March 2021

SUSTAINABILITY-RELATED DISCLOSURES

LAZARD EMERGING MARKET EQUITIES FINANCIAL PRODUCTS

Summary

Lazard is providing these Sustainability-Related Disclosures for the following actively managed financial products pursuant to Article 8(1) of the Sustainable Finance Disclosure Regulation 2019/2088:

Lazard Developing Markets Equity Strategy

Lazard Emerging Markets Equity Strategy

Lazard Emerging Markets Core Equity Strategy

Lazard Emerging Markets Small Cap Equity Strategy

Lazard Bottom Billion Strategy

Each of these financial products is offered to investors in the European Union and United Kingdom in the form of segregated mandates by the appropriate Lazard entity. Pursuant to the relevant prospectus, the products also are offered as the following sub-funds of a UCITS sponsored by Lazard Fund Managers (Ireland) Limited: Lazard Developing Markets Equity Fund, Lazard Emerging Markets Equity Fund, Lazard Emerging Markets Core Equity Fund, and Lazard Bottom Billion Fund.

No Sustainable Investment Objective

These Lazard financial products promote environmental and/or social characteristics as part of their investment processes, but they do not have as their objective sustainable investment.

Environmental or Social Characteristics of the Financial Products

The portfolios for these financial products are managed by distinct investment teams at Lazard Asset Management LLC (the "Investment Manager"). Each team has adopted its own steps to incorporate the consideration of sustainability risks and to promote environmental and social characteristics.

For the **Lazard Development Markets Equity** strategy, the Investment Manager's proprietary research on each issuer under consideration for investment includes assessment against a proprietary sustainability scoring model for discrete environmental, socio-economic and corporate governance issues – *i.e.* the scoring model is designed to identify issuers with strong or weak practices relating to labor relations, employee health/safety, community impact, sustainability of raw materials and similar resources, supply chain, sustainability of product and services, management accountability, corruption controls and regulatory compliance, among other matters. The Investment Manager's scoring is informed by data such as company reports and extra-financial sources, data and information from the sources described elsewhere in this disclosure as well as by the Investment Manager's engagement with senior management of the issuers. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with the investment.

For the **Lazard Emerging Markets Equity** strategy, the Investment Manager's proprietary research on each issuer under consideration for investment involves an initial screening process, detailed fundamental analysis, accounting validation and sustainability scoring for environmental, socio-economic and corporate governance issues. This fundamental analysis and scoring model is designed to identify issuers with strong or weak practices relating to labor relations, employee health/safety, community impact, sustainability of raw materials, supply chain and similar resources, sustainability of product and services, management accountability, corruption controls and regulatory compliance, among other matters. The Investment Manager’s scoring is informed by data such as company reports, responses to ESG questionnaires issued by the Investment Manager, extra-financial sources and by data and information from the sources described elsewhere in this disclosure. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with an investment.

For the **Lazard Emerging Markets Core Equity** strategy, the Investment Manager’s proprietary research on each issuer under consideration for investment involves an initial screening process, detailed fundamental analysis, accounting validation and sustainability scoring for environmental, socio-economic and corporate governance issues. This fundamental analysis and scoring model is designed to identify issuers with strong or weak practices relating to labor relations, employee health/safety, community impact, sustainability of raw materials, supply chain and similar resources, sustainability of product and services, management accountability, corruption controls and regulatory compliance, among other matters. The Investment Manager’s scoring is informed by data such as company reports, responses to ESG questionnaires issued by the Investment Manager, extra-financial sources and by data and information from the sources described elsewhere in this disclosure. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with an investment and typically the Investment Manager will not invest in companies with low ESG scores as the lower scores decrease the overall risk/reward profile of the investment opportunity. The Investment Manager also considers improvement or deterioration in ESG scores as potential for further consideration of an investment.

For the **Lazard Emerging Markets Small Cap** strategy, the Investment Manager’s proprietary research on each issuer under consideration for investment involves an initial screening process, detailed fundamental analysis, accounting validation and sustainability scoring for environmental, socio-economic and corporate governance issues. The Investment Manager’s team typically require issuers under consideration to complete an ESG questionnaire, which attempts to capture not only historic events, but also management's attitudes to and awareness of ESG issues. During the fundamental analysis part of our process, the Investment Manager will generally adjust company growth rates for their sustainability to take into account ESG practices. The Investment Manager’s approach also incorporates Materiality Mapping and the use of proprietary ESG sustainability scorecards. During the risk assessment stage of the process, price targets for each stock are discounted based on the level and nature of potential political, portfolio, macro and ESG risks. The ESG risks are normally account for approximately 40% of the total risk score.

