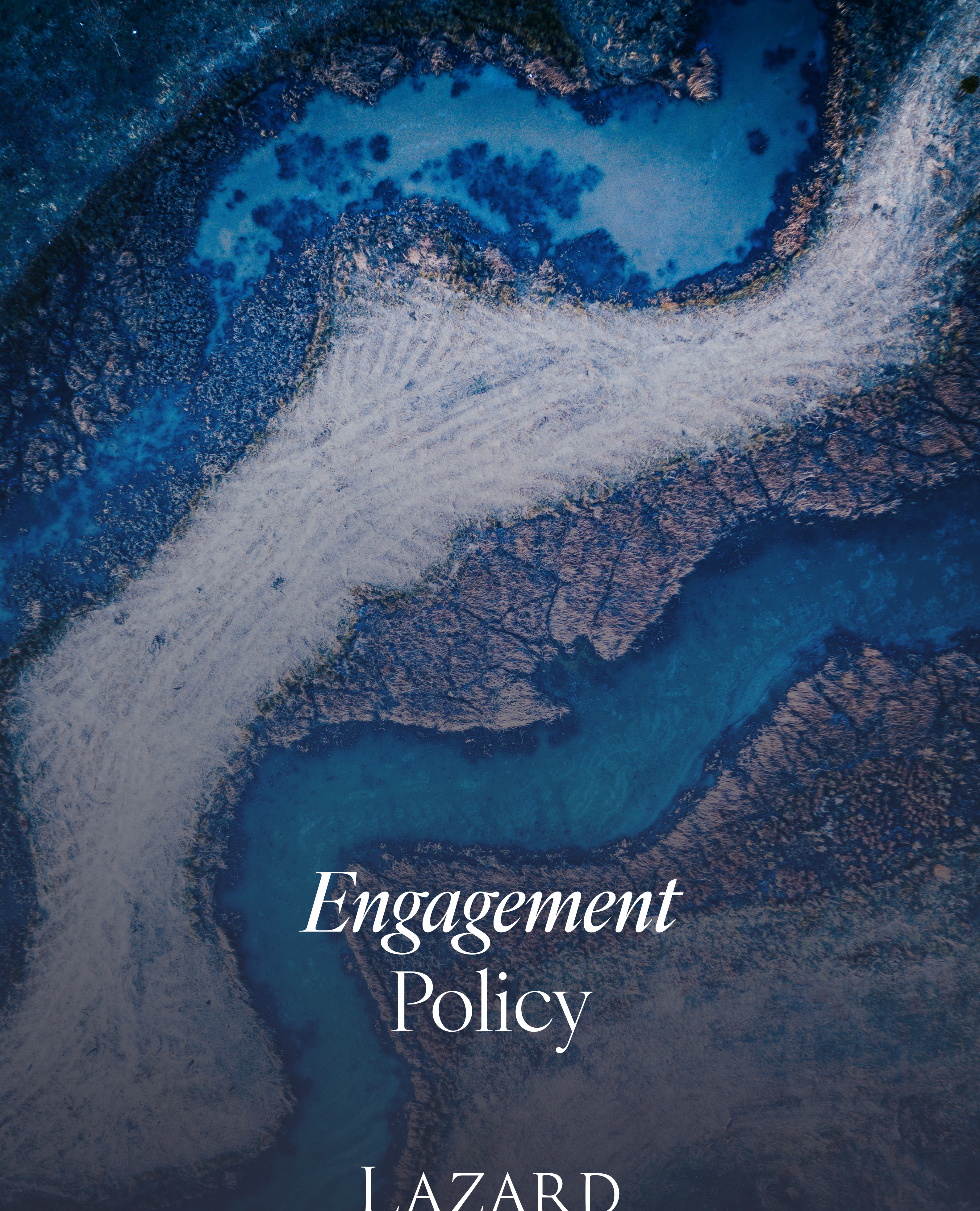
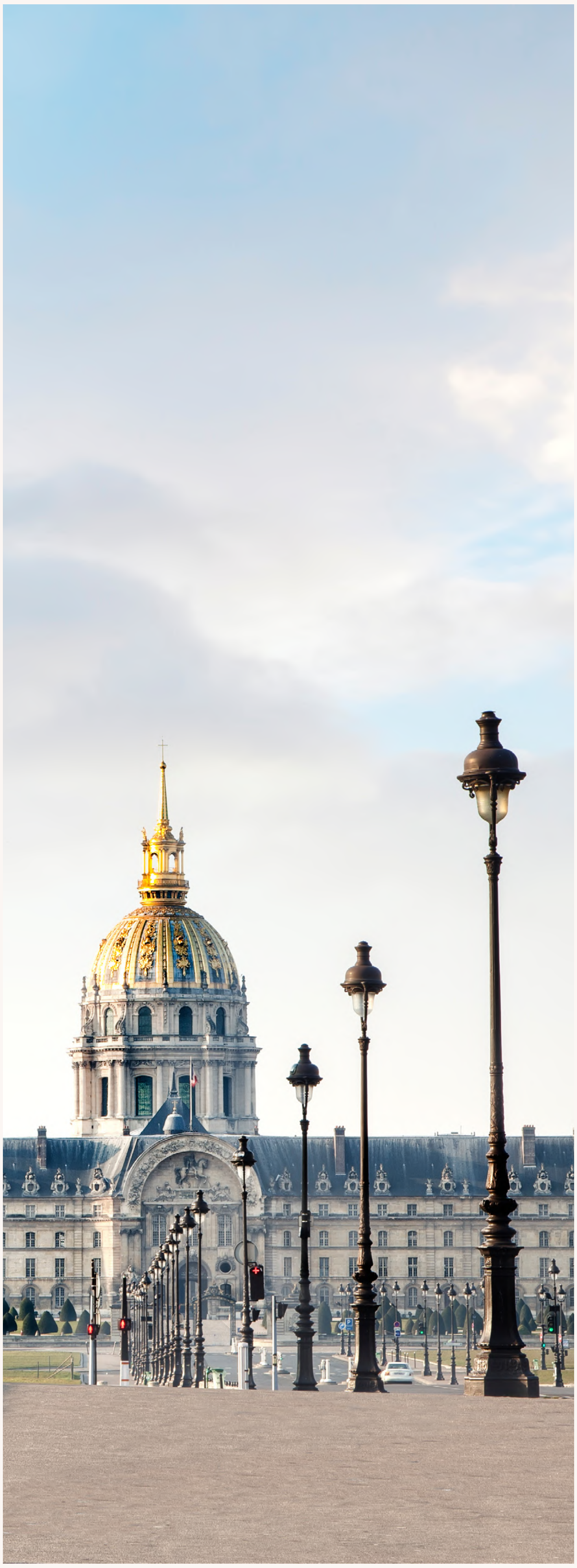


