TRANSPARENCY CODE

AFG-FIR

Fixed Income Funds

LAZARD
FRERES GESTION

LAST UPDATE - MARCH 2021

CONTENT

1. FUNDS COVERED BY THIS TRANSPARENCY CODE
- p.4 -

2. GENERAL INFORMATION ABOUT THE INVESTMENT MANAGER
- p.6 -

3. GENERAL INFORMATION ABOUT THE SRI FUNDS PRESENTED IN THIS TRANSPARENCY CODE
- p.12 -

4. PORTFOLIO MANAGEMENT PROCESS
- p.21 -

5. ESG CONTROLS
- p.25 -

6. IMPACT MEASUREMENT AND ESG REPORTING
- p.26 -

1. FUNDS COVERED BY THIS TRANSPARENCY CODE

Fund name: Lazard Credit Fi SRI

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
• Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	• Bonds and other debt securities denominated in euros •Bonds and other international debt securities	•Weapons •Tobacco •Coal	€1,347.8 million	• SRI certification	-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

Fund name: Lazard Capital Fi SRI

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
• Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	• Bonds and other debt securities denominated in euros •Bonds and other international debt securities	•Weapons •Tobacco •Coal	€661.6 million	• SRI certification	-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

Fund name: Lazard Euro Short Duration High Yield SRI

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
• Sélection positive (Best-in-universe) • Intégration ESG • Exclusion • Engagement	• Bonds and other debt securities denominated in euros •Bonds and other international debt securities	•Weapons •Tobacco •Coal	12,445 millions €	• Label ISR	-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

Fund name: Lazard Sustainable Credit 2025

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
• Exclusion • Engagement	• Bonds and other international debt securities	• Weapons •Tobacco •Coal	N/A		-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

Fund name: Lazard Sustainable Euro Credit

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
•Positive selection (Best-in-universe) •ESG integration •Exclusion •Engagement	• Bonds and other international debt securities	• Weapons •Tobacco •Coal	€63.21 million		-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

Fund name: Lazard Sustainable Euro Short Duration

Dominant and complementary strategies	Main asset class	Exclusions applied by the fund	Fund AuM as of 12/31/2020	Certifications	Links to fund documents
• Positive selection (Best-in-universe) •ESG integration •Exclusion •Engagement	• Bonds and other international debt securities	• Weapons •Tobacco •Coal	€156.7 million		-KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

2. GENERAL INFORMATION ABOUT THE INVESTMENT MANAGER

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

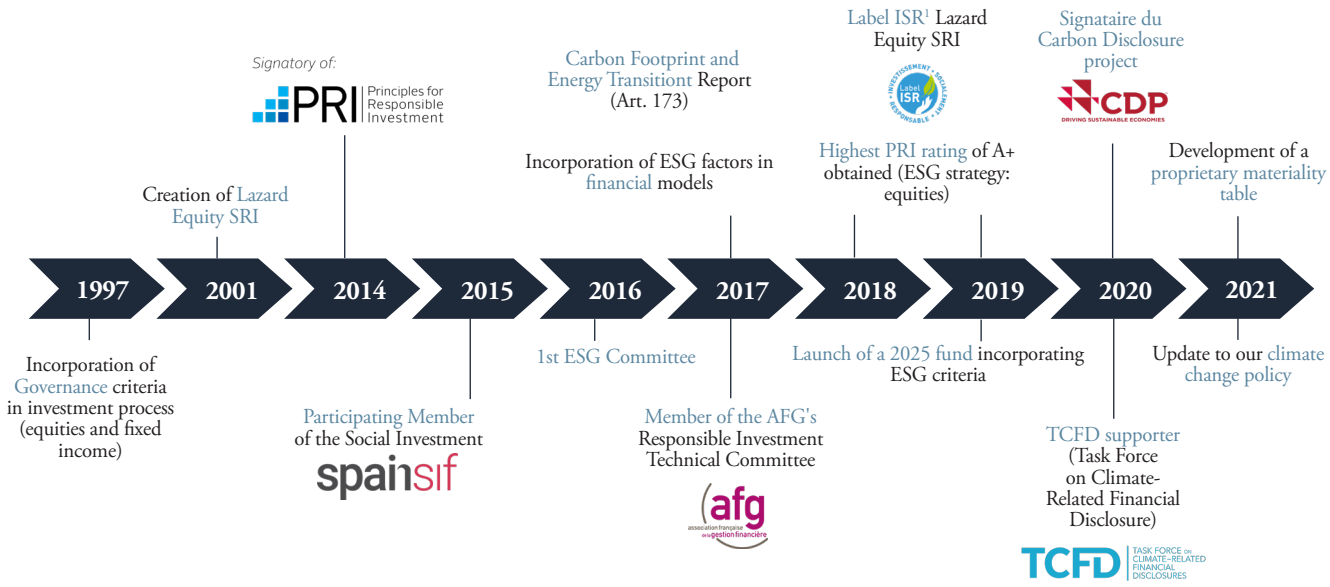
LAZARD FRÈRES GESTION
25, rue de Courcelles
75008 – PARIS
www.lazardfreresgestion.fr

