TRANSPARENCY CODE

AFG-FIR

Fixed income funds

LAZARD
FRERES GESTION

LAST UPDATE ON - APRIL 2022

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1. FUNDS COVERED BY THIS TRANSPARENCY CODE

Fund name : **Lazard Credit Fi SRI**

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
•Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	• Bonds and other debt securities denominated in euro • International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€ 1,711.1 million	• SRI label	- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name : **Lazard Capital Fi SRI**

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
•Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	•Bonds and other debt securities denominated in euro • International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€ 1,277.0 million	•SRI label	- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name : **Lazard Euro Short Duration High Yield SRI**

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
•Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	• Bonds and other debt securities denominated in euro • International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€52.493 million	• SRI label	- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name : Lazard Sustainable Credit 2025

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
• Exclusion • Engagement	•International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	N/A		- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name: Lazard Euro Credit SRI

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
• Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	•International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€68.828 million	• SRI label	- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

Fund name : Lazard Euro Short Duration SRI

Dominant and complementary strategies	Main asset class	Exclusions from the fund	Fund outstanding as of 12/31/2021	Labels	Links to documents related to the fund
• Positive selection (Best-in-universe) • ESG integration • Exclusion • Engagement	• International bonds and other debt securities	• Arms • Tobacco • Coal •Violation of the UN Global Compact	€294.394 million	•SRI label	- DICI + Prospectus - Monthly reporting - Half-yearly report - Annual report - NAV history - RSS feed of the NAVs

2. GENERAL DATA ON THE INVESTMENT MANAGER

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

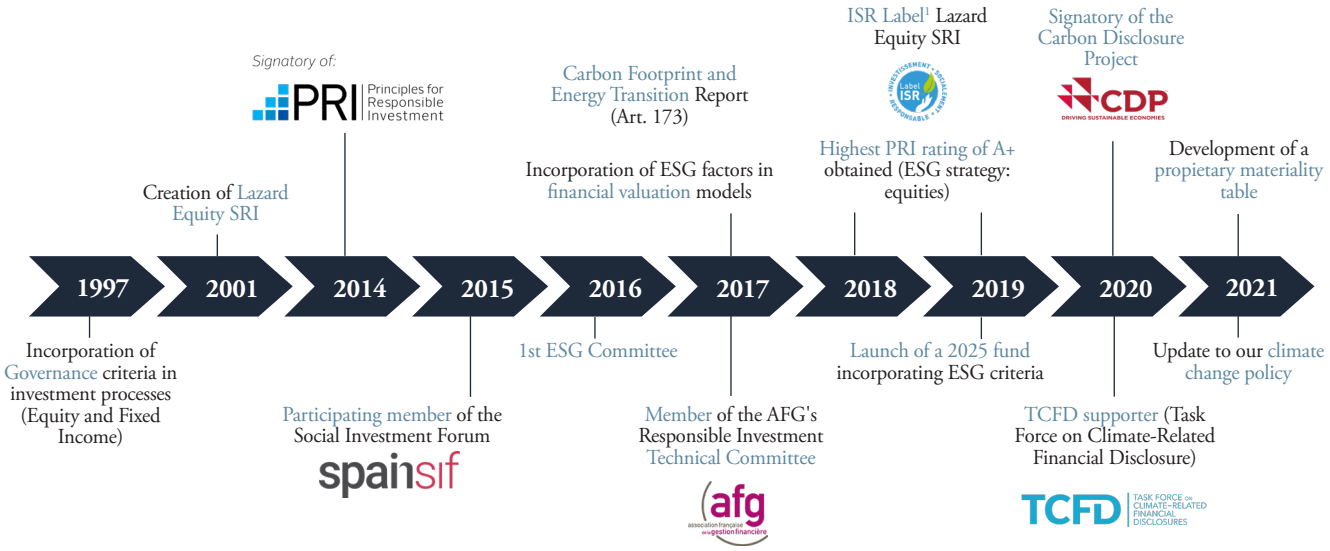
LAZARD FRÈRES GESTION
25, rue de Courcelles
75008 – PARIS
www.lazardfreresgestion.fr

