

INFORMATION ON THE ORDER EXECUTION AND INTERMEDIARY SELECTION POLICY

1. GENERAL PRINCIPLE

The Regulations provide that investment service providers are required to take all reasonable steps to obtain the best possible result for their Clients (Best Execution) when executing orders to buy and sell financial instruments.

In special cases where investment service providers provide an order receipt and transmission service or a portfolio management service or manage UCIs without executing orders, the Regulation provides that institutions must implement a policy for selecting the entities to which their orders or those of their Clients will be transmitted for execution (Best Selection).

The policy has been amended to take into account changes related to the entry into force of Directive 2014/65/EU, known as “MiFID2” (hereinafter “the Directive”), which specifies certain elements of this policy. Lazard may be required to periodically update this policy. The authoritative version is available on the website of Lazard Frères Gestion and Lazard Frères Banque or upon request from Lazard Frères Gestion or Lazard Frères Banque.

This policy is also applicable to Lazard Frères Gestion-Luxembourg and Lazard Frères Gestion Belgium, respectively the Luxembourg branch and the Belgian branch of Lazard Frères Gestion (the **Management Company**) in connection with the provision by said branches of the order receipt and transmission and portfolio management service. More specifically, when providing the order receipt and transmission service, the Management Company is bound by a Best Selection obligation as described in more detail in clause 6 below (except in the case of specific instructions from the Client within the meaning of clause 2. c. below). When it provides the portfolio management service, unless specifically instructed by the Client (within the meaning of clause 2. c. below), the Management Company is bound by an obligation of Best Execution if it executes orders resulting from its own decisions to trade financial instruments on behalf of its Client (as further described in clauses 3 and 4 below), or a Best Selection obligation if it transmits orders sent to it by a Client for execution to other entities (as further described in clause 6 below).

2. SCOPE OF THE POLICY

All reasonable measures are taken to obtain the best possible result when executing orders to buy and sell financial instruments on behalf of the Client.

The policy implemented by Lazard Frères Banque and Lazard Frères Gestion aims to protect any Lazard Client in the situations and for the financial instruments indicated below, unless specifically instructed otherwise by the Client and except in the case of transactions for which Best Execution obligations are inapplicable.

a. Clients concerned

This policy applies to Retail Clients and Professional Clients. It does not apply to Clients that are classified as eligible counterparties.

b. Covered financial instruments

The Policy concerns the financial instruments described in Annex I, Section C of MiFID2. These financial instruments include in particular:

- ▶ Equity securities issued by stock companies;
- ▶ Debt securities;

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- ▶ Units or shares of Undertakings for Collective Investment in Transferable Securities and Alternative Investment Funds (UCITS and AIFs);
- ▶ Financial contracts or forward financial instruments;

c. Specific instructions

When the Client gives a specific instruction regarding the execution of an order, Lazard may, with regard to the elements of the order covered by this instruction, be unable to take the measures provided for and applied in the context of this policy.

This will be the case in particular if the Client gives specific instructions to the Management Company (and the Management Company expressly agrees) to transmit (i) all orders received from the Client under the order receipt and transmission agreement or (ii) all orders resulting from its own decisions to trade financial instruments on behalf of its Client in respect of the portfolio management agreement to the bank holding the Client's account for the purpose of execution of these orders by the bank in question (and under the sole responsibility of the bank in question in accordance with the latter's best execution policy).

Lazard will execute the order in accordance with this specific instruction and shall be considered to have fulfilled its obligations in terms of order execution and selection of intermediaries insofar as the order (or a specific aspect of the order) is executed following the specific instruction given by the Client in respect of that order (or this specific aspect of the order).

d. Excluded transactions

This policy does not apply in the case of OTC transactions entered into by Lazard with a Professional Client or a Retail Client where:

- ▶ the transaction is concluded following the Client's acceptance of a price that it previously requested from Lazard ("request for quote") for financial instruments for which the Client is able to compare Lazard's offer with that of one or more competitors (e.g. debt securities); or
- ▶ the transaction involves instruments structured for the Client's needs and is based on a specific offer (e.g. EMTNs or any OTC financial contracts).

In such a case, the general obligation to act honestly, fairly and professionally in the best interests of the Client will always be satisfied.

3. EXECUTION VENUES

The execution venues on which orders to buy and sell clients' financial instruments may be executed include regulated markets, multilateral trading facilities, organised trading facilities, systematic internalisers, market makers or other liquidity providers, or entities that perform tasks similar to those carried out by any of the aforementioned venues in a third country, as defined by MiFID2, subject to the Client's specific instructions.

