TRANSPARENCY CODE

AFG-FIR

Systematic Management

LAZARD
FRERES GESTION

LAST UPDATE ON - MARCH 2022

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1. FUNDS CONCERNED BY THIS TRANSPARENCY CODE

Fund name : Lazard Gestion Flexible

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AUM as of 12/31/2021	Labels	Labels Links to fund documents
• Positive selection (Best In Universe) • ESG integration • Exclusion • Engagement	• International equities • Equities from countries in the euro zone • Bonds and other debt securities denominated in euro • International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€65.574 million		- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name : Lazard Gestion Flexible Obligataire

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AUM as of 12/31/2021	Labels	Labels Links to fund documents
• Positive selection (Best In Universe) • ESG integration • Exclusion • Engagement	• Obligations et autres titres de créance libellés en euro • Obligations et autres titres de créances internationaux	• Bonds and other debt securities denominated in euro • International bonds and other debt securities	€66.323 million		- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

2. GENERAL DATA ON THE INVESTMENT MANAGER

2.1 Name of Investment Manager in charge of the funds to which this Code applies

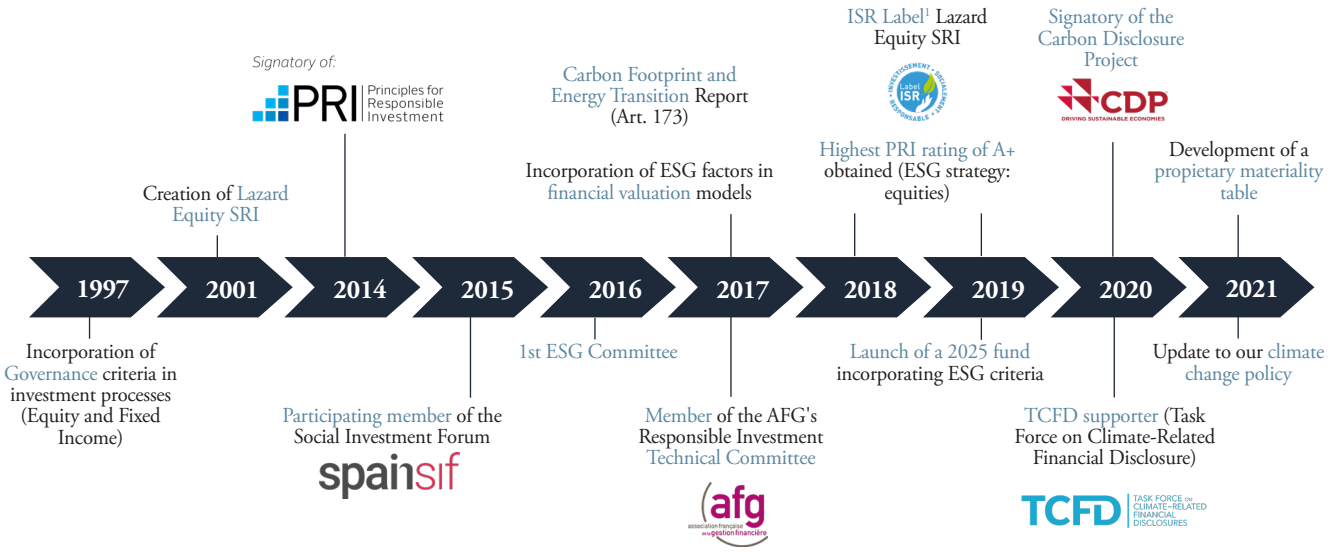
LAZARD FRÈRES GESTION
25, rue de Courcelles
75008 – PARIS
www.lazardfreresgestion.fr

Founded on October 1, 1995, Lazard Frères Gestion SAS obtained AMF authorization to operate as a Portfolio Management Company under number GP 97-105 on October 31, 1997. On July 23, 2014, Lazard Frères Gestion obtained its notification of authorization as a portfolio management company from the AMF under Directive 2011/61/EU (AIFM). This authorization does not affect the scope of Lazard Frères Gestion's previously authorized program as a portfolio management company.

2.2 What are the history and principles of the Investment Manager's responsible investor approach?

Lazard Frères Gestion has long been involved in Socially Responsible Investment, with the 2001 launch of an open-ended SRI fund (systematic inclusion of ESG indicators: Environmental, Social and Governance), one of the first in France to apply "Best in Class" portfolio management.

Our aim is to provide our clients with products offering every guarantee of expertise, credibility and transparency in their management rules.



2.3 How has the Investment Manager formalized its responsible investor approach?

Lazard Frères Gestion has formalized its responsible investor approach through the following documents presented below:

- ESG policy
- Climate policy
- Engagement policy
- Voting policy

These policies are available on our website at: http://www.lazardfreresgestion.fr/EN/ESG-ISR_112.

2.4 How does the Investment Manager assess ESG risks / opportunities, including those related to climate change?

Lazard Frères Gestion firmly believes that issuers should take environmental, social and governance (ESG) criteria into account to ensure the sustainability of their economic performance. The long-term performance of investments calls for a comprehensive understanding of the decisive factors driving the successful operation of a business, including the company's interaction with its social, economic and financial environment.

Integration of ESG criteria is therefore part of a natural approach included in our investment process.

Our overall approach can be summed up as follows:

Our highly extensive financial analysis of each company covers the quality of its assets, financial strength, cash flow predictability and reinvestment, profit momentum and sustainability, and quality of the Management team.

This sustainability is reinforced by the consideration of non-financial criteria:
- Environmental criteria: by preventing all environmental risks and identifying investment opportunities
- Social criteria : by enhancing human capital, observing international human rights standards and taking all stakeholders into account
- Governance criteria: by observing the balance between managerial and shareholder structures in order to prevent potential conflicts of interest and ensure that the interests of minority shareholders are respected

The majority of physical risks and transition risks are assessed as environmental criteria. Our goal is to make sure the company practices responsible environmental management and factors these risks into its business model.