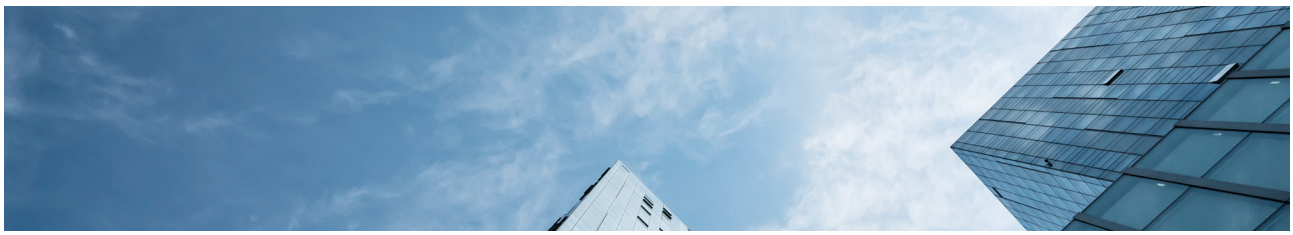
Founded on October 1, 1995, Lazard Frères Gestion SAS obtained AMF authorization to operate as a Portfolio Management Company under number GP 97-105 on October 31, 1997. On July 23, 2014, Lazard Frères Gestion obtained its notification of authorization as a portfolio management company from the AMF under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

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

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

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





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

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

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

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

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

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

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

Our overall approach can be summed up as follows:

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

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

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

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

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

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

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

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

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

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

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

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

DIVERSIFIED TEAM ORGANIZATION

Definition of the macroeconomic scenario |
Management of the tactical allocation

Matthieu GROUES

Directeur des Gestions Institutionnelles
Directeur de l'équipe Stratégie et Allocation d'actifs

