

A group of diverse people, including a woman in a red jacket riding a blue bicycle, are walking and cycling across a highly reflective, wet surface. The background is a vast, overcast sky with soft, diffused light. The overall mood is calm and modern.

TRANSPARENCY
CODE
AFG-FIR
Multi-Asset Fund

LAZARD
FRERES GESTION

LAST UPDATE - MARCH 2021



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1. FUNDS COVERED BY THIS TRANSPARENCY CODE

Fund name: **Lazard Patrimoine 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
<ul style="list-style-type: none"> •Positive selection (Best In Universe) •ESG integration • Exclusion •Engagement 	<ul style="list-style-type: none"> • International equities •Eurozone equities •Bonds and other debt securities denominated in euros •Bonds and other international debt securities 	<ul style="list-style-type: none"> •Weapons •Tobacco •Coal 	€531.01 million	•SRI certification	<ul style="list-style-type: none"> -KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

fund name: **Lazard Patrimoine Opportunities 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
<ul style="list-style-type: none"> •Positive selection (Best In Universe) •ESG integration • Exclusion •Engagement 	<ul style="list-style-type: none"> • International equities •Eurozone equities •Bonds and other debt securities denominated in euros •Bonds and other international debt securities 	<ul style="list-style-type: none"> •Weapons •Tobacco •Coal 	€103.8 million	•SRI certification	<ul style="list-style-type: none"> -KIID + Prospectus -Monthly report -Interim report -Annual report -NAV history -NAV RSS feeds

2. GENERAL INFORMATION ABOUT 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 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.

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 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 2 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.

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 Multi-Asset 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



Matthieu Groues

Head of Institutional Management
Head of the Strategy & Asset Allocation team



Julien-Pierre Nouen, CFA

Head of Economic Research and Multi-Asset Management



Colin Faivre

Economist, asset allocation



Jérémy Daltin

Economist, asset allocation

Definition of the macroeconomic scenario I Tactical allocation management

+ 3 management assistants

ORGANIZATIONAL CHART OF THE EQUITY TEAM

12

Analysts-portfolio 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

Large Caps



Small Caps



Head of Equity Management and



Régis Bégus



Stan Bentchikou



Thomas Brenier



Arnaud Brossard



Stanislas Coquebert de Nouville



Axel Laroza



Héliane Rabasse



Jean-François Cardinet



James Ogilvy



Annabelle Vinatier



François Roudet



Guy de Tonquédec



Pascal e Petit

Management

- Core Large Caps Euro
- Alpha Euro
- Mid Year Dividends Fund
- Humana Recovery
- Real Assets
- Large Caps Nordice
- Nordic Small Caps
- Core Large Caps Euro
- Equity Expansion
- Innovation
- Core Large Caps Euro
- Eurozone Recovery
- Alpha Europe
- SRI Euro
- Equity Expansion
- Nordic Large Caps
- Nordic Small Caps
- Micro Caps Euro
- Small Caps Euro
- Small Caps France
- Mid Caps Europe
- PTN-PMF
- Core USA
- USA Min Vol
- Core Japan
- Japan Min Vol
- ESG specialist

Analysis

- Healthcare
- Utilities
- Media
- Integrated oil companies
- Banking
- Insurance
- Real estate
- Automotive
- Oil services
- Telecoms
- Nordic equities
- Professional publishers
- Basic materials and resources
- Technology
- Chemicals
- Agri food
- Consumer goods
- Distribution
- Industrial goods
- Building materials
- Automotive
- Telecoms
- Nordic Equities
- All sectors
- All sectors
- All sectors