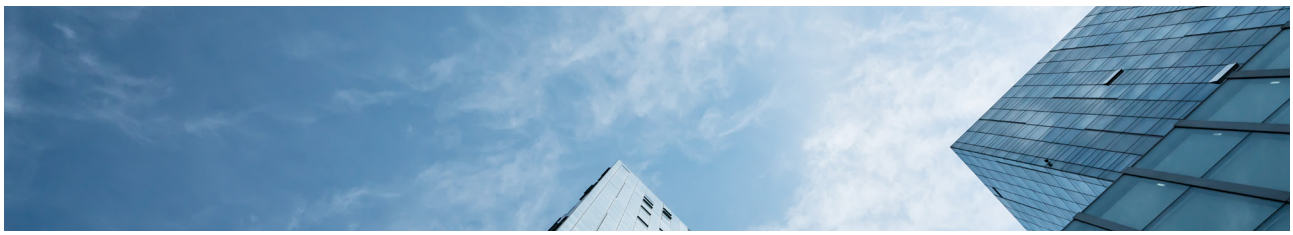
Founded on October 1, 1995, Lazard Frères Gestion SAS obtained AMF authorization to operate as a Portfolio Management Company under number GP 97-105 on October 31, 1997. On July 23, 2014, Lazard Frères Gestion obtained its notification of authorization as a portfolio management company from the AMF under 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 is the history of the Investment Manager's responsible investor approach, and what are its principles?

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 approach
-Climate change policy
-Engagement policy
-Voting policy

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

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.

The integration of ESG criteria is therefore naturally part of our approach to the 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 teams are involved in the Investment Manager's responsible investment activity?

The team of Equity Analyst-Portfolio Managers in charge of investment or divestment decisions is primarily involved in the Investment Manager's responsible investment activity.

A team of three ESG specialists and an ESG data manager, assisted by two interns, helps the portfolio management teams conduct business with service providers, recommends changes for ESG analysis and integration, oversees and applies appropriate regulatory documentation, monitors best practices and contributes to marketplace ESG initiatives.
Les équipes commerciale et relations consultants, risques, reporting, marketing, compliance et IT participent également à la mise en œuvre de l'activité d'investissement responsable.

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 company. The Committee is co-chaired by Matthieu Grouès, Head of Institutional Client Strategies, and Paul Castello, Managing Director. It comprises members of the Portfolio 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
-Overseeing regulatory compliance, and particularly with Article 173 of the French Energy Transition for Green Growth Act, adopted on August 17, 2015
-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 Equity team of 12 analyst-portfolio managers
-The entire Fixed Income team, consisting of a money market portfolio manager and 7 analyst-portfolio managers
-The entire Diversified Strategies team, consisting of 4 analyst-portfolio managers
-The entire ESG team, consisting of 3 ESG specialists, an ESG data manager working under the Reporting team and 2 ESG analyst interns.
The number of people dedicated to ESG in full-time equivalent (excluding interns) is 6.3.

ORGANIZATIONAL CHART OF THE MULTI -ASSET TEAM

ORGANIZATIONAL CHART OF THE EQUITY TEAM

12

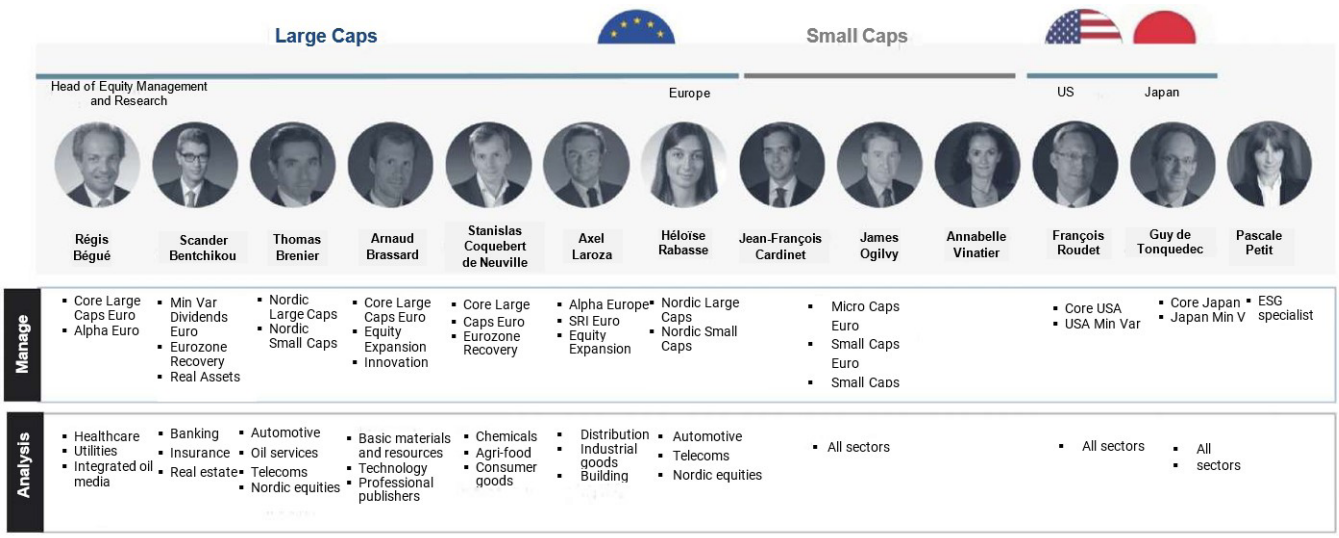
analysts-managers 1 ESG specialist 2 management assistants