Julien-Pierre NOUEN, CFA

Director of Economic Research and Diversified Management

Colin FAIVRE

Tenant Economist

Jérémy DALTIN

Tenant Economist

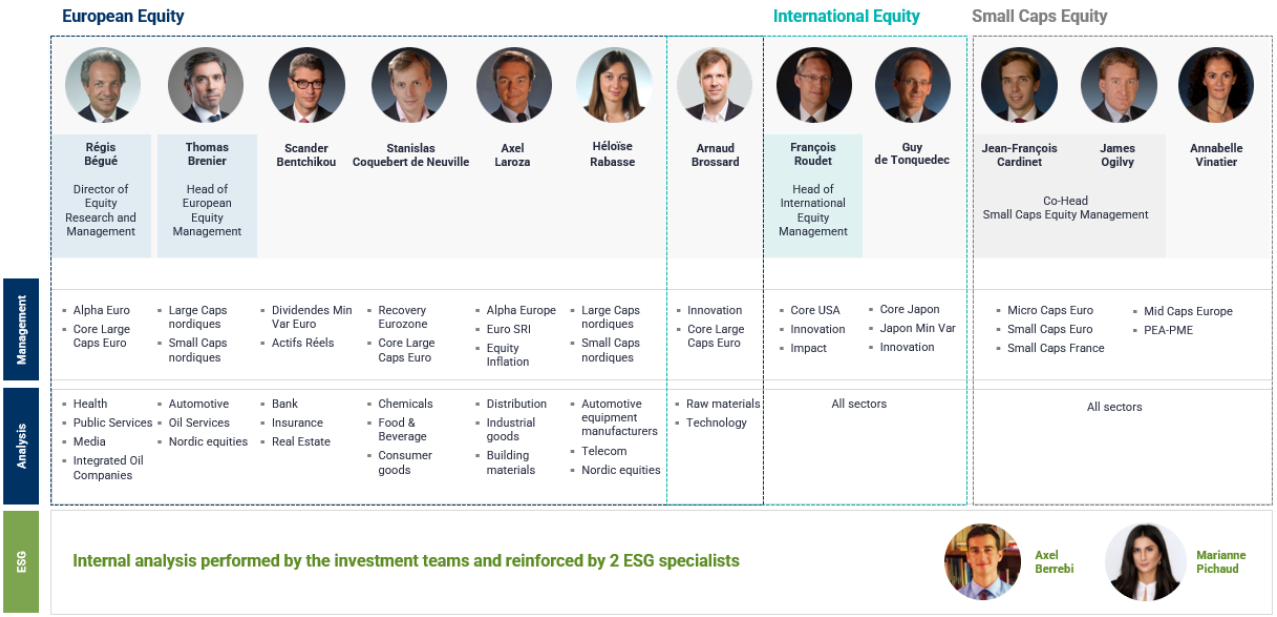
ORGANIZATION OF THE EQUITY TEAM

21

average years of experience in the profession

14

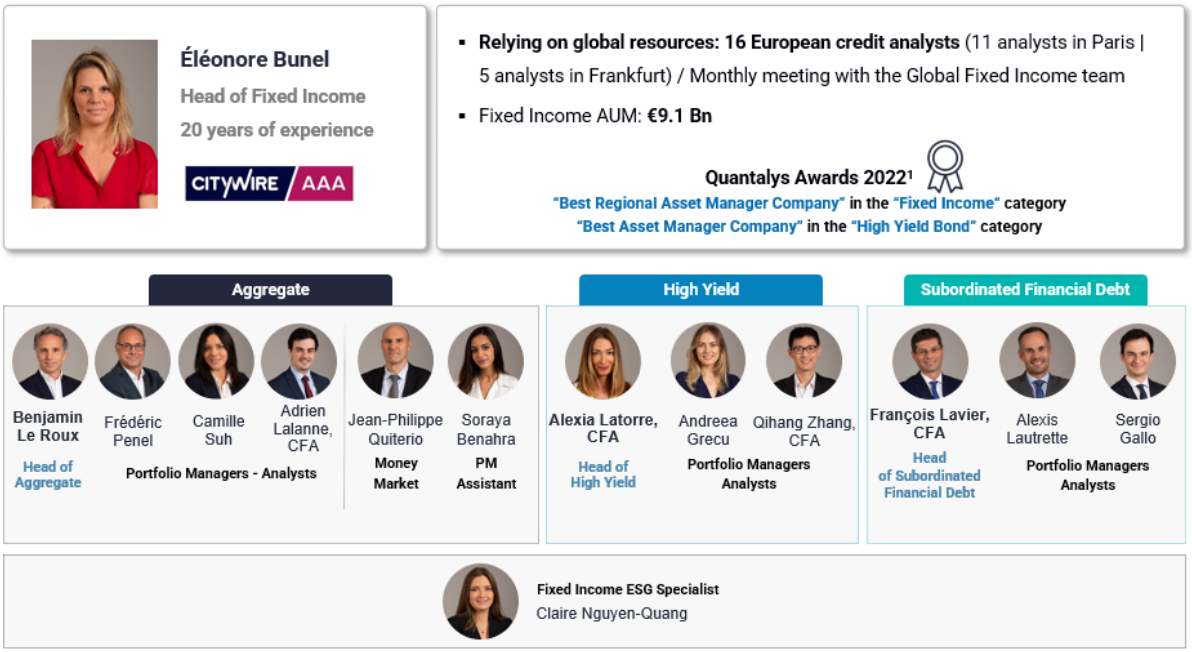
years of average seniority at Lazard Frères Gestion



ORGANIZATION OF THE FIXED INCOME TEAM

A team covering the entire fixed income universe

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



SYSTEMATICS TEAM ORGANIZATION

2.7 In which SRI initiatives is the management company involved?

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

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

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

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

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

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

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

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

EQUITY

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

MULTI-ASSET

-Lazard Patrimoine SRI
-Lazard Patrimoine Opportunities SRI

EQUITY (PRIVATE MANAGEMENT)

-Lazard Patrimoine Actions SRI

FIXED INCOME

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

SYSTEMATIC MANAGEMENT

-Lazard Gestion Flexible*
-Lazard Gestion Flexible Obligataire*

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

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

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

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

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

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

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

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

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

ENVIRONMENT

• Responsible environmental management

Objective: to recognize companies that adopt environmentally friendly behaviors, control their polluting emissions, participate in the sustainable management of natural resources and implement innovations in energy and environmental matters.