Lazard may provide an order execution service on behalf of its Clients on forward foreign exchange financial instruments and debt securities.

Based on the factors and criteria of Best Execution mentioned below and subject to the specific instructions of its Clients, Lazard Frères Gestion is considered by Lazard Frères Banque the intermediary in which Lazard places the greatest confidence in honouring its obligation to take all reasonable measures to obtain the best possible result when executing its Clients' orders on such financial instruments.

Lazard reserves the right to use other execution venues if Lazard deems it appropriate.

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4. FACTORS AND CRITERIA OF THE ORDER EXECUTION POLICY

The principle of Best Execution is an obligation of best efforts. In accordance with Article 27 MiFID2, Lazard shall take all reasonable measures when executing orders to buy and sell financial instruments on behalf of its Clients to obtain the best possible result for its Clients, taking into account the following factors:

- ▶ price of the financial instrument;
- ▶ execution costs;
- ▶ speed of execution;
- ▶ likelihood of execution and settlement of the order;
- ▶ order size;
- ▶ nature of the order; and
- ▶ any other consideration relating to the nature of the order.

In accordance with Delegated Regulation No. 2017/565 supplementing MiFID2, in order to determine the relative importance of the factors mentioned above, Lazard takes into account the following other criteria:

- ▶ the characteristics of the Client, including the Client's status as a Retail Client, Professional Client or Eligible Counterparty;
- ▶ the characteristics of the order in question;
- ▶ the characteristics of the financial instruments that are the subject of this order; and
- ▶ the characteristics of the execution venues to which this order is routed.

In most cases, price, cost and liquidity are the most important Best Execution factors to take into account in order to obtain the best possible result for Clients. Nevertheless, in certain circumstances and for certain Clients, financial instruments or markets, Lazard may, at its discretion in the absence of specific instructions from the Client, favour other Best Execution factors, in particular:

- ▶ with regard to orders relating to securities to which rights are attached, Lazard may prioritise the speed of execution in order to enable the effective exercise of these rights.

In accordance with MiFID2, for Retail Clients, the best possible result is determined on the basis of the total price, representing the price of the financial instrument and the costs related to execution, which include all expenses incurred by the Client directly related to the execution of the order, including costs specific to the execution of the order, clearing and settlement fees and all other fees possibly paid to third parties involved in the execution of the order.

5. CASE OF GROUPED ORDERS

Lazard recognises the ability to group Client orders with other Client orders. When Lazard decides to group Clients' orders, Lazard makes sure it is unlikely that this grouping will be detrimental overall to any of the Clients whose orders are grouped.

In this case, Lazard hereby informs the Client that this grouping may in certain cases be less favourable for the Client than the execution of a non-grouped order on the one hand and, on the other hand, that it implements an order distribution policy that entails fair distribution procedures and, if necessary, will be able to provide the volume impact and price on this breakdown for each order.

Where Clients' orders are grouped and these grouped orders are only partially executed, Lazard must ensure that the transactions are not detrimental to the Clients' interests and are allocated on a priority basis according to pre-established objective rules.

This rule does not apply when Lazard is able to demonstrate that without such a grouping, Clients' orders could not have benefited from such advantageous conditions.

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In addition, Lazard has put procedures in place to prevent the reallocation of orders in a manner unfavourable to the Client.

6. SPECIFIC FEATURES OF THE INTERMEDIARY SELECTION POLICY

When providing an order receipt and transmission service on behalf of third parties or as part of a portfolio management or UCI management service, Lazard transmits for execution to other entities orders resulting from its own decisions to trade financial instruments on behalf of its Client or a UCI, or orders transmitted to it by a Client.

Lazard is then required to comply with the obligation to act in the best interests of its Clients or the UCI it manages.

For each class of financial instruments, Lazard selects the entities to which the orders are transmitted for execution. The selected entities must have order execution mechanisms that allow Lazard to comply with its obligations when transmitting orders to these entities for execution.

Lazard evaluates as part of a “Broker Committee” the choice of entities to which it transmits orders for execution.

The list of main intermediaries/counterparties is available in Appendix 1.

On an annual basis, and no later than 30 April each year, Lazard publishes the list of the top five investment firms (in terms of trading volume) to which it transmitted orders during the previous year for each class of financial instruments, as well as summary information on the quality of execution obtained. Upon request from Clients or prospects, Lazard provides information on the entities with which the orders are placed.

When Clients have opened an account outside Lazard Frères Banque, Lazard may transmit, for execution by the Clients’ external account keeper, orders resulting from its financial instrument trading decisions or orders received as part of the provision of an order receipt and transmission service. Orders will then be traded in accordance with the external account keeper’s execution policy. Lazard periodically verifies the application and effectiveness of the external account keeper’s policy to ensure that orders are executed in the interests of its Clients.

