

March 2021

SUSTAINABILITY-RELATED DISCLOSURES

LAZARD GLOBAL EQUITY 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 Global Equity Income Strategy
Lazard Global Equity Select Strategy
Lazard Global Quality Growth Strategy
Lazard Global Strategic Equity Strategy
Lazard Global Sustainable Equity Strategy
Lazard Global Small Cap Equity Strategy
Lazard Global Thematic Equity Strategy
Lazard Global Thematic Equity Focus Strategy
Lazard Minerva Gender Diversity 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 Global Thematic Fund, Lazard Global Sustainable Equity Fund, Lazard Global Thematic Focus Fund and Lazard Global Strategic Equity 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 distinct investment teams at Lazard Asset Management LLC or one of its affiliates (the “Investment Manager”). Each team has adopted its own process to incorporate the consideration of sustainability risks and to promote environmental and social characteristics.

For the **Lazard Global Equity Income** strategy, the Investment Manager’s proprietary investment process focuses on companies that are attractively valued relative to their financial productivity. The Investment Manager believes that companies need to promote strong and improving environmental and social practices, or else their financial productivity will not be sustainable, as the actions of consumers, governments, regulators and finance providers will erode profitability. Sustainability and material ESG issues can affect a company’s financial productivity in terms of both opportunities and risk and therefore the risk-reward profile of the stock. Sustainability and material ESG issues, therefore, are critical considerations in the Investment Manager’s fundamental research, stock selection, and investment decision-making, and

environmental and social characteristics are assessed for each investment candidate. The primary incorporation of sustainability factors is into the stock-by-stock investment discussion, informed by materiality mapping. This feeds into financial modelling of future cashflows, and the valuation to be applied to investments. Given the impact of sustainability and ESG on financial productivity, the investment process, in general, will tend to promote selection of those companies with relatively more positive environmental and social characteristics while deemphasising those companies with less favorable characteristics, assuming similar valuation. Material ESG issues also are identified through the Investment Manager's proprietary materiality mapping. The company's product and services and operating practices within Human Capital (Social) and Natural Capital (Environment) are increasingly captured in a formal Sustainability Scorecard. The Investment Manager may also reference third party ESG research for additional information and perspectives. As a result of this process, the Investment Manager believes that the Fund's portfolio will over time promote and/or prioritize the environmental and socio-economic characteristics referenced above and will have less exposure to investments with distinctly unfavorable environmental and socio-economic characteristics. The Manager's investment team also believes that the carbon footprint of the portfolio would typically be below that of the benchmark, as high carbon emitters tend to be companies with poor returns and structural challenges.

For the **Lazard Global Equity Select, Global Quality Growth, Lazard Global Small Cap Equity and Lazard Global Strategic Equity** strategies, the Investment Manager's proprietary research on each issuer under consideration for investment involves engagement with senior management of the issuers, detailed risk assessments, pricing targets and financial modelling for discrete environmental, socio-economic and governance issues. In particular, the Investment Manager undertakes an assessment of each stock being considered for investment that is informed by proprietary materiality mapping.

For the **Lazard Global Thematic Equity and Lazard Global Thematic Equity Focus** strategies, the Investment Manager's research on each issuer under consideration for investment includes assessment against a proprietary Sustainability Framework rating matrix for discrete environmental, socio-economic and corporate governance issues – *i.e.* the Sustainability Framework is designed to identify material strong or weak practices relating to labor relations, us, corruption controls and regulatory compliance, among other matters. The Investment Manager's Sustainability Framework rating matrix is informed by data such as company reports and extra-financial sources, data and information from the sources described elsewhere in this disclosure, as well as by the Investment Manager's engagement with senior management of the issuers. Companies that fail to pass the minimum threshold specified by the Sustainability Framework rating matrix are excluded from selection for the portfolios. Issues identified by this ESG analysis may cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with an investment.

For the **Lazard Minerva Gender Diversity** strategy, the Investment Manager's process implements its belief that gender diversity is a key ESG and sustainability issue. During the idea generation portion of the process the Investment Manager targets companies with at least 30% female representation on the Board of Directors, at least 15% female representation on the Executive Committee and a sustainable pipeline of female talent throughout organizations. The Investment Manager's team looks for company commitments to gender diversity beyond simple representation metrics. The team uses active engagement to develop insights into how a company builds and nurtures its pipeline of female talent, to impress upon senior leadership the importance of diversity, and to accelerate the pace of change. Following the team's engagement and due diligence, the Investment Manager constructs a portfolio of 30–50 stocks. It attempts to track the pipeline of female talent throughout organizations to confirm a sustainable pipeline. The Investment Manager realizes there are companies that may not meet our screening thresholds today, even

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though the companies demonstrate positive momentum and would expect them to surpass our thresholds in the future. The strategy can invest up to 15% of the portfolio in such companies. For these companies, the Investment Manager's engagement activities serve to reinforce our views and help foster change.