Engagement Policy

LAZARD
FRÈRES GESTION

Contents

Engagement policy



Objectives

Lazard Frères Gestion believes that companies should take long-term factors into account to ensure the sustainability of their economic performance. Among these factors, we prioritise environmental, social and governance (ESG) criteria, as well as long-term issues that affect and apply to all “stakeholders” (shareholders, employees, suppliers and consumers) of these companies.

It is therefore important for Lazard Frères Gestion to incentivise companies to include ESG issues in their development model. To that end, we exercise our voting rights in accordance with client interests and engage with the companies in which we invest.

Approach

As an asset management arm of a firm that has been in operation for more than 170 years, Lazard Frères Gestion bases its investment strategies on fundamental analysis of the economic cycle. All portfolio managers incorporate short-, medium- and long-term factors into their models in order to measure each company’s value as accurately as possible.

Engagement with issuers allows us to ensure that the companies in which we invest share this long-term vision, particularly in relation to ESG criteria.

Our goal is not to condemn companies for their practices: excluding a given company from our investment universe is an exceptional step in that it is a less effective way to encourage businesses to change their practices.

By remaining investors, we continue to influence the responses they provide and their commitment to making the transition. We take the same approach to our voting policy, which supplements this engagement policy.

Our engagement policy is aimed at supporting companies, regardless of the business sector in which they operate, in completing a transition that has become essential. We seek to prioritise direct dialogue with our analysts-portfolio managers, who work as closely as possible with the companies, often with support from the ESG team.

This process is part of the broader context of integrating ESG criteria into Lazard Frères Gestion’s management activities since it also allows us to refine our analysis and put greater weight on the risks and opportunities associated with companies.

Individual engagement

As responsible investors, we believe that we can have a positive impact through direct engagement and sustained dialogue with the companies in which we invest or propose to invest.

The aim of our approach towards engagement with companies is primarily to encourage companies to make improvements in a constructive manner in all their ESG practices and thus protect the value of investments by making them sustainable. Our engagement actions are carried out by analysts-portfolio managers and ESG specialists once the relevant issues for each company have been identified.

It is principally based on our proprietary materiality table. Other tools are used to carry out in-depth analysis on companies in which we may invest.