19

years of experience in the profession on average

12

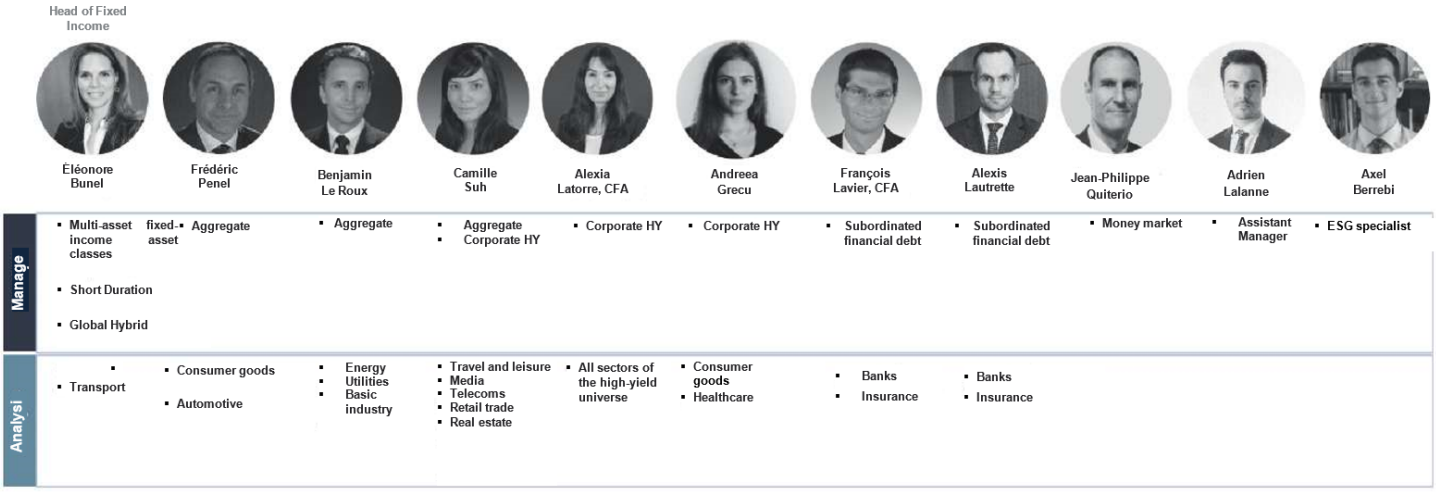
years of seniority at Lazard Frères Gestion on average



ORGANIGRAMME DE L'ÉQUIPE OBLIGATAIRE

A team covering the entire fixed income universe

7 analysts-managers | 1 money-market manager | 1 assistant manager



2.7 In which SRI initiatives is the Investment Manager involved?

General initiatives	Environmental/climate initiatives	Social initiatives	Governance initiatives
• PRI - Principles For Responsible Investment • Comité technique Investissement Responsable AFG •SIFs - Social Investment Forum (Spainsif)	• CDP – Carbon Disclosure Project (signataire) • TCFD – Taskforce on Climate-related Financial Disclosure (supporter)		

2.8 What is the Investment Manager's total SRI assets under management?

Total SRI or exclusionary assets under management as of 12/31/2020: €4.2 billion

Total ESG assets under management as of 12/31/2020: €26.4 billion

2.9 What is the ratio of the Investment Manager's SRI AuM to total AuM?

% of SRI or exclusionary AuM out of total AuM as of 12/31/2020: 16%

% of ESG AuM out of total AuM as of 12/31/2020: 98%

2.10 Which retail SRI funds are managed by the Investment Manager?

Retail SRI funds as of 3/31/2021:

EQUITY

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

MULTI-ASSET

-Lazard Patrimoine SRI
-Lazard Patrimoine Opportunities SRI

EQUITY (WEALTH MANAGEMENT)

-Lazard Patrimoine Actions SRI

3. GENERAL INFORMATION ABOUT THE SRI FUNDS PRESENTED IN THIS TRANSPARENCY CODE

3.1 What are the desired goals of applying ESG criteria to fund management strategies?

By applying rigorous SRI analysis and selection discipline, the portfolio managers aim to build a portfolio that promotes ESG best practices and the highest-rated companies. Our goal is thus to encourage companies to:

- Practice responsible environmental management
- Develop their human resources
- Observe basic human rights
- Practice strong governance

3.2 What internal and external resources are used for the ESG assessment of issuers making up the fund's investment universe?

Internally, the analyst-portfolio managers perform an ESG analysis of portfolio companies and include this analysis in SRI strategies. They are backed by the expertise of the three ESG specialists (excluding interns).
To carry out this evaluation, the teams also rely on various external resources:

- Vigeo-Eiris (non-financial rating and controversies)
- Trucost (carbon data)
- Carbon Delta (temperature and carbon pathway)
- EthiFinance (Small Caps and ISEs)
- ISS-Ethix (exclusions)
- Proxinvest/ECGS (voting advisory firm)
- Direct communication with companies
- Press
- Brokers

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

ENVIRONMENT

• Practice responsible environmental management

Goal: to promote companies that adopt environmentally friendly behaviors, control their polluting emissions, contribute to the sustainable management of natural resources and implement energy and environmental innovations.

The aim of our analysis is to understand how environmental risks are addressed and managed by the company. Inadequate consideration of environmental risks (pollution, biodiversity, resources and local communities) can generate reputational risk and jeopardize the company's business 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 their assessment depends on the business sector.

For financial firms, we also look closely at the ESG and climate risks of activities financed by banking institutions.

The Environment criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Capital Fi SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Euro Short Duration High Yield SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Sustainable Credit 2025	Carbon intensity/energy transition score	CO2eq per €m of revenue/ score out of 100	Trucost / Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Environment pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Environment pillar		Vigeo-Eiris

SOCIAL

• Development of human resources and responsible customer relations

Goal: to promote companies working to develop their human capital by ensuring satisfactory working conditions through an appropriate human resources policy, fair pay, development of employee skills, promotion of diversity and gender equality, and sound management of social aspects involved in any restructuring programs. Also to promote companies encouraging responsible customer relations in the financial services industry, resulting in beneficial interactions for all stakeholders.

Together with financial capital, "human capital" is one of the two key drivers of a company's performance. Neglecting human capital can lead to losses in terms of productivity, adaptability and operating profitability, and to increased costs stemming from payroll volatility.

Social criteria address matters such as accident prevention, staff training, observation of employee rights, protection against discrimination risks, supply chain ethics, social dialog, customer relations and complaints management.

For financial companies, high-quality customer relations are essential to the sustainability of the company's operations. That is why

we closely examine how customer complaints are handled, anticipated, processed and classified, as well as the resources deployed to ensure customer satisfaction.

The Human Resources criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Capital Fi SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Euro Short Duration High Yield SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Sustainable Credit 2025	% turnover/controversies	% / nombre	Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Social pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Social pillar		Vigeo-Eiris

HUMAN RIGHTS

• Observe basic human rights

Goal : to promote companies that undertake to observe the universal principles set out in the areas of human rights, labor, the environment and the fight against corruption.

Lazard Frères Gestion believes that primary responsibility for the observation of basic human rights lies with governments and public authorities. However, by developing a culture of integrity in their strategies and operations, companies not only make a commitment to better the lives of people and the planet, but also strengthen the foundations of their sustainability as a going concern in the medium and long term

The Basic Human Rights criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Capital Fi SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Euro Short Duration High Yield SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Social pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Social pillar		Vigeo-Eiris

GOVERNANCE

• Quality of governance

Goal: to promote governance best practices, and particularly prevention of conflicts of interest, fair treatment of shareholders, audits and internal controls.

Governance quality has always been a decisive factor in our investment policy. Satisfactory governance is a guarantee of transparency and the balance of powers, with shareholders serving as a counter-weight.
Lazard Frères Gestion believes that corporate governance best practices contribute to risk management, promote long-term value creation and help align the interests of all stakeholders.

Analyst-portfolio managers examine multiple aspects of sound corporate governance and monitor, among other things, the composition of Management bodies, the independence of the Board of Directors, the quality and diversity of Management teams, the quality of financial communication, the executive management remuneration policy, internal controls and audits.