7. FEES AND BENEFITS

Lazard refrains from structuring or charging its fees in a manner that introduces unfair discrimination between trading venues.

Lazard does not receive any benefit of any kind in connection with the routing of orders to a particular trading or execution venue that would be in breach of MiFID2 requirements relating to conflicts of interest or inducements.

8. REVIEW AND OVERSIGHT OF THE ORDER EXECUTION AND INTERMEDIARY SELECTION POLICIES

Lazard reviews its Order Execution and Intermediary Selection Policies, as well as its order execution systems, every year and whenever a substantial change occurs that affects its ability to consistently obtain the best possible result for its Clients and the UCIs it manages.

In addition, Lazard regularly monitors the effectiveness of its Order Execution and Intermediary Selection Policies, as well as that of its order execution systems, in order to identify and address any gaps. In particular, Lazard regularly verifies:

- ▶ if the execution venues provided for in its policy enable it to obtain the best possible result for the Client or if it must make changes to its execution arrangements, taking into account, in particular, its regular assessment of the execution venues available for all products on

which Lazard carries out transactions in order to identify those that will allow it, on a recurring basis, to obtain the best possible result when executing orders, and

- ▶ the quality of the entities selected as part of its Intermediary Selection Policy.

Any significant changes to the order execution procedures or the Order Execution or Intermediary Selection Policies shall be communicated in accordance with applicable regulations.

9. CLIENT CONSENT AND INFORMATION

Any transmission by a Client to Lazard of an order involving financial instruments shall constitute acceptance by said Client of the terms of the Order Execution and Intermediary Selection Policy.

Lazard must obtain the express prior consent of each Client before executing the Client's orders outside a regulated market or multilateral trading facility (MTF) when the orders relate to financial instruments admitted to trading on a regulated market or multilateral trading facility. The Client's attention is drawn to the fact that, in the absence of such express consent, Lazard will not be able to guarantee the implementation of the provisions of its Order Execution Policy enabling such orders to be executed, where applicable, outside a regulated market or multilateral trading facility.

Lazard responds to reasonable and proportionate requests for information that may be sent by Clients in connection with this Order Execution and Intermediary Selection Policy within a reasonable time frame. The Client is invited to contact his/her usual relationship manager in the event of any questions on this matter.

- ▶ Information on the quality of execution on the trading platforms used by Lazard is available at the following links: http://www.lazardfreresgestion.fr/FR/Mentions-legales_97.html

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Appendix 1: List of main intermediaries/counterparties

For equity products:

- ▶ KEPLER CHEUVREUX
- ▶ INSTINET EUROPE LIMITED
- ▶ CREDIT SUISSE SECURITIES LIMITED
- ▶ UBS LIMITED
- ▶ SMBC NIKKO CAPITAL MARKETS LIMITED
- ▶ CARNEGIE INVESTMENT BANK AB
- ▶ SKANDINAVISKA ENSKILDA BANKEN AB
- ▶ SOCIETE GENERALE
- ▶ STIFEL EUROPE BANK AG
- ▶ BARCLAYS CAPITAL SECURITIES LIMITED
- ▶ SANFORD C BERNSTEIN & CO LLC
- ▶ WILLIAM BLAIR & COMPANY LLC
- ▶ ODDO

For fixed income products (including convertibles):

- ▶ BOA
- ▶ JP MORGAN
- ▶ JEFFERIES
- ▶ GOLDMAN SACHS
- ▶ BARCLAYS

For CDS:

- ▶ BNP
- ▶ JP MORGAN
- ▶ SG CIB
- ▶ GOLDMAN SACHS

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Appendix 2: Weighting of factors used to select intermediaries

Financial Instrument Class	Execution Venue	Total cost	Speed of execution	Likelihood of execution and settlement	Order size	Nature of the order	Other criteria or comments
Equities	Regulated markets, Systematic internalisers, MTF	1	2	1	1	1	
Government Bonds and Treasury bills	Multilateral Trading Facilities (MTF), market makers	2	2	1	2	1	
Other Bonds	Market makers	2	2	1	2	1	
Convertible Bonds	Regulated markets (small orders), market makers	2	2	1	2	1	
Listed options	Brokers	1	2	1	1	1	
Conventional futures and OTC options	Market makers	1	2	1	1	1	
Credit derivatives	Market makers	2	1	2	2	1	

Rating scale: 1 (very important), 2 (important), 3 (to be considered), 0 (not significant)

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