Our analysis seeks to understand how environmental risks are understood and managed by the company. Indeed, insufficient consideration of environmental risks (pollution, biodiversity, resources and local communities) can lead to reputational risk and jeopardize a company's activity and growth.

Environmental criteria relate to the direct or indirect impact of the company's activities on the environment (waste management, energy consumption and polluting emissions) and are assessed taking into account the sector of activity.

In the context of financial companies, we also pay particular attention to the ESG and climate risks of the activities financed by the banking institutions.

The Environment criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Capital Fi SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Euro Short Duration High Yield SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Euro Credit SRI	Carbon Reduction Initiatives	%	MSCI
Lazard Euro Short Duration SRI	Carbon Reduction Initiatives	%	MSCI

SOCIAL

• The development of human resources and responsible customer relations

Objective: to recognize companies that promote the development of human capital by guaranteeing satisfactory working conditions through an appropriate human resources policy, fair compensation, the development of employees' skills, the promotion of diversity and gender equality, as well as good management of social issues in the event of restructuring. We also value companies that promote responsible customer relations in the financial services sector, leading to beneficial interactions for all stakeholders.

Human capital" is, along with financial capital, one of the two driving forces of a company. Neglecting it could lead to risks of loss of productivity, adaptability, operational profitability or increased costs due to payroll volatility.

Social criteria take into account accident prevention, staff training, respect for employees' rights, protection against the risk of discrimination, ethics in the supply chain, social dialogue, customer relations and complaint management.
In the context of financial companies, a quality customer relationship is essential to the sustainability of the company's activities. This is why we look closely at the process of managing customer complaints, the way they are anticipated, treated and referenced, as well as the means deployed for customer satisfaction

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Companies with high or critical human resources controversies	%	Moody's ESG Solutions
Lazard Capital Fi SRI	Companies with high or critical human resources controversies	%	Moody's ESG Solutions
Lazard Euro Short Duration High Yield SRI	Companies with high or critical human resources controversies	%	Moody's ESG Solutions
Lazard Euro Credit SRI	Women in senior management positions	%	MSCI
Lazard Euro Short Duration SRI	Women in senior management positions	%	MSCI

HUMAN RIGHTS

• Respect for fundamental human rights

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

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

The fundamental human rights criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Signing of the UN Global Compact	%	Moody's ESG Solutions
Lazard Capital Fi SRI	Signing of the UN Global Compact	%	Moody's ESG Solutions
Lazard Euro Short Duration High Yield SRI	Signing of the UN Global Compact	%	Moody's ESG Solutions
Lazard Euro Credit SRI	Signing of the UN Global Compact	%	Moody's ESG Solutions
Lazard Euro Short Duration SRI	Signing of the UN Global Compact	%	Moody's ESG Solutions

GOVERNANCE

• Quality of governance

Objective: to promote good governance practices, in particular the prevention of conflicts of interest, fair treatment of shareholders, audits and internal controls.The quality of governance has always been a determining factor in our investment policy.

Satisfactory corporate governance is a guarantee of transparency and balance of power, as well as a shareholder counterweight. Lazard Frères Gestion believes that good corporate governance practices help control risk, promote long-term value creation, and contribute to the overall alignment of the interests of all stakeholders.