2.5 Which of our teams are involved in the Investment Manager's responsible investment activity?

The Equity, Fixed income, Diversified, Systematic and Private Management teams in charge of investment and divestment decisions are all involved in the responsible investment activity of the management company.

A team of five ESG specialists and one ESG data manager, assisted by two interns, supports the work of the management teams by maintaining relationships with service providers, proposing changes in ESG analysis and integration, ensuring the monitoring and application of relevant regulatory documentation, following best practices and participating in market meetings on ESG issues.

The sales, consultant relations, risk, reporting, marketing, compliance and IT teams also contribute to the implementation of the responsible investment activity.

An ESG Committee meets monthly to coordinate the implementation of the ESG policy within the management company. This Committee is chaired by François-Marc Durand, Chairman of Lazard Frères Gestion. It includes members of the Management, Marketing, Reporting, Risk Control, Compliance, Sales, Consultant Relations and Management teams.

Its role is to guarantee a consistent approach for all cross-business ESG issues relevant to the company's business by:

- Defining and implementing the Investment Manager's ESG policy
-Monitoring of regulations, in particular the application of Article 29 of the French Energy and Climate Law, voted on November 8, 2019
-Monitoring market developments and investor expectations
-Monitoring external partnerships
-Monitoring "Best Practices"

2.6 How many SRI analysts and SRI portfolio managers are employed by the Investment Manager?

The people involved are:
-The entire Private Managers team, consisting of 15 private portfolio managers
-The entire Equity team composed of 12 analyst managers
-The entire Fixed income
- team, consisting of a money manager and 11 analyst managers
-The entire Diversified Management team composed of 4 analyst-managers
-The entire Systematic Management team composed of 2 analyst-managers
-The entire ESG team composed of the ESG Director, 4 ESG specialists and 2 ESG analyst trainees. The number of people dedicated to ESG in full-time equivalent (excluding interns) is 9.5.

DIVERSIFIED TEAM ORGANIZATION

Definition of the macroeconomic scenario |
Management of the tactical allocation

Matthieu GROUES
Director of Institutionel Management
Director of the Strategy and Asset Allocation team

Julien-Pierre NOUEN, CFA
Director of Economic Research and Diversified Management