Une équipe couvrant l'ensemble de l'univers obligataire

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

Head of Fixed-Income Management											
Éléonore Bunel	Frédéric Penel	Benjamin Le Roux	Camille Suh	Alexia Latorre, CFA	Andreea Grecu	François Lavier, CFA	Alexis Lautrette	Jean-Philippe Quiterio	Adrien Lalanne	Axel Berrebi	
Management	▪ Multi-asset fixed income	▪ Aggregate	▪ Aggregate	▪ Aggregate Corporate HY	▪ Corporate HY	▪ Corporate HY	▪ Subordinated financial debt	▪ Subordinated financial debt	▪ Money market	▪ Assistant Manager	▪ ESG specialist
	▪ Short Duration										
Analysis	▪ Healthcare	▪ Consumer goods	▪ Energy	▪ Travel and leisure	▪ All sectors of the high-yield universe	▪ Consumer goods	▪ Banks	▪ Banks	▪ Insurance	▪ Insurance	
	▪ Transport	▪ Automotive	▪ Utilities	▪ Media		▪ Healthcare	▪ Insurance				
		▪ Basic Industry	▪ Telecoms	▪ Retail trade	▪ Real estate						

2.7 In which SRI initiatives is the Investment Manager involved?



General initiatives	Environmental/climate initiatives	Social initiatives	Governance initiatives
<ul style="list-style-type: none"> • PRI - Principles For Responsible Investment • SIFs - Social Investment Forum (Spainsif) • Comité technique Investissement Responsable AFG 	<ul style="list-style-type: none"> • 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

MULTI-ASSET

- Lazard Patrimoine SRI
- Lazard Patrimoine Opportunities 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

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 Which 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
- Proxinvest/ECGS (voting advisory firm)
- Direct communication with companies
- Press-Brokers

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



ENVIRONMENTAL

- **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 Patrimoine SRI	Carbon intensity	Metric tons of CO ₂ eq/€m of revenue	Trucost
Lazard Patrimoine Opportunities SRI	Carbon intensity	Metric tons of CO ₂ eq/€m of revenue	Trucost

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 Patrimoine SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Patrimoine Opportunities SRI	Companies with high-severity or critical controversies relating to human resources	%	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 are not only making a commitment to better the lives of people and the planet, but also strengthening 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 Patrimoine SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Patrimoine Opportunities SRI	Signing of the United Nations Global Compact	%	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 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 Patrimoine SRI	Independent Directors	%	Company annual reports
Lazard Patrimoine Opportunities SRI	Independent Directors	%	Company annual reports

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 Which 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 the company has identified and quantified the physical climate-related risks to which it 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 (damages, 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:

Scope x

*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 emissions the company 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. ESG interne de l'entreprise présentée ci-dessous. Elles entrent directement en compte dans la notation du pilier environnemental.

Exclusion of thermal coal companies

In accordance with Lazard Frères Gestion's climate change policy, the fund does not invest in companies including:

- 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.

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).

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 and Social and 40% for Governance, which we believe best reflects the in-depth knowledge and experience our portfolio managers have developed relative to 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

Fixed Income analyst-portfolio managers have access to the charts supplemented by the Equity teams for listed companies in their investment universe and directly cover unlisted companies in their investment universe.

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, dialogue and engagement purposes.

Accordingly, the dialog engaged with issuers benefits from all the tools at their disposal and is incorporated in the comments contained on the internal ESG chart.

Below is an example of an internal ESG analysis chart:

ANALYSE ESG - SOCIETE X

NOTE ESG 4,30 / 5

Ticker: **Bloomberg**

Devise: **EUR**

Données année: **2019**

Zone: **Europe**

HR: **21-10011-20**

Analyse Date de MAJ: **14.5**

Secteur: **Mobile Telecommunication**

Société: **Société X**

Environnement

Emissions

2019	Scope 1	Scope 2	Source
Intensité CO2 (t CO2e/mCA USD)	3	39	Trucost
Moyenne Europe Mobile Telecommunications (t CO2e/h)	9	30	Trucost
Température sector specific (°C)	6.0		Carbon Delta
Température sector agnostic (°C)	1.3		Carbon Delta

Brevets Low Carbon

2019	Nombre	Score
Brevets Low Carbon	1122	754
% brevets Low Carbon	27	2.65%

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

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)			Y

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

Vigéo

Score	Note relative
72	++

Gouvernance

Actionariat

Nom	% du capital	Conflit ?
Actionnaire principal	17.4	
Autre (activiste, etc)	14.5	
Floitant	68.1	