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

The Governance criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Independent directors	%	MSCI
Lazard Capital Fi SRI	Independent directors	%	MSCI
Lazard Euro Short Duration High Yield SRI	Independent directors	%	MSCI
Lazard Euro Credit SRI	Independent directors	%	MSCI
Lazard Euro Short Duration SRI	Independent directors	%	MSCI

Other criteria considered into account

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

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

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

Physical risk assessment

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

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

Transition risk assessment

3 transition risks are identified:

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

Temperature and compliance with engagements under the Paris Agreement

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

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

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

METHODOLOGY

1. Background

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

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

2. Calculation at the issuer level

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

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

3. Aggregation

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

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

Exclusion de valeurs liées au charbon thermique

In line with Lazard Frères Gestion's climate policy, the fund does not invest in companies whose :

- More than 30% of revenues from thermal coal activities
- More than 30% of the energy mix (per MWh generated) is based on coal
- Annual thermal coal production exceeds 20MT per year
- Installed coal-fired capacity exceeds 10 GW
- Projects involve the development of thermal coal mines or coal-fired power plants

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

The exclusion thresholds defined above will be revised each year, in accordance with the recommendations of the AFG, in order to help achieve the objective of phasing out coal by 2030 for European countries and by 2040 for other countries.

3.5 What is the methodology for ESG analysis and evaluation of issuers (construction, evaluation scale, etc.)?

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

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

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

Each pillar is rated out of 5 on the basis of some 15 key indicators per dimension, and the company's overall ESG rating is a summary of the E, S and G scores, weighted as follows: 30% for Environmental and Social and 40% for Governance, which we believe best reflects our managers' in-depth knowledge and experience of the companies. This last element has always been a key criterion in our analysis, a primary source of our value-added in selecting issuers, and a source of distinctive expertise.

Our portfolio manager-analysts are committed to regularly consulting these grids as part of their management, dialogue and engagement process, in order to provide tangible added value in the selection of securities in the portfolio.

ESG ratings are directly integrated into the valuation models used by the equity teams through Beta (see section 4.1.).

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

ANALYSE ESG - SOCIETE X

NOTE ESG 4,30 / 5

Ticker Bloomberg	Devise	Données année	Société	Secteur	Zone	Analyste	HR
	EUR	2019		bile Telecommunicatio	Europe	Date de MAJ	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?

The proprietary ESG analysis grids are updated annually. However, qualitative criteria may be reassessed or corrections to quantitative data may be made as needed.

Lazard Frères Gestion continuously monitors the controversies surrounding the companies in its universe using various external data sources. Since January 2020, this monitoring has been enhanced by the analysis of ESG controversies carried out by Moody's ESG Solutions.

This analysis makes it possible to understand any event that could impact a company's reputation, legal and economic security and financial stocks. It is an important element of the company's ESG risk analysis and is integrated into Lazard Frères Gestion's proprietary ESG analysis grid.

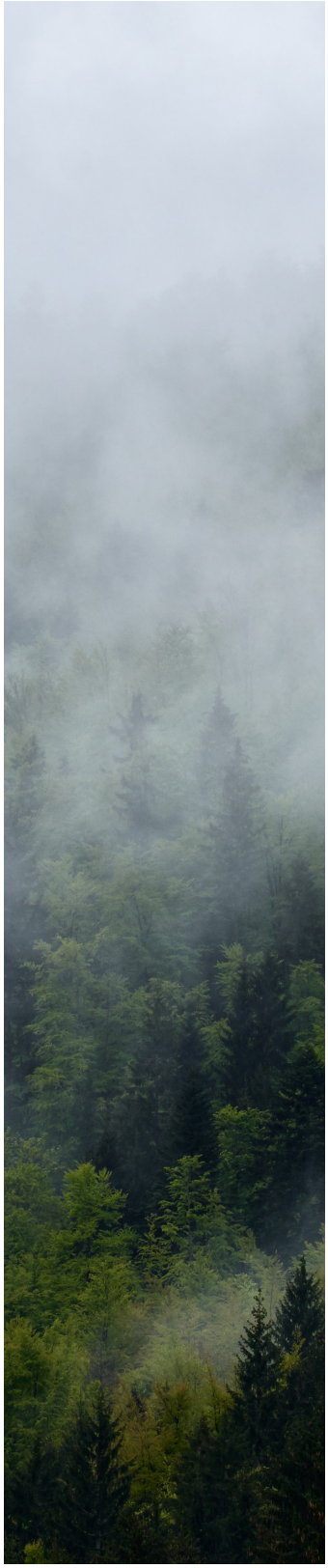
On a daily basis, information communicated by the media and brokers also alerts portfolio manager-analysts to potential controversies affecting the companies in their investment universe.