Colin FAIVRE
Tenant Economist

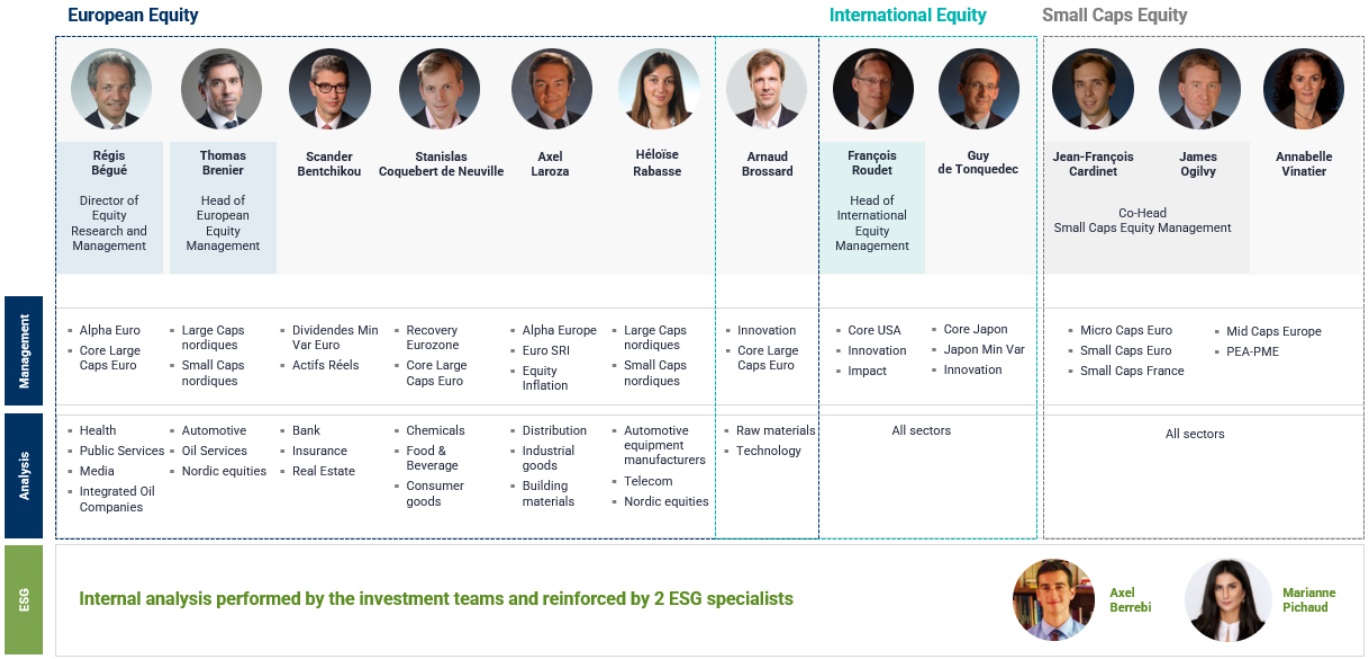
Jérémy DALTIN
Tenant Economist

ORGANIZATION OF THE EQUITY TEAM

12
portfolio manager-analysts
2 ESG specialists
2 management assistants

21
average years of experience in the profession

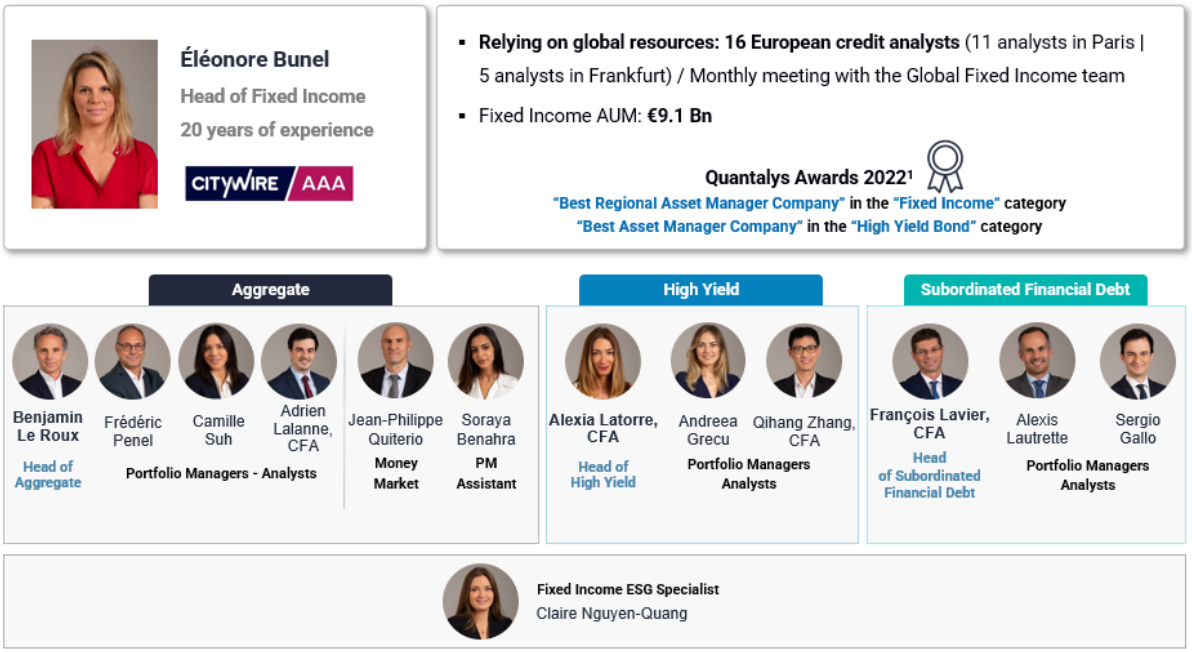
14
years of average seniority at Lazard Frères Gestion



ORGANIZATION OF THE FIXED INCOME TEAM

A team covering the entire fixed income universe

11 portfolio manager-analysts | **1** monetary manager | **1** assistant manager **1** ESG specialist



SYSTEMATICS TEAM ORGANIZATION

2.7 In which SRI initiatives is the management company involved?

General initiatives	Initiatives environment/climate	Social Initiatives	Governance Initiatives
• PRI - Principles For Responsible Investment • SIFs - Social Investment Forum (Spainsif) • AFG Responsible Investment Technical Committee	CDP - Carbon Disclosure Project (signataire) TCFD - Taskforce on Climate-related Financial Disclosure (supporter)		

2.8 What are the total SRI assets of the management company?

Total SRI or exclusionary assets outstanding as of 12/31/2021: 6.4 billion euros
Total ESG assets outstanding as of 12/31/2021: 33.3 billion euros

2.9 What is the percentage of the management company's SRI assets relative to total assets under management?

SRI or exclusion type assets as a percentage of total assets as of 12/31/2021: 19

ESG assets as a percentage of total assets as of 12/31/2021: 98

2.10 Which public SRI funds are managed by the management company?

As of 12/31/2021, the SRI funds open to the public are :

EQUITY

-Lazard Equity SRI
-Norden SRI
-Lazard Small Caps Euro SRI
-Lazard Dividend LowVol SRI

MULTI-ASSET

-Lazard Patrimoine SRI
-Lazard Patrimoine Opportunities SRI

EQUITY (PRIVATE MANAGEMENT)

-Lazard Patrimoine Actions SRI

FIXED INCOME

-Lazard Credit Fi SRI
-Lazard Capital Fi SRI
-Lazard Euro Short Duration High Yield SRI
-Lazard Sustainable Credit 2025*
-Lazard Sustainable Euro Credit*
-Lazard Sustainable Euro Short Duration*

SYSTEMATIC MANAGEMENT

-Lazard Gestion Flexible*
-Lazard Gestion Flexible Obligataire*

** These funds do not have the SRI label but are managed in accordance with its principles.*

3. GENERAL DATA ON THE SRI FUNDS PRESENTED IN THIS TRANSPARENCY CODE

3.1 What are the objectives of taking ESG criteria into account in funds?

By applying a rigorous discipline of SRI analysis and selection, the management of these funds aims to build a portfolio that favors the best ESG practices and the highest rated companies. Our goal is therefore to ensure that companies are :

-Responsible management of the environment
-The development of human resources
-Respect for fundamental human rights
-The quality of their governance

3.2 What internal and external means are used for the ESG assessment of the issuers in the funds' investment universe?

Internally, the analyst-managers are in charge of the ESG analysis of the companies in the portfolio and the integration of this analysis into SRI management. They are supported by the expertise of three ESG specialists (excluding interns).
To carry out this evaluation, the teams also rely on various external resources:

-Moody's ESG Solutions (formerly Vigeo-Eiris, extra-financial rating and ESG indicators)
-Trucost (carbon data)
-Gaïa Rating (extra-financial rating Small Caps and ETI)
-EthiFinance (Small Caps and SMIs)
-MSCI (ESG indicators, temperature, exclusions)
-ISS-Ethix, Urgewald (exclusions)
-Proxinvest/ECGS (voting advisory agency)
-Direct exchanges with companies
-Press
-Brokers

3.3 Which ESG criteria are taken into account by the funds?

ENVIRONMENT

Responsible environmental management

Objective: to recognize companies that adopt environmentally friendly behaviors, control their polluting emissions, participate in the sustainable management of natural resources and implement energy and environmental innovations.
Our analysis seeks to understand how environmental risks are understood and managed by the company. Indeed, insufficient consideration of environmental risks (pollution, biodiversity, resources and local communities) can lead to reputational risk and jeopardize a company's activity and growth.
Environmental criteria relate to the direct or indirect impact of the company's activities on the environment (waste management, energy consumption and polluting emissions) and are assessed taking into account the sector of activity.
In the context of financial companies, we also pay particular attention to the ESG and climate risks of the activities financed by the banking institutions.