For the **Lazard Bottom Billion** strategy, the Investment Manager’s proprietary research on each issuer under consideration for investment includes assessment against a proprietary sustainability scoring model for discrete environmental, socio-economic and corporate governance issues – *i.e.* the scoring model is designed to identify issuers with strong or weak practices relating to labor relations, employee health/safety, community impact, sustainability of raw materials, supply chain and similar resources, sustainability of product and services, management accountability, corruption controls and regulatory compliance, among other matters. The Investment Manager’s scoring is informed by data and information obtained from the sources described elsewhere in this disclosure, as well as by the Investment Manager’s engagement with senior management of relevant issuers, including in relation to their commitments to UN sustainability development goals and ESG targets. In addition, the Investment Manager subscribes to the UN Global Compact Principles for companies, rather than for countries, using these tools to ascertain an objective view on a company's ESG rating. A very weak ESG score will cause the Investment Manager to conduct additional analysis to understand the potential financial risks associated with an investment. In addition, the Investment Manager will annually assess the milestones achieved by issuers against the UN sustainability development goals and various ESG targets, reevaluating the portfolio following such review.

In addition to the foregoing, the Investment Manager applies an ESG exclusion policy to the UCITS financial products offered by Lazard Fund Managers (Ireland) Limited, which prohibits those funds from investing in or seeking exposure to the securities of issuers involved in the manufacture or production of controversial weapons (i.e. weapons of mass destruction, nuclear weapons, biological weapons, chemical weapons, depleted uranium weapons, cluster munitions or landmines). Such exclusions are available to be applied to segregated mandate versions of the financial products.

Investment Strategies

Descriptions of the investment strategies for each of the financial products follows:

- The Lazard Developing Markets Equity strategy seeks to generate strong relative returns over a full market cycle by investing in companies with sustainable earnings growth at attractive valuations. The strategy typically invests in 60–90 securities of companies domiciled in countries included in the MSCI Emerging Markets Index, and which are of sufficient liquidity. Companies not domiciled in the emerging markets but that derive more than 50% of their net assets and/or sales from emerging-market countries are also included in our initial universe.

- The Lazard Emerging Markets Equity strategy seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong financial productivity at attractive valuations. The strategy typically invests in 70 to 90 securities of companies domiciled in countries included in the MSCI Emerging Markets Index with over $300 million in market cap, and which are of sufficient liquidity, though we generally focus on those names greater than $3 billion. Companies not domiciled in the emerging markets but that derive more than 50% of their net assets and/or sales from emerging-market countries are also included in our initial universe.

- The Lazard Emerging Markets Core Equity strategy seeks to achieve attractive risk-adjusted relative returns through a full market cycle by investing in companies whose valuations are mispriced by the market, based on the team's assessment of fair value. The strategy typically invests in 60 to 80 securities that have sufficient liquidity and generally have a market capitalization of approximately $300 million or greater, that are located, or that do significant business, in emerging markets countries. Companies that derive more than 50% of their net assets or sales from emerging markets are also included in the initial universe. Tracking error is expected to range from 3.0% to 5.0%.

- The Lazard Emerging Markets Small Cap Equity strategy seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong financial productivity at attractive valuations. The strategy typically invests in 70 to 120 securities of companies appearing in the MSCI Emerging Markets Small Cap Index as well as companies appearing in the lower 20% of the MSCI Emerging Markets IMI Index. In addition, companies not domiciled in the emerging markets but that derive more than 50% of their net assets and/or sales from emerging-markets countries are also included in the initial universe. The strategy may also invest opportunistically, up to 20% of the portfolio, in Frontier Markets.

- The Lazard Bottom Billion investment strategy seeks to identify compelling growth opportunities which lie with individuals at the bottom of the global income pyramid – those earning under US$5,000 per year. This "Bottom Billion" represent a US$5 trillion market opportunity annually. The Fund's approach results in a growth-focused portfolio with low correlations to global markets that invests across all market caps without considering style or benchmark weighting. Approximately 70% of the Fund is comprised of securities which are not members of the MSCI Emerging Markets index.

The Investment Manager's bottom-up fundamental analysis of issuers for these financial products includes an assessment of their governance practices, which assessment can be based in either qualitative or quantitative criteria. The Investment Manager's analysis may result in various outcomes, including without limitation an adjustment to its valuation of an issuer's securities, a decision to overweight or underweight exposure to those securities in the relevant financial product portfolio, or a decision to avoid investment in the securities. The Investment Manager's assessment relating to the governance practices of an issuer will evolve as it continues to conduct fundamental research concerning that issuer, its industry/sector, and other interested entities and stakeholders.

For further information concerning the investment strategy for each financial product, please refer to the relevant UCITS prospectus or approved marketing material for segregated mandates.

<u>Proportion of Investments</u>

The financial products are expected to have direct exposure to investee entities through holding stocks issued by entities in the product's investment universe. They also will have direct or derivative exposure to global currencies.

Promotion of environmental and social characteristics is designed to be achieved by applying the relevant investment process to the portfolios of each financial product, and Lazard has not identified a minimum portion of each portfolio that would be used to attain such environmental and social characteristics. The financial products have not committed to making any sustainable investments.

<u>Monitoring of Environmental or Social Characteristics</u>

The Investment Manager's investment personnel responsible for the discretionary management of the financial product portfolios have the primary responsibility for monitoring the environmental and social characteristics designed to be promoted by the financial products, using the data and potential systems available to those personnel. The investment team may be assisted in its monitoring efforts by the firm's ESG research personnel.