Controversies deemed relevant and particularly severe by the portfolio manager-analysts are subject to an in-depth individual analysis. If deemed necessary, the portfolio manager-analysts revises the E, S or G rating of the issuer according to the controversy. In this way, the portfolio manager-analysts directly integrates the impact of the controversy on the valuation of the company's securities.

By evaluating each controversy according to its severity, frequency and the company's responsiveness, Moody's ESG Solutions informs the-portfolio manager-analysts on the ability of issuers to manage controversies. The data provided is used as a decision support tool and a basis for alerts.

Companies affected by severe and frequent controversies that do not provide appropriate responses are blacklisted. These companies are the focus of special attention from analysts and managers and are prime targets for engagement.

In the event of a controversy deemed particularly critical, the analyst-manager, after consultation with the management team, may decide to exclude the company concerned from the fund.



4. MANAGEMENT PROCESS

4.1 How are ESG research results taken into account in portfolio construction?

The transition from the initial investment universe to the portfolio is based on a dual SRI and financial management approach within each of the equity and fixed income pockets.

1 Financial filter common to all fixed income funds

Based on the internal ESG analysis grids, the fixed income analysts/managers decided in 2020 to :

I. Limit to 30% of the portfolio the share of issuers rated less than or equal to 3 for Investment Grade funds (i.e. issuers rated from AAA to BBB-)
II. Limit to 50% of the portfolio the share of issuers with a rating less than or equal to 3 for High Yield category funds (i.e. issuers rated BB+ or lower)
III. Exclude issuers with a rating of 2 or lower from all portfolios.

2 Extra-financial filter

Beyond the integration of ESG criteria in the evaluation of issuers, Lazard Frères Gestion applies a more restrictive extra-financial filter for its SRI funds.

This filter is specific to each SRI fund:

Lazard Credit Fi SRI

Our investment universe is a sub-universe of Moody's ESG Solutions composed by applying a geographic and a sector filter.

We start with all issuers rated by Moody's ESG Solutions. We then apply a geographic filter to select only those issuers categorized as belonging to the Eurozone. To do this, we select issuers classified as belonging to the "EUR" zone by Moody's ESG Solutions, plus issuers whose country is indicated by Moody's ESG Solutions as "Greece". We then perform a sector filter to keep only the following four Moody's ESG Solutions sectors:

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

Each company is rated on a scale of 0 to 100 using the scores and weightings of the three pillars of Environment, Social and Governance defined by Moody's ESG Solutions.

Based on this rating, and in accordance with the requirements of the SRI label, the portfolio manager-analysts in charge of the fund ensure that an ESG rating higher than that of this defined universe is maintained on a sustainable basis after eliminating the 20% worst values.

Given the constraints imposed by the SRI label in terms of exclusion rates and coverage of companies by ESG analysis (see section 4.3.), 90% of the fund must therefore be composed of stocks rated by Moody's ESG Solutions, with the remaining 10% being invested in companies not covered by Moody's ESG Solutions.

Lazard Capital Fi SRI

Our investment universe is a sub-universe of Moody's ESG Solutions composed by applying a geographic and a sector filter.

We start with all issuers rated by Moody's ESG Solutions. We then apply a geographic filter to select only those issuers categorized as belonging to the Eurozone. To do this, we select issuers classified as belonging to the "EUR" zone by Moody's ESG Solutions, plus issuers whose country is indicated by Moody's ESG Solutions as "Greece". We then perform a sector filter to keep only the following four Moody's ESG Solutions sectors:

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

Each company is rated on a scale of 0 to 100 using the scores and weightings of the three pillars of Environment, Social and Governance defined by Moody's ESG Solutions.