The Environment criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Environmental Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Environmental Pillar		Moody's ESG Solutions

SOCIAL

Valuing human resources and responsible customer relations

Objective: to recognize companies that promote the development of human capital by guaranteeing satisfactory working conditions through an appropriate human resources policy, fair remuneration, the development of employees' skills, the promotion of diversity and gender equality, as well as good management of social issues in the event of restructuring. We also value companies that promote responsible customer relations in the financial services sector, leading to beneficial interactions for all stakeholders.
Human capital" is, along with financial capital, one of the two driving forces of a company. Neglecting it could lead to risks of loss of productivity, adaptability, operational profitability or increased costs due to payroll volatility.
Social criteria take into account accident prevention, staff training, respect for employees' rights, protection against the risk of discrimination, ethics in the supply chain, social dialogue, customer relations and complaint management.
In the context of financial companies, a quality customer relationship is essential to the sustainability of the company's activities. This is why we look closely at the process of managing customer complaints, the way they are anticipated, handled and referenced, as well as the means deployed for customer satisfaction.

The Human Resources criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions

DROITS HUMAINS

Respect for fundamental human rights

Objective: to recognize companies that are committed to respecting universal principles in the areas of human rights, labor, the environment and the fight against corruption.

Lazard Frères Gestion believes that ensuring respect for fundamental human rights is primarily the responsibility of public authorities and governments. However, by developing a culture of integrity in their strategies and operations, companies not only contribute to their engagement to citizens and the planet, but also strengthen the foundations of their medium- and long-term sustainability.

The fundamental human rights criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions

GOUVERNANCE

The quality of governance

Objective: to promote good governance practices, in particular the prevention of conflicts of interest, fair treatment of shareholders, audits and internal controls.

The quality of governance has always been a determining factor in our investment policy. Satisfactory governance is a guarantee of transparency and balance of power as well as a shareholder counterweight.

Lazard Frères Gestion believes that good corporate governance practices help control risk, promote long-term value creation, and contribute to the overall alignment of the interests of all stakeholders.

Portfolio manager-analysts are interested in many elements of good corporate governance and monitor, among other things, the composition of the governing bodies, the independence of the board of directors, the quality and diversity of management, the quality of financial communication, the executive compensation policy, internal controls and audits.

The Governance criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Governance Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Governance Pillar		Moody's ESG Solutions

Other criteria considered

All the criteria in the internal ESG analysis grid (see section 3.5.) are taken into account in the attribution of E, S and G ratings by the equity and fixed income analysts/managers. These ratings reflect both a qualitative and quantitative assessment of the various criteria.

3.4 What climate change principles and criteria are addressed by the funds?

In terms of climate change, the way in which issuers take into account physical and transition risks in their development model is analyzed through the Environment criterion in the framework provided by the analyses of our service providers Moody's ESG Solutions and MSCI. The managers' direct exchanges with the companies complete the information available in the event of more detailed questions on this subject.

Physical risk assessment

The assessment focuses on the level of control of these risks by the issuers, and identifies :

- Whether companies have identified and quantified the physical climate-related risks to which they may be exposed
- The measures taken to prevent, adapt and mitigate these risks
- Indicators reflecting the outcome of its efforts to anticipate and mitigate the consequences that the physical impacts of climate change could have on its activities
-Impacts on the company's assets (damage, destruction of buildings or production equipment, early retirement of existing assets, etc.)
-Supply chain impacts (reduced availability/increased costs of raw materials, components or equipment, etc.)
-Impact costs (insurance costs, capital costs, operating costs, etc.)
-Impacts on the company's ability to conduct business and operations (reduced or disrupted production capacity, impacts on workforce management and planning, etc.)

Transition risk assessment

3 transition risks are identified:

- The risk related to changes in energy prices:
-Are measured the engagement of issuers in reducing their energy consumption and associated emissions or how companies are changing their energy mix.
- Technology risk:
-This risk corresponds to the exposure of companies to the risks of obsolescence linked to the lack of technological innovation, the substitution of existing products and services by others with lower emissions.
-The efforts made by companies to develop and market products and services with a reduced impact on the climate and their involvement in R&D activities for environmentally friendly products and services are monitored.
- Regulatory risk:
-This amounts to measuring how companies anticipate regulatory changes:
-Carbon footprint / carbon price: a measure of carbon footprint allows us to identify the sectors and companies that emit the most greenhouse gases (GHGs) and are therefore the most exposed to climate regulations
-Stranded asset risk / Impairment: identifying issuers whose revenues are derived from fossil fuels and those with fossil fuel reserves to identify those most exposed to the risk of impairment of their assets
-Compliance with 2°C scenarios: a measure of the level of engagement of issuers to the energy transition of their business model. Assess the level of engagement and the effectiveness of measures implemented to reduce their GHG emissions, to change their energy mix and to reduce their energy consumption.

Temperature and compliance with engagements under the Paris Agreement

In addition, since January 2020, Lazard Frères Gestion has had access to the MSCI database, which covers more than 10,000 companies to which it assigns a "temperature" by 2030. The temperature of a company reflects its ability to meet the objectives of the Paris Agreement, which aims to limit global warming to 2°C by 2100.

The lower the temperature, the closer to the 2°C objective. For all sectors, temperatures range from a minimum of 1.3°C1 to a maximum of 10°C.

1 The minimum temperature increase expected for 2100 is 1.3°C. IPCC studies show that human activities have led to an increase in atmospheric temperature of 1.1°C between 1850 and 2019.

METHODOLOGY

1. Background

At COP 21 on December 12, 2015, the 196 Parties to the United Nations Framework Convention on Climate Change adopted the Paris Agreement. This agreement aims to contain the rise in global temperature between 1.5°C and 2°C by 2100 compared to pre-industrial levels (1850-1900). To achieve these long-term goals, the work of the Intergovernmental Panel on Climate Change (IPCC) has shown that cumulative greenhouse gas (GHG) emissions will need to be limited to 3,670 $GtCO_2$, since the pre-industrial era, leaving 1,170 $GtCO_2$ to be emitted1 after 2020. Taking into account other greenhouse gases with a similar rate of decline, the remaining budget retained for MSCI's temperature calculation is 1,551 $GtCO_2e$1 after January 1, 2020. Anything emitted beyond this cumulative budget will contribute to exceeding the 2°C warming threshold.