The Governance criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Independent Directors	%	Company annual reports
Lazard Capital Fi SRI	Independent Directors	%	Company annual reports
Lazard Euro Short Duration High Yield SRI	Independent Directors	%	Company annual reports
Lazard Sustainable Credit 2025	Independent Directors	%	Company annual reports
Lazard Sustainable Euro Credit	Vigeo-Eiris Environment pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Environment pillar		Vigeo-Eiris

Other criteria taken into account

All the criteria shown in the internal ESG analysis chart (see Section 3.5.) are incorporated in the attribution of E, S and G ratings by equity and fixed income analyst-portfolio managers. These ratings reflect both a qualitative and quantitative assessment of the various criteria.

3.4 What climate change principles and criteria are taken into account by the funds?

In terms of climate change, we look at how issuers incorporate physical and transition risks in their development model via the Environment criterion included in the analyses provided by Vigeo-Eiris and Carbon Delta. Our portfolio managers also communicate directly with companies to obtain further information if necessary.

Physical risk assessment

This assessment examines how well physical risks are managed by issuers, and determines:

- Whether or not companies have identified and quantified the physical climate-related risks to which they may be exposed
- Measures taken to prevent, adapt and mitigate these risks
- Indicators reflecting the results of its efforts to anticipate and mitigate the potential consequences of the physical impacts of climate change on its activities

- Impacts on the company's assets (damage, destruction of buildings or production facilities, early decommissioning of existing assets, etc.)
- Impacts on the supply chain (reduced availability/higher costs of raw materials, parts or equipment, etc.)
- Impact costs (insurance costs, investment costs, operating expenses, etc.)
- Impacts on the company's ability to conduct its activities and operations (reduction or disruption of production capacity, impacts on workforce management and planning, etc.)

Assessment of transition risks

3 transition risks are identified:

• Risk associated with changes in energy prices:
We measure each issuer's commitment to reducing its energy consumption and associated emissions, or how companies are changing their energy mix.

• Risk associated with technological advancement:
This can be defined as the company's exposure to obsolescence risks due to a lack of technological innovation, substitution of existing products and services with others generating lower emissions.
We keep track of the efforts made by companies to develop and sell products and services with a reduced impact on the climate, and their investment in R&D activities aimed at developing and selling green products and services.

• Risk associated with regulatory changes:
This involves measuring how companies anticipate regulatory changes:
Carbon footprint/carbon price: a carbon footprint measurement identifies the sectors and companies recording the highest greenhouse gas emissions and thus with the highest exposure to climate regulations
Stranded asset/impairment risk: identification of issuers generating revenues from fossil fuels and issuers with fossil fuel reserves in order to determine which have the highest exposure to impairment risk
Compliance with 2° scenarios: measurement of an issuer's commitment to the energy transition of their business model. This is done by assessing the level of commitments and effectiveness of measures implemented to reduce GHG emissions, change the energy mix and reduce energy consumption.

Temperature and compliance with Paris Agreement commitments

In addition, as of January 2020, Lazard Frères Gestion has access to the Carbon Delta database, which covers more than 9,000 companies, each of which is assigned a "temperature" goal to be reached by 2030. A company's temperature reflects its ability to meet the goals of the Paris Agreement, aimed at limit global warming to 2 °C by 2100.

The lower the temperature, the closer to achieving the 2 °C target. For all sectors, temperatures range from a minimum of 1.3 °C[1] and a maximum of 10 °C.

[1] *The minimum temperature increase expected for 2100 is 1.3 °C. According to the IPCC, air temperature increased by 0.85 °C from 1880 to 2012; without recognizing the current rise in atmospheric emissions, a similar temperature increase is projected.*

METHODOLOGY

1. United Nations scenario study (UN Gap Report), and more in-depth research into the PIK 3 °C scenario (Postdam Institute Klimate). Using these scenarios, a carbon budget is defined by sector (16 sectors identified) for Scope 1, giving a temperature curve for each sector.
For Scope 2, another overall temperature curve is obtained from the carbon budgets of the electricity providers sector. Lastly, another overall temperature (Scope 3) is calculated using MSCI ESG Research data.

2. Calculation of the carbon intensity specific to each emissions scope, for each company, based in particular on the annual publications of each company:

$$\frac{\textit{Scope x}}{\textit{Total des revenus non verts + futurs revenus non verts}}$$

3. Projected changes in carbon intensity, based on the company's decarbonization and emissions reduction targets

4. Positioning of the company's future carbon intensity on the corresponding curve, by scope and/or sector (16 different curves depending on the sector for Scope 1, single overall curve for Scopes 2 and 3)

5. Definition of a temperature-based "cooling potential" for each company, according to the emissions it has avoided (thanks in large part to low-carbon patents)

6. Allocation of a specific weighting to the 4 temperatures obtained, depending on the sector

7. Calculation of the company's final temperature via the weighted sum of the 4 previous metrics

Sector-specific and sector-agnostic temperature data for each issuer are included in the company's internal ESG chart (see below). They are directly factored into the rating of the Environment pillar.