Based on this rating, and in accordance with the requirements of the SRI label, the portfolio manager-analysts in charge of the fund ensure that an ESG rating higher than that of this defined universe is maintained on a sustainable basis after eliminating the 20% worst values.

Given the constraints imposed by the SRI label in terms of exclusion rates and coverage of companies by ESG analysis (see section 4.3.), 90% of the fund must be composed of stocks rated by Vigeo-Eiris, with the remaining 10% being invested in companies not covered by Moody's ESG Solutions.

Lazard Euro Short Duration High Yield SRI

As part of the SRI management of Lazard Euro Short Duration High Yield SRI, the portfolio manager-analysts ensure that an ESG rating is maintained above that of a composite index made up of 30% of the ICE ER01 and 70% of the ICE H1EC after eliminating the 20% worst stoks.
Each company is rated on a scale of 0 to 100 using the scores and weights of the three pillars of Environment, Social and Governance defined by Moody's ESG Solutions.

Based on this rating, and in accordance with the requirements of the SRI label, the analysts/managers in charge of the fund ensure that 90% of the fund is covered by Moody's ESG Solutions on a sustainable basis, and that the remaining 10% can be invested in companies not covered by Moody's ESG Solutions.

Lazard Sustainable Credit 2025

To move from the investment universe to the Lazard Sustainable Credit 2025 portfolio, we first apply an extra-financial filter, then a quantitative filter and finally a financial filter. 90% of the fund is covered by Moody's ESG Solutions extra-financial analysis.

Condition 1 : avoir un profil ESG initié, prouvé ou avancé selon les solutions ESG de Moody's.

- **Condition 1: Have an ESG profile that is initiated, proven or advanced** according to Moody's ESG Solutions.

This represents 90% of the investments, with this ESG approach excluding at least 20% of the Fund's investment universe. The absolute ratings of issuers are established from 0 to 100 by Moody's ESG Solutions as follows

- 60 to 100: advanced ESG profile
- 50 to 59: strong ESG profile
- 30 to 49: initiated ESG profile
- to 29 : weak ESG profile

2. The quantitative filter isolates the bonds that correspond to the fund's investment strategy

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

2. The financial filter characterized by fundamental analysis allows the selection of issuers offering the best risk/return profile (yield and probability of default) with a defined maturity date while taking into account ESG criteria

- **Condition 3: Offer the best risk/return profile by focusing on issuers with the best ESG characteristics**

Lazard Euro Credit SRI

As part of Lazard Sustainable Euro Credit's SRI management, the portfolio manager-analysts ensure that an ESG rating above that of a composite index consisting of 85% ICE ER00 and 15% ICE HEAE after elimination of the worst 20%.
Each company is rated on a scale of 0 to 100 using the scores and weights of the three pillars of Environment, Social and Governance defined by Moody's ESG Solutions.

Based on this rating, and in accordance with the requirements of the SRI label, the analysts/managers in charge of the fund ensure that 90% of the fund is covered by Moody's ESG Solutions on a sustainable basis, and that the remaining 10% can be invested in companies not covered by Moody's ESG Solutions.

Lazard Euro Short Duration SRI

As part of Lazard Sustainable Euro Short Duration's SRI management, the portfolio manager-analysts ensure that an ESG rating above that of a composite index consisting of 90% ICE ER01 and 10% ICE HEAE after elimination of the worst 20%.
Each company is rated on a scale of 0 to 100 using the scores and weights of the three pillars of Environment, Social and Governance defined by Moody's ESG Solutions.

Based on this rating, and in accordance with the requirements of the SRI label, the analysts/managers in charge of the fund ensure that 90% of the fund is covered by Moody's ESG Solutions on a sustainable basis, and that the remaining 10% can be invested in companies not covered by Moody's ESG Solutions.

4.2 How often is the ESG assessment of issuers reviewed?

Climate change criteria are included:

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

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

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

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

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

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

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

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

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

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

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

4.7 Do the funds use derivatives?

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

4.8 Do the funds invest in other funds?

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

5. ESG CONTROLS

5.1 What internal and/or external control procedures are in place to ensure that the portfolio complies with the ESG rules set for fund management?