Based on climate modeling, the IPCC has determined that each Giga ton of CO_2 emitted results in a temperature rise of 0.00054496°C. MSCI's methodology therefore sets the CERT at 0.000545°C/GtCO2e.

2. Calculation at the issuer level

First, MSCI determines an emissions trajectory by country and by sector in order not to exceed the level of emissions corresponding to a 2°C warming scenario. This trajectory is then broken down by scope 1, 2 and 3, then by sector for each scope. The 2°C scope 1 carbon budget for each company is allocated on the basis of the national and sectoral budgets, using the distribution of sales as a proxy for the fair share of allowances. The national and sectoral budgets are based on countries' Nationally Determined Contributions (NDCs)2 . In addition, each company's 2°C Scope 2 carbon budget is allocated according to the sectoral budget (based on GICS®3 or equivalent) and using turnover as an indicator of the fair share of allowances. Finally, each company's 2°C Scope 3 carbon budget is allocated on the basis of a global budget and using turnover as a proxy for the fair share of allowances.

In accordance with the IPCC's special report on 1.5°C1 , it is assumed that emissions will have to be zero by 2070. The Implied Temperature Rise (ITR) is thus the difference between the company's projected emissions by 2070 and the emissions budget allocated to its sector under the engagements made by each State Party.

3. Aggregation

The same general approach to calculating Implied Temperature Rise applies to both issuers and portfolios. The calculation is based on the investor's share of EVIC (Enterprise Value Including Cash).

1 https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf
2 Nationally Determined Contributions (NDCs) embody each country's efforts to reduce its national emissions and adapt to the effects of climate change. The Paris Agreement requires each country to describe and communicate its post-2020 climate actions, which are referred to as NDCs.
3 Global Industry Classification Standard (GICS) is a global industry classification standard developed jointly by MSCI and Standard & Poor's.

Exclusion of values related to thermal coal

In accordance with Lazard Frères Gestion's climate policy the fund does not invest in companies whose :
- More than 30% of their revenues come from thermal coal activities
- More than 30% of the energy mix (per MWh generated) is based on coal
- Annual thermal coal production exceeds 20MT per year
- Installed coal-fired capacity exceeds 10 GW
- Projects involve the development of thermal coal mines or coal-fired power plants

In order to be consistent with our approach to supporting and accompanying companies, this scope does not apply to green bonds, which are eligible regardless of the investor.

The exclusion thresholds defined above will be revised each year, in accordance with the recommendations of the AFG, in order to contribute to the achievement of the 2030 coal phase-out target for 2030 for European countries and 2040 for other countries.

3.5 What is your issuer ESG analysis and assessment methodology (construction, rating scale, etc.)?

In 2019, a proprietary ESG analysis process was developed by the Lazard Frères Gestion Equity analysis team in the form of an internal ESG grid. This grid centralizes the quantitative and qualitative information that we consider the most relevant in terms of environmental, social and governance and governance and allows for a synthetic monitoring of of each issuer.

The analysts responsible for monitoring each stock draw up an internal ESG rating based on both a quantitative (energy intensity, employee turnover rate, board independence rate, etc.) and qualitative (environmental policy, employment strategy, directors' skills, etc.) approach.
Rating based on both a quantitative (energy intensity, employee turnover rate, board independence rate, etc.) and qualitative approach (environmental policy, employment strategy, directors' skills, etc.). It takes into account companies' Principal Adverse Impacts (carbon emissions, energy consumption, water consumption, waste production) and the risks likely to affect their own sustainability or Sustainability Risks (regulatory and physical risks, reputational risk through, among other factors, the monitoring of controversies).

Based on the various data provided by our ESG partners (Moody's ESG Solutions, Gaïa Rating, Trucost, MSCI), Bloomberg, each company's annual and CSR reports, Moody's ESG Solutions' controversy tracking tool and direct exchanges, the sector analysts responsible for monitoring each stock establish an internal ESG rating based on both a quantitative and qualitative approach.

Each pillar is rated out of 5 on the basis of some fifteen key indicators per dimension and the company's overall ESG rating summarizes the E, S and G scores according to the following weighting
The overall ESG score of the company summarizes the E, S and G scores according to the following weighting: 30% for the Environment and Social and 40% for Governance, which we believe best reflects the in-depth knowledge and experience of our managers with regard to the companies. This last element has always been an essential criterion in our analysis, a primary source our analysis, a primary source of our value-added of our value-added in selecting issuers and a source of and a source of distinctive expertise.

Always keen to bring tangible added value to the added value in the selection of securities in the portfolio, our portfolio manager-analysts are committed to regularly undertake to consult these grids regularly as part of their as part of their management, dialogue and engagement process. management, dialogue and engagement process. ESG ratings are directly integrated into the valuation models
used by the equity teams through the through the use of Beta (see section 4.1.).
The following is an example of an analysis grid Anonymized internal ESG :

ANALYSE ESG - SOCIETE X

NOTE ESG 4,30 / 5

Ticker Bloomberg	Devise	Données année	Société	Secteur	Zone	Analyste	Date de MAJ
	EUR	2019		bile Telecommunicatio	Europe	HR	21-août-20

Environnement

Emissions

2019	Scope 1	Scope 2	Source
Intensité CO2 (t CO2e/mCA USD)	3	39	*Trucost*
Moyenne Europe Mobile Telecommunications (t CO2e/m	*9*	*30*	*Trucost*
Temperature sector specific (°C)	6,0		*Carbon Delta*
Temperature sector agnostic (°C)	1,3		*Carbon Delta*

