Objective

These Lazard financial products promote environmental and/or social characteristics as part of their investment processes, but they do not have as their objective sustainable investment.

Environmental or Social Characteristics of the Financial Products

The portfolios for these financial products are managed by the same investment team at Lazard Asset Management LLC (the “Investment Manager”), which employs a similar process for each product portfolio to incorporate the consideration of sustainability risks and to promote environmental and social characteristics.

Specifically, the Investment Manager’s proprietary research on each issuer under consideration for investment includes assessment against a proprietary sustainability scoring model for discrete environmental, social and corporate governance issues – *i.e.* the scoring model is designed to identify issuers with strong or weak practices relating to pollution, energy use, food security, education, employment, poverty, healthcare, human rights, political stability, and gender parity, among other matters. The Investment Manager’s scoring is informed by data such as World Bank reports, company reports and extra-financial sources, data and information from the sources described herein, as well as by the Investment Manager’s engagement with senior management of the issuers. In addition, the Investment Manager incorporates a qualitative overlay designed to make the ESG score more forward looking, as available data can be backward looking. Both quantitative and qualitative assessments are made to provide a complete view of the ESG score. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with an investment.

In addition to the foregoing, the Investment Manager applies an ESG exclusion policy to the UCITS financial products offered by Lazard Fund Managers (Ireland) Limited, which prohibits those funds from investing in or seeking exposure to the securities of issuers involved in the manufacture or production of controversial weapons (i.e. weapons of mass destruction, nuclear weapons, biological weapons, chemical weapons, depleted uranium weapons, cluster munitions or landmines). Such exclusions are available to be applied to segregated mandate versions of the financial products.

Investment Strategies

Descriptions of the investment strategies for each of the financial products follows:

- The Lazard Emerging Markets Debt – Core strategy seeks to provide clients with strong risk-adjusted returns over a full market cycle. The strategy invests primarily in hard currency emerging markets debt, including sovereign and quasi-sovereign debt instruments. The strategy may also invest in hard currency corporate and local currency debt. The team allocates where they believe there is value, based on their global macroeconomic and bottom-up fundamental analyses.
- The Lazard Emerging Markets Debt – Blend strategy seeks to provide clients with strong risk-adjusted returns over a full market cycle. The strategy invests in a blend of hard and local currency-denominated emerging markets debt, including sovereign, quasi-sovereign and corporate debt instruments. The strategy may also invest in derivative instruments, including forwards, options and interest rate swaps. The team allocates where they believe there is value, based on their global macroeconomic and bottom-up fundamental analyses.
- The Lazard Emerging Markets Debt – Corporate strategy seeks to consistently outperform the JP Morgan Corporate Emerging Markets Bond Index Broad Diversified benchmark with similar levels of risk. The strategy invests primarily in hard currency emerging markets corporate debt instruments. The team focuses on bottom-up fundamental analysis of corporate debt while incorporating top-down macroeconomic and sovereign analysis.
- The Lazard Emerging Markets Debt – Local strategy seeks to provide clients with strong risk-adjusted returns over a full market cycle. The strategy invests primarily in local currency-denominated sovereign debt. The strategy may also invest in derivative instruments, including forwards, options and interest rate swaps. The team allocates where they believe there is value, based on their global macroeconomic and bottom-up fundamental analyses.
- The Lazard Emerging Markets Debt – Total Return strategy seeks to provide clients with strong risk-adjusted returns over a full market cycle. The strategy seeks to exploit alpha opportunities by distilling global macroeconomic themes that impact emerging markets using fundamental analysis, as well as an understanding of cyclical trends and global supply and demand appetites. The team considers the entire universe of emerging markets debt asset classes, including hard currency sovereign and corporate debt, and local currency-denominated debt. The team allocates where they believe there is value, based on their global macroeconomic and bottom-up fundamental analyses.

The Investment Manager's bottom-up fundamental analysis of issuers includes an assessment of their governance practices, which assessment can be based in either qualitative or quantitative criteria. The Investment Manager's analysis may result in various outcomes, including without limitation an adjustment to its valuation of an issuer's securities, a decision to overweight or underweight exposure to those securities

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in the relevant financial product portfolio, or a decision to avoid investment in the securities. The Investment Manager's assessment relating to the governance practices of an issuer will evolve as it continues to conduct fundamental research concerning that issuer, its industry/sector, and other interested entities and stakeholders.

For further information concerning the investment strategy for each financial product, please refer to the relevant UCITS prospectus or approved marketing material for segregated mandates.

Proportion of Investments

The financial products are expected to have direct exposure to investee entities through holding bonds and other fixed income securities issued by those entities. Depending upon their investment guidelines, the products also may have indirect exposure to such bonds and other fixed income securities through investments in derivative instruments. The financial products also will have direct and derivative exposure to various emerging markets currencies.

Promotion of environmental and social characteristics is designed to be achieved by applying the relevant investment process to the portfolios of each financial product, and Lazard has not identified a minimum portion of each portfolio that would be used to attain such environmental and social characteristics. The financial products have not committed to making any sustainable investments. Where the financial products employ derivatives to obtain indirect exposure to bonds or other fixed income securities, the investment decision related to such derivative investments is a product of the above-referenced investment strategy.