Exclusion of thermal coal companies

- In accordance with Lazard Frères Gestion's climate change policy, the fund does not invest in companies for which:
- More than 30% of revenues come from thermal coal-related activities
- More than 30% of the energy mix (per MWh generated) is generated from coal
- Annual thermal coal production exceeds 20 MT per year
- Coal-fired installed capacity exceeds 10 GW
- Plans include the development of thermal coal mines or coal-fired power plants

In the interest of consistency with its approach to supporting and promoting companies, Green Bonds and Sustainability-Linked Bonds (SLBs) with a Key Performance Indicator (KPI) mainly associated with an environmental target (e.g. reducing carbon emissions) are considered as still eligible for Lazard Frères Gestion investments, regardless of the issuer.

The exclusion thresholds defined above are reviewed each year, in accordance with AFG recommendations, with the aim of reaching the goal of exiting the coal industry by 2030 for European countries and by 2040 for other countries.

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

In 2019, Lazard Frères Gestion's Equity Analysis Team developed a proprietary ESG analysis process in the form of an internal ESG chart. The chart centralizes the quantitative and qualitative information deemed most relevant in terms of environmental, social and governance criteria and provides a dashboard tracking each issuer.

Analysts responsible for monitoring each company establish an internal ESG rating based on a combined quantitative approach (energy intensity, staff turnover, Board independence, etc.) and qualitative approach (environmental policy, employment strategy, expertise of directors, etc.). The ESG rating factors in each company's Principal Adverse Impacts (carbon emissions, energy consumption, water consumption, waste production) and Sustainability Risks (regulatory and physical risks, reputational risk by keeping track of controversies, among other factors).

Based on the data provided by our ESG partners (Vigeo-Eiris, Gaïa Rating, Trucost, Carbon Delta), Bloomberg, each company's annual and CSR reports, the Vigeo-Eiris controversy tracking tool and direct communication with issuers, the sector analysts responsible for monitoring each company establish an internal ESG rating based on a quantitative and qualitative approach.

Each pillar is given a score out of 5, based on roughly fifteen KPIs according to the company's size, and the total ESG score combines the E, S and G scores as follows: 30% for the Environment pillar, 30% for the Social pillar and 40% for the Governance pillar, which we believe best reflects the in-depth knowledge and experience our portfolio managers have developed in analyzing and working with companies. This has always been a key component of our analysis, a major source of added value in the selection of issuers and a distinctive source of expertise.

In the interest of continuously generating tangible added value in the selection of portfolio investments, our analyst-portfolio managers undertake to regularly consult these charts for portfolio management, dialog and engagement purposes.

ESG ratings are directly incorporated in the valuation models used by the Equity teams through Beta (see section 4.1.).

Below is an example of an anonymized internal ESG analysis chart:

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? How are controversies managed?

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

Lazard Frères Gestion assure un suivi continu des controverses sur les entreprises de son univers à partir de différentes sources de données externes. Depuis janvier 2020, ce suivi s'enrichit de l'analyse des controverses ESG réalisée par Vigeo-Eiris.

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 Vigeo-Eiris, 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 and 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, Vigeo-Eiris informs analyst-portfolio managers of how well issuers are able to manage controversies. The data provided is 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. PORTFOLIO MANAGEMENT PROCESS

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

The transition from the initial investment universe to the final portfolio is based on a dual SRI/financial management approach within each of the Equity and Fixed Income sleeves..

EQUITY SLEEVE

1 Financial screening applied to all Equity funds

Based on internal ESG analysis charts, Fixed Income analyst/portfolio managers decided in 2020 to:

I. Limit investments in issuers with a score of 3 or less to 30% for Investment Grade funds (i.e. issuers rated AAA to BBB-)
II. Limit investments in issuers with a score of 3 or less to 50% for High Yield funds (i.e. issuers rated BB+ or less)
III. Exclude issuers with a score of 2 or less from all portfolios.

2 Non-financial screening

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 Credit Fi SRI

Our investment universe is a sub-universe of Vigeo-Eiris built by applying geographic and sector screening. We start off with all issuers rated by Vigeo-Eiris. We then use geographic screening to select only issuers classified as belonging to the eurozone. To that end, we select issuers classified as "EUR" by Vigeo-Eiris, plus issuers classified by Vigeo as belonging to "Greece". We then use sector screening to keep only the following four Vigeo-Eiris sectors:

- Diversified banks
- Financial Services General
- Insurance
- Retail and Specialised Banks

Each company is given a rating ranging from 0 to 100, using the scores and weightings for the 3 Environment, Social and Governance pillars defined by Vigeo-Eiris.

Based on this rating, and in accordance with the requirements of the SRI certification ("SRI Label"), the analyst-portfolio managers in charge of the fund ensure that an ESG rating above that of the established universe can be maintained, after eliminating the 20% lowest-rated companies.