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 Global Equity Income strategy seeks to outperform its benchmark while generating high current yield by investing in securities with high dividend yields often sourced from other Lazard strategies. The strategy typically invests in 60-100 securities across the market cap spectrum in both developed and emerging markets and is benchmarked to the MSCI All Country World Index.
- The Lazard Global Equity Select strategy is a global, unconstrained strategy designed to leverage Lazard's best ideas. The strategy seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong and/or improving financial productivity (e.g., return on equity, free cash flow, return on assets, cash flow return on investment) at attractive valuations. Global Equity Select typically invests in 60-80 companies from both developed and emerging countries.
- The Lazard Global Quality Growth strategy seeks to generate strong relative returns over a full market cycle by investing solely in "Compounders", the world's leading companies that can generate, and sustain, the highest levels of financial productivity (*i.e.*, return on equity, return on capital, and cashflow return on investment). In this strategy, we focus mainly on identifying high quality companies that are able to reinvest a significant portion of their cash flows back into their business at similarly attractive rates of return. The strategy invests in global securities, including those from emerging markets.
- The Lazard Global Small Cap Equity strategy seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong financial productivity at attractive valuations. The strategy typically invests in 60 to 90 global securities, with market capitalizations between \$300 million and \$5 billion.
- The Lazard Global Strategic Equity strategy is a multi-capitalization strategy that seeks to generate strong relative returns over a full market cycle by opportunistically investing in companies with strong and/or improving financial productivity at attractive valuations. The strategy typically invests in 40 to 60 global securities, including those from emerging markets. The emerging markets equity allocation is implemented by investing in individual securities. The performance benchmark is the MSCI All Country World Index.

- The Global Sustainable Equity strategy seeks to invest in enterprises that prosper while protecting and preserving human and natural capital. The portfolio aims to hold companies that avoid negative externalities that damage the world's human and natural capital, and whose financial productivity may improve as a result of the move to a greener, healthier, safer, and fairer world. The strategy utilizes two types of potential alpha sources, which the Manager seeks to buy at attractive valuations. The first type, Compounders, are companies that we believe can sustain high levels of financial productivity for longer than the market expects. The second type are Improvers, which are companies that we believe can improve their financial productivity faster and/or for longer than the market expects.
- The Lazard Global Thematic Equity strategy is a long-only, style-agnostic investment discipline focusing on long-term investment returns with low absolute risk. The strategy is designed to benefit from structural change in industries and companies anywhere in the world. The strategy integrates a Sustainability Framework for assessing multiple aspects of business risk, including ESG inputs. The portfolio is based on a series of 8 to 12 investment themes. Tracking error is therefore not a managed factor. The portfolio comprises 80 to 120 securities typically represented in the MSCI AC World Index, with a market capitalization of generally \$1 billion or greater.
- The Lazard Global Thematic Equity Focus strategy is a long-only, style-agnostic investment discipline focusing on long-term investment returns. The strategy is designed to benefit from structural change in industries and companies anywhere in the world. The strategy integrates a Sustainability Framework for assessing multiple aspects of business risk, including ESG inputs. The portfolio is based on a series of 3 to 6 investment themes. Tracking error is therefore not a managed factor. The portfolio comprises 35 to 50 securities represented in the MSCI World Index and the emerging markets, with a market capitalization of generally \$1 billion or greater.
- The Lazard Minerva Gender Diversity strategy is an active global equity strategy with a positive gender lens. The strategy seeks to invest in companies that generate consistently high levels of financial productivity and that have a clear and demonstrable commitment to empowering women. Active engagement goes beyond representation metrics to develop insights into how a company builds and nurtures its pipeline of female talent. The gender conversation with senior leadership emphasizes the importance of diversity and serves to accelerate the pace of change.

The Investment Manager's bottom-up fundamental analysis of companies held in these financial products 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 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 stocks issued by entities in the product's investment universe.

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.

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.
- 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

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

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

³ Sustainalytics© 2020.

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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.

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 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

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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.