<u>Methodologies</u>

Please see the section "Environmental or Social Characteristics of the Financial Products" above for a description of the methodologies used by the Investment Manager to attempt to attain the social and environmental characteristics promoted by the financial products.

<u>Data Sources and Processing</u>

The Investment Manager has access to ESG data from both internal and external resources, which allows it to assess the Sustainability Risks associated with prospective or existing investments for these financial products. This data includes:

a) The Investment Manager's proprietary Materiality Mapping[1] analysis, which evaluates ESG issues facing specific industry groups.

b) Trucost[2], part of S&P Global, provides environmental ratings and research enabling the Investment Manager to assess a company's environmental impact and the overall environmental footprint of investment portfolios.

c) Sustainalytics ESG Research[3], provides the Investment Manager with research that enhances the Investment Manager's understanding of a company's ESG practices, and also with risk ratings that allow for systematic comparison of ESG performance across companies.

d) The Investment Manager's ESG watchlist, produced quarterly by its Global Risk Management team, which contains ESG ratings for a universe of more than 5,500 companies.

e) Proprietary research reports in respect of issuers prepared by the Investment Manager, each of which includes an evaluation of the ESG impacts and/or attributes of potential investments for the Fund. Analysis in these reports is derived from, among other sources, engagement with the senior management of the issuers.

When selecting investments for each financial product, the Investment Manager may employ some combination of the above-referenced data as well as other data (developed or acquired by the individual investment team). The Investment Manager's analysis may result in various outcomes, including without limitation an adjustment to its valuation of an issuer's securities, a decision to overweight or underweight exposure to those securities in the relevant financial product portfolio, or a decision to avoid investment in the securities. The Investment Manager's assessment relating to an investment for a financial product will evolve as it continues to conduct fundamental research concerning that issuer, its industry/sector, and other interested entities and stakeholders.

Limitations to Methodologies and Data

The effectiveness of Lazard's fundamental research processes depend in large part upon the experience and skill of our investment personnel and the quality of data and information available to those personnel. While the Investment Manager's fundamental research techniques are designed to accurately assess the ESG profile and Sustainability Risks of issuers, there is no guarantee that such techniques will identify all matters relevant to the team's assessment or ongoing investment due diligence. Similarly, while Lazard presumes that the data it acquires from third-parties and develops using proprietary research is reliable and comprehensive, it is possible that such data will be impacted by inaccuracies or limitations that may be imperceptible to Lazard.

Due Diligence

The Investment Manager's relevant investment personnel are responsible for conducting ongoing due diligence on the securities held in the portfolios of the financial products. The Investment Manager's due diligence is grounded largely in the investment team's fundamental research analysis applied to the

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[1] The Investment Manager's proprietary Materiality Mapping analysis uses as its foundation the Sustainability Accounting Standards Board (SASB)'s Materiality Map™

[2] Copyright © 2018 S&P Trucost Limited, an affiliate of S&P Global Market Intelligence.

[3] Sustainalytics© 2020.

securities and issuers in their investment universe. The investment team's fundamental analysis is based upon data acquired by Lazard, data and research tools developed by the team, and engagement with securities issuers and other stakeholders, among other things. The portfolios of the financial products are actively managed by the Investment Manager's personnel, and their review of those portfolios is ongoing.

Engagement Policies

The Investment Manager's global Sustainable Investment and ESG (environmental, social and governance) Integration Policy outlines its approach and commitment to incorporating environmental, social, and corporate governance considerations in investment processes to safeguard the interests of its clients and other relevant stakeholders, including investors in the financial products described herein.

As set forth in the Policy, engagement with issuers is an integral part of Lazard's investment process. Investment professionals conduct meetings with the issuers of securities as a regular part of the research process and in order to understand how companies are using their capital and conducting their business. During such meetings, investment professionals may engage on a variety of issues, including ESG matters. Our engagements on ESG issues with is predominately informed by our proprietary materiality mapping framework and company level assessments, as well as data developed by our individual investment teams. This helps analysts and portfolio managers focus upon the governance, human and natural capital issues that are most material and relevant to the long-term financial success of an issuer. This includes both how a company invests in its human capital – including employees, suppliers, their customers and the community – as well as its approach to natural capital, including its dependency and use of natural resources and its approach to manage climate change risk.

No Reference Benchmark

The financial products do not designate an index as a reference benchmark aligned with the environmental or social characteristics they may promote. To the extent the financial products employ indices, they are used for performance measurement.

These Sustainability-Related Disclosures are published by Lazard Asset Management, Lazard Asset Management Limited, Lazard Asset Management Deutschland and Lazard Fund Managers (Ireland) Limited (collectively "Lazard") based upon its good faith interpretation of the EU Sustainable Finance Disclosure Regulation for financial products related to Article 8(1) of the Regulation and relevant guidance thereunder. Our disclosures are subject to change due to developments relating to, but not limited to, business practices, information availability, technology, standards, community expectations, and the Regulation itself.