2019	Nombre	Score	
Brevets	1122	754	*Carbon Delta*
Brevets Low Carbon	27	20	*Carbon Delta*
% brevets Low Carbon	2,41%	2,65%	

	2019	
Politique en matière de changement climatique (Y/N)	Y	*Bloomberg*

Energie

	2017	2018	2019	Tendance
Intensité énergétique (MWh/m CA)	119	122	115	+

Eau

	2017	2018	2019	Tendance
Intensité de consommation d'eau (m3/m C				
Politique de gestion de l'eau (Y/N)			Y	

Déchets

	2017	2018	2019	Tendance
Intensité de génération de déchets (t/m C/	1	1	1	-

Spécifique secteur

Vigeo

	Score	Note relative
Environnement	72	++

Social

RH

	2017	2018	2019	Tendance
Nombre d'employés	217 349	215 675	210 533	
Rotation du personnel (%)				
% d'employés syndiqués				
% de femmes dans les salariés	36	36	35	-
% de femmes dans le mgmt				
Politique d'égalité des chances (Y/N)			Y	
Politique anti-corruption (Y/N)			Y	
Politique de protection des lanceurs d'alerte (Y/N)			Y	

Santé et sécurité

	2017	2018	2019	Tendance
Taux d'incidents en tps perdu (%				
Taux d'incidents total (%)				
Politique de santé et sécurité (Y/N)			Y	

Relation avec les fournisseurs

	2017	2018	2019	Tendance
% de fournisseurs audités				
% de fournisseurs non-compliant				
Politique des droits de l'homme (Y/N)			Y	
Politique contre le travail des enfants (Y/N)			Y	
Politique de juste rémunération (Y/N)			N	

Spécifique secteur

Vigeo

	Score	Note relative
Droits humains	70	+
Ressources humaines	69	++
Comportement commercial	60	++
Engagement sociétal	55	++

Gouvernance

Actionnariat

	Nom	% du capital	Conflit ?
Actionnaire principal		17,4	
Autre (activiste, etc)		14,5	
Flottant		68,1	

Droits de vote multiples (Y/N)	N

Indépendance

Cumul des roles de DG et Président (Y/N)	No
Taille du Board	20
% d'indépendants au board	40,0
Chairman indépendant (Y/N)	Y
% de membres non executifs au Board	100,0
Ancien CEO au Board (Y/N)	N

Diversité

% de femmes à la direction	37,5
% de femmes au Board	45,0
Age moyen du Board	57
Age du Chairman	74
Age du CEO	58

Enracinement

Participation aux Board meetings (%)	97
Durée moyenne du mandat au Board (# années)	5,4
Nombre de membres du Board servant depuis plus de 10 ans	3
Chairman depuis (# années)	12,7
Durée moyenne du mandat au Comex (# années)	6,1
CEO depuis (# années)	6,9

Multi représentation

% de Board members executifs > 2 Boards	
Nombre de Board positions du CEO	3

Rémunération

Rémunération totale du CEO	EUR	6 499 810
Attribution d'actions	EUR	2 722 632
% d'actionnaires approuvant la rémunération des dirigeants		0

Vigeo

	Score	Note relative
Gouvernance d'entreprise	64	+

Signature du UN Global Compact (Y/N) : Y

NOTE ENVIRONNEMENT (/5) — 4,5

Pondération 30%

Commentaire E

- **Intégration des enjeux environnementaux et définition d'une politique adéquate**
  - Eco-conception des produits ou services
  - Traitement de l'eau et des déchets
  - Gestion de la pollution et des accidents industriels
- **Impact de l'offre de l'entreprise sur l'environnement**
  - Solutions d'efficacité énergétique
  - Innovations technologiques
  - Développement de l'économie circulaire
- **Evolution des tendances**

NOTE SOCIAL (/5) — 4,5

Pondération 30%

Commentaire S

- **Respect des droits humains**
- **Gestion des ressources humaines**
  - Climat et dialogue social
  - Formation et gestion des carrières
  - Promotion de la diversité
  - Santé, sécurité et bien être
- **Gestion de la chaîne de valeur**
  - Devoir de vigilance
  - Qualité, sécurité et traçabilité produits
- **Evolution des tendances**

NOTE GOUVERNANCE (/5) — 4,0

Pondération 40%

Commentaire G

- **Détail du conflit d'intérêts le cas échéant**
- **Indépendance et composition du conseil d'administration**
- **Qualité du management**
- **Qualité de la communication financière**
- **Rémunération du CEO**

Controverses en cours

active(s) dont de sévérité haute ou critique

Commentaire de l'analyste

xxx

Impact E	=
Impact S	=
Impact G	=

Date	Société	Pays	E,S,G	Controverse	Sévérité /4	Description par Vigeo

3.6 How often is the ESG assessment of issuers reviewed?

Proprietary ESG analysis charts are updated annually. However, qualitative criteria can be reassessed or quantitative data corrected as often as needed.

Lazard Frères Gestion continuously keeps track of controversies involving the companies in its investment universe, using a variety of external data sources. As of January 2020, we also receive the analysis of ESG controversies carried out by Moody's ESG Solutions, which sheds light on any events liable to impact a company's reputation, legal and economic security, and financial value. It is an important component of the ESG risk analysis that is incorporated in Lazard Frères Gestion's proprietary ESG analysis chart.