1 First level controls

All funds managed by Lazard Frères Gestion are subject to a pre-trade control to ensure that they comply with the normative and sectoral exclusion rules defined in our ESG policy. The list of excluded issuers is directly integrated by the Risk team into the constraints engine of our management software. As a result, any attempt to buy a stock on the exclusion list will be automatically blocked.

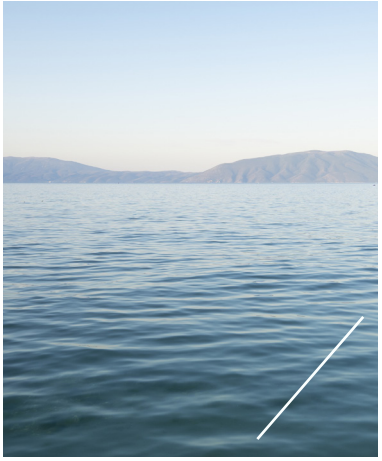
2 Second level controls

The Risk team ensures on a daily basis that each fund is more than 90% covered by the analysis of our external data provider. Depending on the methodology used by the fund, it also checks daily that the exclusion rate of the worst stocks of the index or the investment universe is well above 20% or that the ESG rating of the fund is well above the 80% best ratings of the index or the investment universe. The results of this control are regularly audited by the Compliance team.

In the event of an operational anomaly, the issue is placed on the agenda of the monthly Institutional Management Operational Risk Committee, whose members are the Head of Institutional Management, the COO, the RCCI, the Risk Manager and the operational staff in charge of first-level controls.

Compliance also conducts an annual audit of each accredited fund.

Finally, EY, the SRI label certifying body, checks annually that the principles and implementation of fund management comply with the SRI criteria set out in the label specifications.



6. IMPACT MEASUREMENTS AND ESG

6.1 How is the ESG quality of funds assessed?

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

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

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

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

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

6.2 What ESG impact indicators are used by the funds?

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

The Environment criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Capital Fi SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Euro Short Duration High Yield SRI	Carbon intensity	Tons of CO2eq/M€ of sales	Trucost
Lazard Euro Credit SRI	Carbon Reduction Initiatives	%	MSCI
Lazard Euro Short Duration SRI	Carbon Reduction Initiatives	%	MSCI

The Social criteria is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Companies with high or critical human resources controversies	%	Moody' ESG Solutions
Lazard Capital Fi SRI	Companies with high or critical human resources controversies	%	Moody' ESG Solutions
Lazard Euro Short Duration High Yield SRI	Companies with high or critical human resources controversies	%	Moody' ESG Solutions
Lazard Euro Credit SRI	Companies with high or critical human resources controversies	%	MSCI
Lazard Euro Short Duration SRI	Women in senior management positions	%	MSCI

The Basic Human Rights criterion is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Signing of the UN Global Compact	%	Moody' ESG Solutions
Lazard Capital Fi SRI	Signing of the UN Global Compact	%	Moody' ESG Solutions
Lazard Euro Short Duration High Yield SRI	Signing of the UN Global Compact	%	Moody' ESG Solutions
Lazard Euro Credit SRI	Signing of the UN Global Compact	%	Moody' ESG Solutions
Lazard Euro Short Duration SRI	Signing of the UN Global Compact	%	Moody' ESG Solutions

The Governance criteria is verified by :

Funds	Impact Indicator	Unit of measure	Source
Lazard Credit Fi SRI	Independent administrators	%	MSCI
Lazard Capital Fi SRI	Independent administrators	%	MSCI
Lazard Euro Short Duration High Yield SRI	Independent administrators	%	MSCI
Lazard Euro Credit SRI	Independent administrators	%	MSCI
Lazard Euro Short Duration SRI	Independent administrators	%	MSCI

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

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

- The website on which are available :

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

- Social networks

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

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

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