Droits de vote multiples (Y/N): **N**

Indépendance

Cumul des rôles de DG et Président (Y/N): **N**

Taille du Board	% d'indépendants au board	Chairman indépendant (Y/N)	% de membres non exécutifs au Board	Ancien CEO au Board (Y/N)
20	40.0	Y	100.0	N

Diversité

% de femmes à la direction	% de femmes au Board	Age moyen du Board	Age du Chairman	Age du CEO
37.5	45.0	57	74	59

Engagement

Participation aux Board meetings (%)	Durée moyenne du mandat au Board (# années)	Nombre de membres du Board servant depuis plus de 10 ans	Chairman depuis (# années)	CEO depuis (# années)
97	5.4	3	12.7	6.9

Multi représentation

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

Rémunération

Rémunération totale du CEO	Attribution d'actions	% d'actionnaires approuvant la rémunération des dirigeants
6 499 810	EUR	9
2 722 652	EUR	

Vigéo

Score	Note relative
64	+

NOTE ENVIRONNEMENT (I5)

4.5 / 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
- Production d'énergie verte
- Développement de l'économie circulaire
- Evolution des tendances

Contraverses en cours

actifs) dont de sévérité haute ou critique

NOTE SOCIAL (I5)

4.5 / 30%

Commentaire S

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

Contraverses

de sévérité haute ou critique

NOTE GOUVERNANCE (I5)

4.0 / 40%

Commentaire G

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

Impact E

Impact S

Impact G

Description par Vigéo

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 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 alerts 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 alertnnées fournies sont utilisées comme un outil d'aide à la décision et une base d'alertes.

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 Bond sleeves.

EQUITY SLEEVE

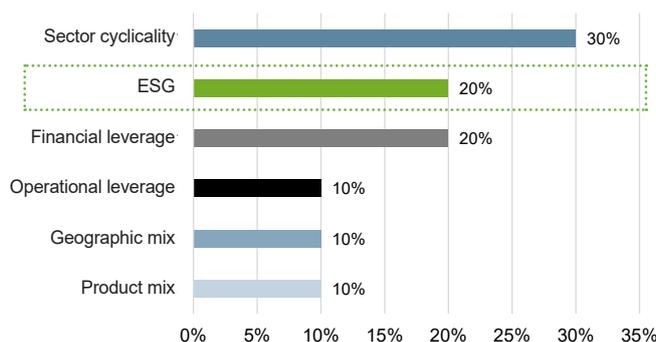
1/ Financial screening applied to all Equity funds

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 cyclicity 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 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 Patrimoine SRI

Equity sleeve:

For the purposes of the SRI strategy implemented for Lazard Patrimoine SRI, the analyst/portfolio managers in charge of the Equity sleeve are responsible for maintaining an ESG rating above the average score for the 80% highest-rated companies on the MSCI World Developed index over the long term.

To ensure greater independence and transparency in terms of compliance with this criterion, the ESG ratings of the fund and the benchmark index comprise the weighted average of the absolute E, S and G scores provided by Vigeo-Eiris assigned the following weightings: 50% for the Environment pillar, 25% for the Social pillar and 25% for the Governance pillar.

This weighting reflects a portfolio management bias that aims to encourage financial players to address urgent environmental and climate change issues.

Fixed Income sleeve:

- Corporate credit issuers

For the purposes of the SRI strategy implemented for Lazard Patrimoine SRI, the analyst-portfolio managers in charge of the fixed income sleeve are responsible for maintaining, for the Corporate (financial and non-financial) allocation, an ESG rating above that of a composite index, namely the ICE ER00 (financial and non-financial) (90%) and the ICE HEAE (non-financial only) (10%) after eliminating the 20% lowest-rated names.

To ensure greater independence and transparency in terms of compliance with this criterion, the ESG ratings of the fund and the benchmark index comprise the weighted average of the absolute E, S and G scores provided by Vigeo-Eiris assigned the following weightings: 50% for the Environment pillar, 25% for the Social pillar and 25% for the Governance pillar.

This weighting reflects a portfolio management bias that aims to encourage financial players to address urgent environmental and climate change issues.