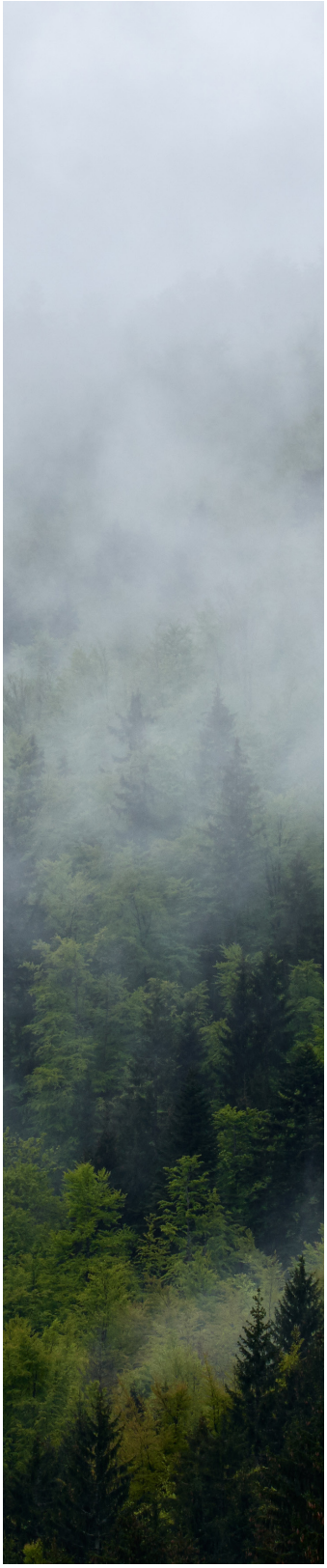
On a daily basis, the information provided by the media and brokers also alert analyst/portfolio managers to any controversies affecting companies in their investment universe.

Controversies deemed particularly relevant and impactful by the analyst-portfolio manager are subject to in-depth individual analysis. If deemed necessary, the analyst-portfolio manager reviews the issuer's post-controversy E, S or G rating. The impacts of the controversy are thus directly included in the assessment of the company's instruments.

By assessing each controversy according to its severity, frequency and the company's responsiveness, Moody's ESG Solutions informs analyst-portfolio managers of how well issuers are able to manage controversies. The data provided are used as a decision-making tool and as a basis for raising the alert.

Companies affected by frequent high-severity controversies without providing appropriate responses are blacklisted. Analyst-portfolio managers watch these companies closely and prioritize them for engagement initiatives.

In the event of a controversy deemed particularly critical, analyst-portfolio managers may decide to exclude the company in question from the fund, after consulting with the portfolio management team.



4. INVESTMENT PROCESS

4.1 How are the results of ESG research incorporated in portfolio construction?

To transition from an **ESG investment universe** to a final **SRI portfolio**, we first apply non-financial screening specific to each fund, followed by quantitative and finally financial screening. Both screening tests must be passed. Neither can offset the other.

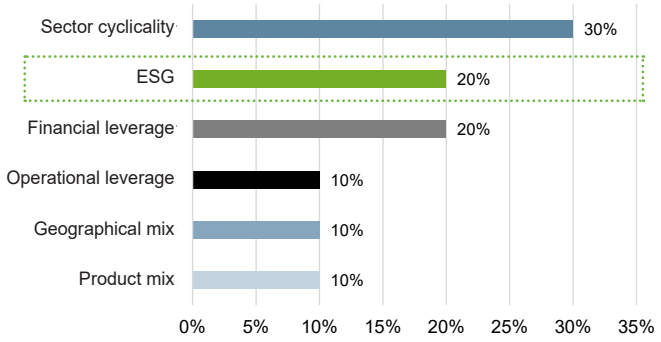
1 Financial screening applied to all Equity funds

Financial screening is based on the following three pillars: **profitability, growth and valuation.**

We express a company's profitability and growth criteria by determining its "fair value" (DCF, past multiples, valuation of financial productivity). The preferred multiples and valuation method are the Enterprise Value/Operating Income ratio and the DCF method. Under the DCF method, cash flows are discounted using the Weighted Average Cost of Capital (WACC).

This cost consists of the **cost of equity** and the **cost of debt**. The cost of equity depends on the company's profile, and in particular its specific risk measured via Beta. This specific risk includes, among other things, the cyclicality of the company's business, geographic location, and compliance with **ESG criteria** that can also impact the financial assessment of the company if they are not sufficiently taken into account.

We thus include ESG criteria in WACC via Beta, which measures the company's specific risk relative to the market. Beta is calculated internally using a proprietary methodology that weights the factors such as:



The ESG criteria included in the definition of Beta are derived from the proprietary analysis model developed by Lazard Frères Gestion (see section 3.5.).

The valuation, and thus the determination of the upside potential for each of the previously selected securities, is used to determine the weight of each security in the portfolio. The portfolio manager ensures compliance with the portfolio's risk constraints, such as maximum overexposure to a given security or sector.

2 Non-financial filter

In addition to incorporating ESG criteria in the assessment of issuers, Lazard Frères Gestion applies more restrictive non-financial screening to its SRI funds.

Screening is specific to each SRI fund:

Lazard Gestion Flexible

Equity portfolio:

Within the framework of Lazard Gestion Flexible's SRI management, the analysts/managers in charge of the equity portfolio ensure that this component maintains an external ESG rating higher than the average rating of the MSCI World Developed index after elimination of the 20% worst stocks.

Fixed income portfolio:

For the corporate fixed income component (financial and non-financial), the analysts/managers ensure that an external ESG rating is maintained above that of a composite index made up of 90% ICE BofA Euro Corporate (financial and non-financial) and 10% ICE BofA Euro Non-Financial Fixed & Floating Rate High Yield (non-financial only) after elimination of the 20% worst stocks.

Lazard Gestion Flexible Obligataire

Within the framework of Lazard Gestion Flexible's SRI management, the portfolio manager-analysts ensure, for the corporate fixed income portion (financial and non-financial), that an external ESG rating is maintained above that of a composite index made up of 90% of the ICE BofA Euro Corporate (financial and non-financial) and 10% of the ICE BofA Euro Non-Financial Fixed & Floating Rate (non-financials only) after elimination of the 20% worst stocks.

4.2 How often is the ESG assessment of issuers reviewed?

Climate change criteria are included:

- In the Environment criterion component:
  This component measures the level of engagement to the energy transition through the company's business model, and the effectiveness of measures implemented to reduce GHG emissions, change the energy mix and reduce energy consumption.
- In the ESG risks included in our valuation models via cost of capital. They impact our price targets and thus directly influence the portfolio manager's decision.

As ESG analysis is incorporated in our fundamental analysis, it directly impacts investment decisions.