They include:

- **Data platform** such as Bloomberg and Factset, which provide news and information about controversies involving companies;
- **Sell-side research** (broker notes, ESG newsletters);
- **Specific conferences and events**;
- **Reports by voting advisory firms, including Glass Lewis**;
- **Specific data provided by research agencies**, such as ISS ESG, MSCI, Ethifinance and SFJ Technologies.

Dialogue with data providers

We use various data providers in carrying out our analysis. For the sake of vigilance, the services provided by our data providers are regularly reviewed so that we can be sure that we are receiving the most appropriate services for our management activities.

We are in constant dialogue with providers when we identify a data anomaly.

With a view to making ongoing improvements, we continuously monitor the services of non-financial data analysis providers.

I. Types of engagement

During their meetings with companies' management teams, the analysts-portfolio managers carry out ESG engagement actions, sometimes with the support of ESG specialists. These specialists also meet with companies at specific ESG market events or at meetings specifically focused on ESG issues. On-site visits in relation to the Company's CSR policy may also be carried out.

We distinguish between two types of engagement with companies:

- **Dialogue** takes the form of discussions with the company on its ESG practices and policies. It allows us to demonstrate our interest in and sensitivity to ESG issues and to monitor over time developments in companies' non-financial performance.
- **In-depth engagement** can either take the form of concrete requests made to companies or a more in-depth dialogue with companies in which ESG is a significant element.

In this case, the objective is to inform the company that there are one or more areas in which improvements need to be made and explain how their ESG rating is used in the investment decision-making process. These areas for improvement are formulated by analysts-portfolio managers in collaboration with the ESG specialists and are assessed over time with a view to increasing or downgrading the company's internal rating.

ESG internal ratings escalation process

Our escalation process for internal ESG ratings is structured around the following two stages:

1 Launching the process

If, when creating or updating an internal ESG rating, the company is given a rating of ≤ 1 in one of the three pillars or ≤ 2 for its overall ESG rating, the company is added to a watchlist or an exclusion list, in accordance with the Committee's opinion.

- When a company is added to the watchlist, one (or more) of the following three actions is automatically implemented:
  - The initiation of in-depth engagement so that the analyst is able to obtain more information;
  - A vote objecting to the company's current strategy at the company's general meeting in order to express our dissatisfaction;
  - A note from the analyst detailing the reasons for keeping the security in the portfolio in the interests of investors in the fund.
- When a company is added to the exclusion list, any shares in that company held in the portfolio are sold.

2 Quarterly committee meeting

Specific analysis is carried out on the watchlist's securities by the "Engagement" committee. This committee meets quarterly and is made up of representatives of the various management teams (Equity, Fixed Income and PM), sales representatives and ESG. It is co-chaired by the Head of Institutional Management and the Head of ESG.

Following the committee's discussions, a security on the watchlist may be:

- Removed from the watchlist as a result of satisfactory development
- Kept on the watchlist pending new information or in the interest of investors
- Moved from the watchlist to the exclusion list.

Similarly, a security on the exclusion list may be:

- Kept on the exclusion list
- Moved from the exclusion list to the watchlist as a result of new developments relating to the security.

II. Areas of engagement

For all our funds, the areas of engagement are defined at the level of the management company and factor in the specific characteristics of each company.

Prior to any action being taken, all companies are now expected to make a significant effort in terms of transparency. It is critical that we encourage companies to communicate more about their non-financial performance so that we can understand, assess and, where appropriate, influence their environmental, social, societal and governance practices.

In addition, the definition of sustainable investments under the SFDR requires companies' performances to be assessed by reference to 14 indicators, known as the Principal Adverse Impacts (PAIs). It is difficult to classify listed companies as a sustainable investment if data on these indicators is unavailable.

At sector level, the proprietary materiality table allows us to identify the most important issues for a given group of business activities. On each of these issues, companies are assessed by reference to the performances of their peers. This table accordingly encourages the companies affected by our engagement actions to adopt best practices in these areas.

