

Sustainability disclosures: Summary

Product name: Lazard Human Capital

No significant harm to the sustainable investment objective

The financial product's sustainable investment objective

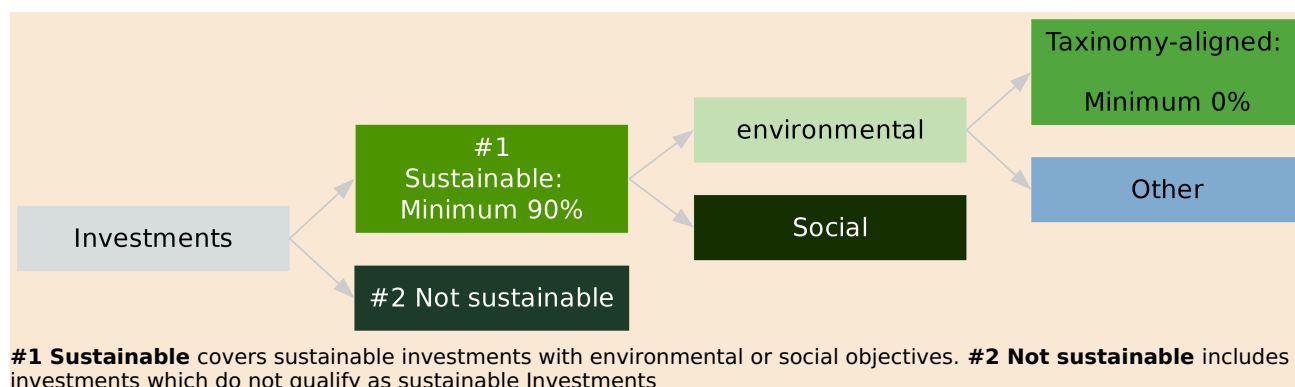
The Subfund's objective is to outperform, net of fees and over the 5-year recommended investment horizon, its benchmark, the MSCI World (covering developed markets) while investing in social impact companies that provide solutions to sustainable development challenges and that stand out in the quality of their human capital management, i.e., the processes undertaken to train, motivate, recruit, retain, and pass on knowledge to, its employees, in accordance with the needs of its development strategy.

Investment strategy

Starting with the MSCI World Developed Markets index, we conduct selection in several stages. To short-list our investment universe, we apply the filter on the basis of five criteria, choosing:

1. Companies that rank the highest on at least one of the following indicators: the number of hours of training per employee per year, the percentage of women in upper management, annual employee turnover, management's involvement in diversity training for employees, and the extent of social benefits.
2. Companies selected at this stage that do no harm in other environmental and social areas and that have good governance practices, based on the ratings of an extra-financial data supplier (CCC or B by our extra-financial partner, MSCI ESG Manager).
3. From this short-listed universe, we eliminate the 20% lowest-rated companies on the basis of our in-house Human Capital score to obtain our investment universe.

Investment proportion



Verification of the sustainable investment objective

Like all funds managed by LAZARD FRERES GESTION SAS, this portfolio is subjected to a pre-trade review to ensure that it complies with norms-based and sector exclusions laid out in our ESG policy (a first-level control). The Risk and Compliance teams also conduct second-level controls on binding aspects of the investment strategy.

Methodologies

The achievement of sustainable investment objective is measured by qualitative and quantitative sustainability indicators.

Three quantitative indicators:

The education indicator (number of hours of training per employee and per year), the equality indicator (percentage of women in upper management), the employee satisfaction indicator (annual employee turnover).

Two qualitative indicators provided by MSCI ESG Manager:

The diversity indicator (management's involvement in diversity training for employees) and the social welfare indicator (the extent of social benefits).

Sources and processing of data

To supplement our research, we use various data providers, such as Moody's ESG Solutions, MSCI, Trucost, ISS Ethix, Proxinvest). Our external service providers' offerings are subjected to due diligence on a regular basis to be sure that we are receiving those services that are best suited to our strategies.

Aware of the importance of intra-sector comparisons and of properly understanding the operating, geographical and regulatory environments in which companies do business, we pay special attention in our research methodology to the materiality of ESG risks and opportunities. Data must be looked at differently, depending the company's sector, country or even its individual features, in order to properly reflect each company's ESG performances.

Limitations of methods and data

Aware of the importance of intra-sector comparisons and of proper understanding the operating, geographical and regulatory environments in which companies do business, we pay special attention in our research methodology to the materiality of ESG risks and opportunities. Data must be looked at differently depending the company's sector, country or even its individual features, in order to properly reflect each company's ESG performances. LAZARD FRERES GESTION SAS is aware of the limits entailed by the supply of ESG data in our ESG strategies ESG and in particular their potential influence on the degree to which the environmental and social characteristics promoted by our financial products are achieved. With this in mind, we practice an ongoing approach to improvement, in particular on Paris Agreement alignment strategies and alignment with long-term biodiversity goals.

Due diligence

More than 90% of the funds' assets, excluding cash, are subject to an ESG evaluation. The in-house analysis is combined with binding management criteria backed by research from external providers.

Engagement policy

As part of its active management philosophy, LAZARD FRERES GESTION SAS urges analyst-managers to conduct dialogue and engagement to promote good ESG practices. We give precedence to dialogue with companies through an engagement process. This process is part of a broader framework of integrating ESG criteria into Lazard Frères Gestion's strategies

Achievement of the sustainable investment objective

This product makes sustainable investments having a social objective. It does not use a specific index.