4.3 How are portfolio issuers that are not subject to ESG analysis (excluding mutual funds) taken into account?

In accordance with SRI certification requirements, at least 90% of issuers present in funds covered by this transparency code are subject to ESG analysis.

Portfolio managers can initiate dialog with non-rated or low-rated companies to ask them to improve their ESG transparency.

4.4 Has the ESG assessment process and/or portfolio management process changed in the last twelve months?

A new ESG analysis process was defined in 2019 by the Equity team's ESG working group. This led to the implementation of the mentioned ESG analysis charts (Section 3.4.), which have covered a growing number of issuers since the beginning of 2020. The portfolio management teams set a goal of covering 100% of the Equity portfolios and the main companies followed by the end of 2020.

4.5 Is a portion of fund assets invested in solidarity-oriented organizations?

None of the funds covered by this transparency code invests a portion of its assets in solidarity-oriented organizations.

4.6 Do the funds carry out securities borrowing/lending transactions?

None of the funds covered by this transparency code carry out borrowing/lending transactions.

4.7 Do the funds use derivatives?

None of the funds covered by this transparency code uses derivatives, even if permitted in order to hedge against equity or forex risk.

4.8 Do the funds invest in other funds?

The funds covered by this transparency code may invest in money market funds for cash management purposes (max 10% of net assets) and in equity funds.

5. ESG CONTROLS

5.1 What are the internal and/or external control procedures in place to ensure that portfolios comply with the ESG rules established for fund management?

1 Level 1 controls

All funds managed by Lazard Frères Gestion are subject to pre-trade controls to ensure that they comply with the normative and sector exclusion rules set out in our ESG policy. The Risk team directly incorporates the list of excluded issuers in the investment constraints engine of our portfolio management software tool. Any attempt to buy a security on the exclusion list is thus automatically blocked.
Systematic controls are also carried out by portfolio management assistants in the event of activity in SRI portfolios:

- Buy-side activity: verification that the stock is included in the investment universe
- Sell-side activity: in the event a company's rating is downgraded due to a controversy or is updated

2 Level 2 controls

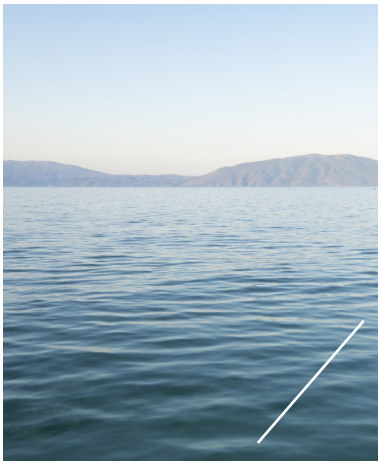
The Risk team ensures that more than 90% of each fund is covered by the Moody's ESG Solutions or Gaïa Rating analysis.
According to the methodology used by the fund, the Risk team also verifies that well above 20% of the lowest-rated companies on the index or in the investment universe are excluded from the fund, and that the fund's ESG score is well above that of the 80% highest-rated companies on the index or in the investment universe. The results of this control are regularly audited by the Compliance team.

In the event of an operational anomaly, the incident is placed on the agenda of the Institutional Strategies - Operational Risk Committee, which meets monthly and comprises the Head of Institutional Strategies, the COO, the RCCI, the Risk Manager and the operational staff in charge of Level 1 controls.

For open-ended mutual funds (SICAVs) covered by this transparency code:

- The Board of Directors meets at least once a year and verifies the SRI analysis methodology;
- At the end of each fiscal year, the statutory auditor checks that fund investments comply with the SRI criteria set out in the prospectus.

Lastly, SRI certification body EY verifies once a year that the principles and implementation of fund management comply with the SRI criteria set out in the specifications for certification.



6. IMPACT MEASUREMENTS AND ESG REPORTING

6.1 How is the ESG quality of funds assessed?

The ESG quality of the portfolios is measured monthly using the four impact indicators defined in section 3.3.

In addition, the monthly reporting specifies the average E, S, and G ratings for each fund calculated as the weighted average of the portfolio holdings of Moody's ESG Solutions synthetic ratings. An overall ESG score is also calculated using the same weightings as those used by managers in their SRI management (see section 4.1.).

The Moody's ESG Solutions rating scale is as follows:

MOODY'S ESG SOLUTIONS ESG performance	Ranking Scale
Advanced	**60-100**
Robust	**50-59**
Limited	**30-49**
Weak	**0-29**

A quarterly Article 29 report of the French Climate and Energy Law also provides an opportunity to assess the "Environmental" quality of portfolios with more than €500 million in assets compared to their benchmarks.

6.2 What ESG impact indicators are used by the funds?

In line with the ESG criteria set out in section 3.3, the funds use the following impact indicators:

The Environment criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Environmental Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Environmental Pillar		Moody's ESG Solutions

The Social criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions

The Basic Human Rights criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Social Pillar		Moody's ESG Solutions

The Governance criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Gestion Flexible	Moody's ESG Solutions Governance Pillar		Moody's ESG Solutions
Lazard Gestion Flexible Obligataire	Moody's ESG Solutions Governance Pillar		Moody's ESG Solutions

These indicators are published quarterly in an ad hoc document entitled "ESG Reporting", available on the website.

6.3 What media are used to inform investors about the SRI management of funds?

- The website on which are available:

-The fund transparency code
-ESG policy documents
-Monthly fund reports
-Impact Indicator Reporting" documents
-Article 29 reports of the French Energy and Climate Law (for funds with net assets of more than €500 million)
-The annual report

- Social networks

6.4 Does the management company publish the results of its voting policy and its engagement policy?

- Lazard Frères Gestion publishes a engagement report listing the various initiatives undertaken and their results. This information is the result of various meetings held by the analysts with the management of the companies.
- The voting policy, the voting rights exercise report, the engagement policy and the engagement report are published and available at the following address: http://www.lazardfreresgestion.fr/FR/ESG-ISR_112.html