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SUSTAINABILITY-RELATED DISCLOSURES

LAZARD US EQUITIES 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 US Equity Concentrated Strategy

US Equity Select Strategy

US Equity Value Strategy

US Small-Mid Cap Equity Strategy

Lazard US Sustainable Equity 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 US Equity Concentrated 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 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 **US Equity Concentrated** strategy, the Investment Manager utilizes the ESG data from both the external and internal resources (including engagement with senior management) described herein to identify equities with strong or weak practices relating to labor relations, employee health/safety, community impact, sustainability of raw materials and similar resources, sustainability of product, management accountability, board compositions and policies, and the exercise of shareholder rights and voting powers, among other matters. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with the investment. The strategy also typically is expected to have lower reported carbon emissions, as defined by Scope 1 (S1) and Scope 2 (S2) under the Greenhouse Gas Protocol Initiative (GHG Protocol) due to the Investment Manager’s general avoidance of the utilities and energy sectors.

For the **US Equity Select strategy, the US Equity Value strategy and the US Small-Mid Cap Equity** strategy, 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 **US Sustainable Equity** strategy, the Investment Manager's process first identifies companies within the investable universe, which are companies that the Investment Manager believes are capable of (1) sustaining high financial productivity (i.e., the return a company generates) for periods in excess of market expectations, or (2) capable of improving financial productivity to a greater extent or more expeditiously than the market expects (i.e., are undervalued) and which exhibit good expectations for future cash flows and profitability. The Investment Manager reduces the investable universe using fundamental analysis and research on the companies identified. In further narrowing the investable universe to select companies for investment by the portfolio, the Investment Manager considers both (a) the financial sustainability of the company as a business—a company whose financial productivity is likely to be supported or enhanced in the future as a result of the move toward a more sustainable world (such as by considering the nature of the products and/or services that the company provides, from the perspective of environmental and social factors that impact financial productivity) and (b) how the company counters potential risks arising as a result of environmental and social concerns that may be material to the particular companies or the industries or sectors in which they operate. The Investment Manager uses its proprietary sustainability analysis methodology (including scorecards) to assess each company considered for investment, to the extent relevant to the company or its industry or sector, against specific sustainability factors, which are divided into the three categories of Human Capital, Natural Capital and Corporate Governance.

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 US Equity Concentrated Portfolio seeks long-term capital appreciation and is designed to leverage the best collection of ideas from Lazard's US Equity platform. The portfolio management team employs intensive fundamental analysis and accounting validation designed to construct a high-conviction, all-capitalization portfolio with the aim of outperforming broad-based securities market indices (such as the S&P 500 Index, Russell 1000 Index, or Russell 3000 Index).
- The Lazard US Equity Select strategy offers a diversified, mega-/large-cap portfolio that invests in financially productive (e.g., high return on equity, free cash flow, return on assets, cash flow return on investment) companies, employing intensive fundamental analysis and accounting validation to identify investment opportunities. It seeks to outperform the S&P 500 Index with less volatility (standard deviation) over a full market cycle by investing in companies that compound earnings and capital and by taking advantage of valuation anomalies. The strategy typically invests in 35–55 companies with market capitalizations generally over \$5 billion.
- The Lazard US Equity Value strategy offers a diversified, style-pure large-cap value portfolio. The strategy invests in financially productive (e.g., high return on equity, free cash flow, cash flow return on investment) companies, employing intensive fundamental analysis and accounting validation to identify investment opportunities. It seeks to outperform the Russell 1000 Value Index

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with less volatility (standard deviation) over a full market cycle by investing in companies that compound earnings and capital and by taking advantage of valuation anomalies. The strategy typically invests in 60 to 90 companies with market capitalizations generally greater than \$2 billion, or in the range of the Russell 1000 Value Index.

- The Lazard US Small-Mid Cap Equity strategy invests in financially productive small- and mid-cap companies with attractive valuations. The strategy seeks to outperform the Russell 2500 Index over a full market cycle by taking advantage of the diverse opportunity set offered by this universe. The strategy typically invests in 70 to 90 companies with market capitalizations between \$350 million and \$10 billion at purchase, or that are included in the Russell 2500 Index.
- The Lazard US Sustainable Equity strategy seeks to invest in enterprises that prosper while focusing on 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 products are aligned with the move to a greener, healthier, safer, and fairer world. The strategy utilizes two types of alpha sources, which we seek to buy at attractive valuations. Compounders, the first type, are companies that we believe can sustain high levels of financial productivity for longer than the market expects. Improvers, the second type, are companies that we believe can improve their financial productivity faster and/or for longer than the market expects.

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 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

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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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 equity 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.