Monitoring of Environmental or Social Characteristics

The Investment Manager's investment personnel responsible for the discretionary management of the financial product portfolios have the primary responsibility for monitoring the environmental and social characteristics designed to be promoted by the financial products, using the data and potential systems available to those personnel. The investment team may be assisted in its monitoring efforts by the firm's ESG research personnel.

Methodologies

Please see the section "Environmental or Social Characteristics of the Financial Products" above for a description of the methodologies used by the Investment Manager to attempt to attain the social and environmental characteristics promoted by the financial products.

Data Sources and Processing

The Investment Manager has access to ESG data from both internal and external resources, which allows it to assess the Sustainability Risks associated with prospective or existing investments for these financial products. This data includes:

- a) The Investment Manager's proprietary Materiality Mapping¹ analysis, which evaluates ESG issues facing specific industry groups.

¹ The Investment Manager's proprietary Materiality Mapping analysis uses as its foundation the Sustainability Accounting Standards Board (SASB)'s Materiality Map™

- b) Trucost², part of S&P Global, provides environmental ratings and research enabling the Investment Manager to assess a company's environmental impact and the overall environmental footprint of investment portfolios.
- c) Sustainalytics ESG Research³, provides the Investment Manager with research that enhances the Investment Manager's understanding of a company's ESG practices, and also with risk ratings that allow for systematic comparison of ESG performance across companies.
- d) The Investment Manager's ESG watchlist, produced quarterly by its Global Risk Management team, which contains ESG ratings for a universe of more than 5,500 companies.
- e) Proprietary research reports in respect of issuers prepared by the Investment Manager, each of which includes an evaluation of the ESG impacts and/or attributes of potential investments for the Fund. Analysis in these reports is derived from, among other sources, engagement with the senior management of the issuers.

When selecting investments for each financial product, the Investment Manager may employ some combination of the above-referenced data as well as other data (developed or acquired by the individual investment team). The Investment Manager's analysis may result in various outcomes, including without limitation an adjustment to its valuation of an issuer's securities, a decision to overweight or underweight exposure to those securities in the relevant financial product portfolio, or a decision to avoid investment in the securities. The Investment Manager's assessment relating to an investment for a financial product will evolve as it continues to conduct fundamental research concerning that issuer, its industry/sector, and other interested entities and stakeholders.

Limitations to Methodologies and Data

The effectiveness of Lazard's fundamental research processes depend in large part upon the experience and skill of our investment personnel and the quality of data and information available to those personnel. While the Investment Manager's fundamental research techniques are designed to accurately assess the ESG profile and Sustainability Risks of issuers, there is no guarantee that such techniques will identify all matters relevant to the team's assessment or ongoing investment due diligence. Similarly, while Lazard presumes that the data it acquires from third-parties and develops using proprietary research is reliable and comprehensive, it is possible that such data will be impacted by inaccuracies or limitations that may be imperceptible to Lazard.

Due Diligence

The Investment Manager's relevant investment personnel are responsible for conducting ongoing due diligence on the securities held in the portfolios of the financial products. The Investment Manager's due diligence is grounded largely in the investment team's fundamental research analysis applied to the securities and issuers in their investment universe. The investment team's fundamental analysis is based upon data acquired by Lazard, data and research tools developed by the team, and engagement with securities issuers and other stakeholders, among other things. The portfolios of the financial products are actively managed by the Investment Manager's personnel, and their review of those portfolios is ongoing.

² Copyright © 2018 S&P Trucost Limited, an affiliate of S&P Global Market Intelligence.

³ Sustainalytics© 2020.

Engagement Policies

The Investment Manager's global Sustainable Investment and ESG (environmental, social and governance) Integration Policy outlines its approach and commitment to incorporating environmental, social, and corporate governance considerations in investment processes to safeguard the interests of its clients and other relevant stakeholders, including investors in the financial products described herein.

As set forth in the Policy, engagement with issuers is an integral part of Lazard's investment process. Investment professionals conduct meetings with the issuers of emerging markets debt securities as a regular part of the research process and in order to understand how companies are using their capital and conducting their business. During such meetings, investment professionals may engage on a variety of issues, including ESG matters. Our engagements on ESG issues with is predominately informed by our proprietary materiality mapping framework and company level assessments, as well as data developed by our individual investment teams. This helps analysts and portfolio managers focus upon the governance, human and natural capital issues that are most material and relevant to the long-term financial success of an issuer. This includes both how a company invests in its human capital – including employees, suppliers, their customers and the community – as well as its approach to natural capital, including its dependency and use of natural resources and its approach to manage climate change risk.

No Reference Benchmark

The financial products do not designate an index as a reference benchmark aligned with the environmental or social characteristics they may promote. To the extent the financial products employ indices, they are used for performance measurement.

These Sustainability-Related Disclosures are published by Lazard Asset Management, Lazard Asset Management Limited, Lazard Asset Management Deutschland and Lazard Fund Managers (Ireland) Limited (collectively "Lazard") based upon its good faith interpretation of the EU Sustainable Finance Disclosure Regulation for financial products related to Article 8(1) of the Regulation and relevant guidance thereunder. Our disclosures are subject to change due to developments relating to, but not limited to, business practices, information availability, technology, standards, community expectations, and the Regulation itself.