In addition, when considering bonds with similar valuations, analyst/portfolio managers prefer green bonds.

- Sovereign and quasi-sovereign issuers

The Fixed Income team mainly selects sovereign and quasi-sovereign issues that fall within the scope of the SRI assets covered by the certification. Accordingly, excluding Corporate issuers, green bonds are predominantly included in the composition of the Lazard Patrimoine SRI fund.

Lazard Patrimoine Opportunities SRI



Equity sleeve:

For the purposes of the SRI strategy implemented for Lazard Patrimoine Opportunities SRI, the analyst/portfolio managers in charge of the Equity sleeve are responsible for maintaining an ESG rating above the average score for the 80% highest-rated companies on the MSCI World Developed index over the long term.

To ensure greater independence and transparency in terms of compliance with this criterion, the ESG ratings of the fund and the benchmark index comprise the weighted average of the absolute E, S and G scores provided by Vigeo-Eiris assigned the following weightings: 50% for the Environment pillar, 25% for the Social pillar and 25% for the Governance pillar. This weighting reflects a portfolio management bias that aims to encourage financial players to address urgent environmental and climate change issues.

Fixed Income sleeve:

- Corporate credit issuers

For the purposes of the SRI strategy implemented for Lazard Patrimoine Opportunities SRI, the analyst-portfolio managers in charge of the fixed income sleeve are responsible for maintaining, for the Corporate (financial and non-financial) allocation, an ESG rating above that of a composite index, namely the ICE ER00 (financial and non-financial) (90%) and the ICE HEAE (non-financial only) (10%) after eliminating the 20% lowest-rated names.

To ensure greater independence and transparency in terms of compliance with this criterion, the ESG ratings of the fund and the benchmark index comprise the weighted average of the absolute E, S and G scores provided by Vigeo-Eiris assigned the following weightings: 50% for the Environment pillar, 25% for the Social pillar and 25% for the Governance pillar.

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The Fixed Income team mainly selects sovereign and quasi-sovereign issues that fall within the scope of the SRI assets covered by the certification. Accordingly, excluding Corporate issuers, green bonds are predominantly included in the composition of the Lazard Patrimoine Opportunities SRI fund.

4.2 How often is the ESG assessment of issuers reviewed?

How are controversies managed?



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 dialog 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.

4.8 Do 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.

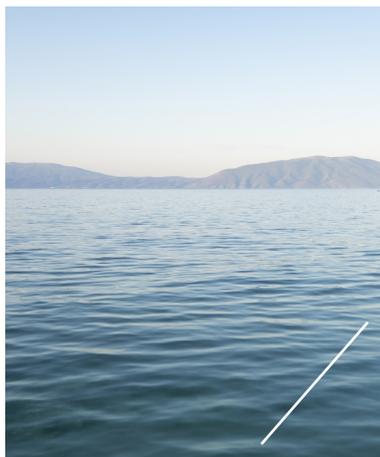
2/ Level 2 controls

The Risk team ensures that more than 90% of each fund is covered by the internal 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, 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 ESG quality of the portfolios 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 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:

Fund	Impact indicator	Unit of measurement	Source
Lazard Patrimoine SRI	Carbon intensity	Tonnes CO ₂ eq/M€ de CA	Trucost
Lazard Patrimoine Opportunities SRI	Carbon intensity	Tonnes CO ₂ eq/M€ de CA	Trucost

The Social criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Patrimoine SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris
Lazard Patrimoine Opportunities SRI	Companies with high-severity or critical controversies relating to human resources	%	Vigeo-Eiris

The Basic Human Rights criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Patrimoine SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris
Lazard Patrimoine Opportunities SRI	Signing of the United Nations Global Compact	%	Vigeo-Eiris

The Governance criterion is verified by:

Fund	Impact indicator	Unit of measurement	Source
Lazard Patrimoine SRI	Independent Directors	%	Company annual reports
Lazard Patrimoine Opportunities SRI	Independent Directors	%	Company annual reports

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

- Les réseaux sociaux

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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