Given the constraints imposed by the SRI certification in terms of exclusion and coverage of companies by ESG analysis (see section 4.3), 90% of the fund is required to consist of companies rated by Vigeo-Eiris, while the remaining 10% may be invested in companies rated by Vigeo-Eiris, while the remaining 10% may be invested in companies not covered by Vigeo-Eiris.

Lazard Capital Fi SRI

Our investment universe is a sub-universe of Vigeo-Eiris built by applying geographic and sector screening.

We start off with all issuers rated by Vigeo-Eiris. We then use geographic screening to select only issuers classified as belonging to the eurozone. To that end, we select issuers classified as "EUR" by Vigeo-Eiris, plus issuers classified by Vigeo as belonging to "Greece". We then use sector screening to keep only the following four Vigeo-Eiris sectors:

- Diversified banks
- Financial Services General
- Insurance
- Retail and Specialised Banks

Each company is given a rating ranging from 0 to 100, using the scores and weightings for the 3 Environment, Social and Governance pillars defined by Vigeo-Eiris.

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Given the constraints imposed by the SRI certification in terms of exclusion and coverage of companies by ESG analysis (see section 4.3), 90% of the fund is required to consist of companies rated by Vigeo-Eiris, while the remaining 10% may be invested in companies not covered by Vigeo-Eiris.

Lazard Euro Short Duration High Yield SRI

For the purposes of the SRI strategy implemented for Lazard Euro Short Duration High Yield SRI, the analyst-portfolio managers are responsible for maintaining an ESG rating above that of a composite index, namely the ICE ER00 (30%) and the H1EC ICE (70%) after eliminating the worst 20% lowest-rated names.
Each company is given a rating ranging from 0 to 100, using the scores and weightings for the 3 Environment, Social and Governance pillars defined by Vigeo-Eiris.

Based on this rating, and in accordance with the requirements of the SRI certification ("SRI Label"), the analyst-portfolio managers in charge of the fund ensure that a Vigeo-Eiris covers 90% of the fund, while the remaining 10% may be invested in companies not covered by Vigeo-Eiris.

Lazard Sustainable Credit 2025

To transition from the investment universe to the final Lazard Sustainable Credit 2025 portfolio, we first apply non-financial screening, followed by quantitative and finally financial screening. Ninety per cent of the fund is covered by the non-financial analysis performed by Vigeo-Eiris.

1. The ESG investment universe is defined by applying non-financial screening to select issuers according to their ESG profile

- **Condition 1: have a preliminary, conclusive or advanced ESG profile determined by Vigeo-Eiris.**

This represents 90% of investments, and this ESG approach excludes at least 20% of the investment universe from the Fund. Vigeo-Eiris establishes its chart of absolute ratings, ranging from 0 to 100, as follows:

- 60 to 100: advanced ESG profile
- 50 to 59: robust ESG profile
- 30 to 49: limited ESG profile
- 0 to 29: weak ESG profile

2. Quantitative screening is applied to isolate bonds matching the fund's investment strategy

- **Condition 2: liquidity, 1st maturity date before June 30, 2025, currency of issue.**

2. Financial screening, featuring a fundamental analysis, is applied to select issuers/issues offering the best risk/return profile (yield and probability of default), with an established maturity date, while taking ESG criteria into account

- **Condition 3 : offrir le meilleur profil rendement/risque en privilégiant les émetteurs présentant les meilleures caractéristiques ESG**

Lazard Sustainable Euro Credit

For the purposes of the SRI strategy implemented for Lazard Sustainable Euro Credit, the analyst-portfolio managers are responsible for maintaining an ESG rating above that of a composite index, namely the ICE ER00 (85%) and the ICE HEAE (15%) after eliminating the 20% lowest-rated names.
Each company is given a rating ranging from 0 to 100, using the scores and weightings for the 3 Environment, Social and Governance pillars defined by Vigeo-Eiris.

Based on this rating, and in accordance with the requirements of the SRI certification ("SRI Label"), the analyst-portfolio managers in charge of the fund ensure that a Vigeo-Eiris covers 90% of the fund, while the remaining 10% may be invested in companies not covered by Vigeo-Eiris.

Lazard Sustainable Euro Short Duration

For the purposes of the SRI strategy implemented for Lazard Euro Short Duration, the analyst-portfolio managers are responsible for maintaining an ESG rating above that of a composite index, namely the ICE ER01 (90%) and the ICE HEAE (10%) after eliminating the 20% lowest-rated names.
Each company is given a rating ranging from 0 to 100, using the scores and weightings for the 3 Environment, Social and Governance pillars defined by Vigeo-Eiris.

Based on this rating, and in accordance with the requirements of the SRI certification ("SRI Label"), the analyst-portfolio managers in charge of the fund ensure that a Vigeo-Eiris covers 90% of the fund, while the remaining 10% may be invested in companies not covered by Vigeo-Eiris.

4.2 How are climate change criteria incorporated in portfolio construction?

Climate change criteria are included:

- In the environmental criterion component:

This component measures the level of commitments 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 dialogue with non-rated companies to ask them to improve their ESG transparency. To give more weight to this request, they are reminded of the coverage requirement provided for by the SRI certification.

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 aforementioned 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 and Fixed Income portfolios by the end of 2020.

Based on these internal ESG analysis charts, we have developed a fixed-income process that:

- Limits investments in issuers with a score of 3 or less to 30% for Investment Grade funds,
- Limits investments in issuers with a score of 3 or less to 50% for High Yield funds,
- Excludes issuers with a score of 2 or less.

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?

For the purposes of implementing SRI strategies, the funds limit their use of derivatives to temporary tactical movements and to management of the portfolio's fixed income exposure.

4.8Do the funds invest in other funds?

The funds may invest up to 10% in other 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.

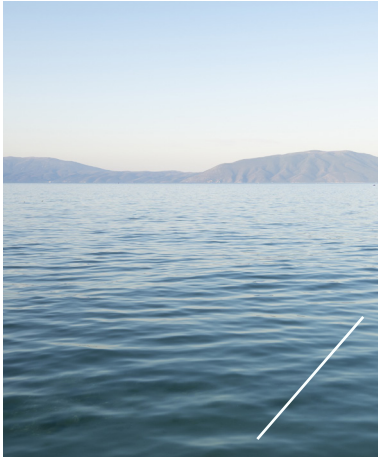
2 Level 2 controls

The Risk team ensures that more than 90% of each fund is covered by the Vigeo-Eiris 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.

Compliance also performs an annual control on each certified fund.

Lastly, the 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 MEASUREMENT AND ESG REPORTING

6.1 How is the ESG quality of each fund assessed?

The portfolio's ESG quality is measured monthly using the four impact indicators defined in Section 3.3.

In addition, the monthly report specifies each fund's average E, S and G scores, calculated as the average weighted by portfolio securities covered by Vigeo synthetic ratings. An overall ESG score is also calculated using the same weightings as those used by the portfolio managers in implementing their SRI strategies (see Section 4.1.).

The Vigeo-Eiris rating scale is as follows:

VIGEO-EIRIS ESG performance	Ranking Scale
Advanced	**60-100**
Robust	**50-59**
Limited	**30-49**
Weak	**0-29**

A quarterly Carbon Footprint and Energy Transition report provides another opportunity to assess the "Environmental" quality of portfolios with more than €500 million in AuM relative to their benchmarks.

6.2 Which 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:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Capital Fi SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Euro Short Duration High Yield SRI	Carbon intensity	Metric tons of CO2eq/€m of revenue	Trucost
Lazard Sustainable Credit 2025	Carbon intensity/energy transition score	CO2eq per €m of revenue/score out of 100	Trucost / Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Environmental pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Environmental pillar		Vigeo-Eiris

The Governance criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Capital Fi SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Euro Short Duration High Yield SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Sustainable Credit 2025	% turnover / Controverses	%/number	Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Social pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Social pillar		Vigeo-Eiris

The Basic Human Rights criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Capital Fi SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Euro Short Duration High Yield SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Sustainable Euro Credit	Vigeo-Eiris Social pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Social pillar		Vigeo-Eiris

The Governance criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Credit Fi SRI	Independent Directors	%	Company annual reports
Lazard Capital Fi SRI	Independent Directors	%	Company annual reports
Lazard Euro Short Duration High Yield SRI	Independent Directors	%	Company annual reports
Lazard Sustainable Credit 2025	Independent Directors	%	Company annual reports
Lazard Sustainable Euro Credit	Vigeo-Eiris Governance pillar		Vigeo-Eiris
Lazard Sustainable Euro Short Duration	Vigeo-Eiris Governance pillar		Vigeo-Eiris

These indicators are published quarterly in a special-purpose document entitled "ESG Report", available on the website.

6.3 How are investors informed about the SRI strategies implemented for their funds?

- The website, where they can find the:

- Fund Transparency Code
- Documents relating to ESG policies
- Monthly fund reports
- "Impact Indicator Reporting" documents
- Carbon Footprint and Energy Transition reports
- Annual report

- Social media

6.4 Does the Investment Manager publish the results of its voting policy and engagement policy?

- Lazard Frères Gestion publishes an engagement report containing the various initiatives undertaken and their results. This information is drawn from the various meetings conducted by the analyst-portfolio managers with the Management teams of portfolio companies.
- The voting policy, annual voting report, engagement policy and engagement report are published and available online at: http://www.lazardfreresgestion.fr/FR/ESG-ISR_112.html

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