ENVIRONMENT

	Accidental pollution	Biodiversity protection	Air emissions, climate change	Responsible packaging	Water and waste management	Responsible sourcing of raw materials	Energy management	Green and SRI products	Product use and end-of-life	Transport impact
Airlines	●	●	●			●	●	●		
Automobiles			●		●		●		●	
Transportation	●	●	●		●		●		●	●
Banks			●			●		●		
Building materials	●	●	●		●	●	●	●	●	●
Chemicals	●				●		●		●	
Consumer goods		●	●	●		●	●		●	
Energy	●	●	●	●	●			●		
Food and beverage		●	●	●	●	●	●			
Retail		●	●	●			●			●
Healthcare	●	●	●		●		●		●	
Tourism		●	●		●		●			●
Industry	●				●	●	●		●	●
Insurance			●					●		
Media							●			
Metals, mining & basic goods	●	●	●		●		●	●		
Real estate		●	●		●		●			
Software, IT, business services							●			●
Technology (Hardware)						●	●			
Telecommunications					●		●		●	
Utilities		●	●							

HUMAN RESOURCES / **HUMAN RIGHTS**

	Reorganizations	Employee health and safety	Social dialogue	Career management	Diversity and inclusion	Fundamental rights	Labor rights	Non-discrimination
Airlines	●		●		●	●	●	●
Automobiles	●	●	●	●	●	●	●	●
Transportation	●	●	●		●	●	●	●
Banks					●			●
Building materials	●	●	●	●		●	●	●
Chemicals	●	●	●	●		●	●	●
Consumer goods	●	●	●	●	●	●	●	●
Energy	●	●	●	●				
Food and beverage	●	●	●	●		●	●	●
Retail	●	●	●	●		●	●	●
Healthcare	●	●	●	●		●	●	●
Tourism	●	●	●	●		●	●	●
Industry	●	●	●	●		●	●	●
Insurance					●			●
Media	●	●	●	●		●	●	●
Metals, mining & basic goods	●	●	●			●	●	
Real estate		●			●			●
Software, IT, business services		●		●	●			●
Technology (Hardware)		●			●	●	●	
Telecommunications	●	●	●	●	●	●	●	●
Utilities	●	●	●	●		●	●	●

SOCIETAL ENGAGEMENT / **CORPORATE PRACTICES**

	Energy access	Societal impact of products	Social and economic development	Tax transparency	Financial inclusion	Access to basic services	Product safety	Supplier relationships	Social standards, supply chain	Data privacy and security	Customer information and responsible relations	Corruption and money laundering	Responsible lobbying	Anti-competitive practices
Airlines			●	●					●		●			
Automobiles		●	●				●	●	●					●
Transportation			●				●		●			●		●
Banks				●	●					●	●	●	●	
Building materials			●				●	●	●			●	●	
Chemicals			●				●		●					
Consumer goods			●	●			●	●	●	●				
Energy			●						●			●	●	●
Food and beverage		●	●				●	●	●					
Retail			●				●	●	●		●	●	●	●
Healthcare		●	●				●	●			●	●	●	●
Tourism		●	●					●	●		●	●	●	●
Industry	●		●				●	●	●			●	●	●
Insurance				●	●					●	●	●	●	
Media		●										●	●	
Metals, mining & basic goods	●	●		●					●			●	●	
Real estate									●			●	●	
Software, IT, business services										●				
Technology (Hardware)	●						●		●					
Telecommunications						●		●	●		●	●	●	●
Utilities	●		●								●	●	●	●

GOVERNANCE

	Board of directors	Internal controls and risk management	Audit independence	Executive compensation	Shareholder rights
Airlines	●	●	●	●	●
Automobiles	●	●	●	●	●
Transportation	●	●	●	●	●
Banks	●	●	●	●	●
Building materials	●	●	●	●	●
Chemicals	●	●	●	●	●
Consumer goods	●	●	●	●	●
Energy	●	●	●	●	●
Food and beverage	●	●	●	●	●
Retail	●	●	●	●	●
Healthcare	●	●	●	●	●
Tourism	●	●	●	●	●
Industry	●	●	●	●	●
Insurance	●	●	●	●	●
Media	●	●	●	●	●
Metals, mining & basic goods	●	●	●	●	●
Real estate	●	●	●	●	●
Software, IT, business services	●	●	●	●	●
Technology (Hardware)	●	●	●	●	●
Telecommunications	●	●	●	●	●
Utilities	●	●	●	●	●

As part of our **strategy to align with the Paris Agreement**, we have set ourselves a number of short-, medium- and long-term objectives. In particular, we are targeting a temperature for all Lazard Frères Gestion's investments of 2.5 °C by 2030, a target that will be reviewed and adjusted every five years, falling to 2 °C in 2050. To achieve this, we have set ourselves the following objectives in terms of voting and engagement:

2022 - 2023
Short-term achieved objectives

- Engage in dialogue with the 10 investee companies with the highest temperature indicator,
- Engage in a dialogue with the 10 companies that represent the greatest contribution to global warming attributable to our investments according to the temperature indicator,
- Support climate-related resolutions as part of our voting policy at shareholders' meetings.

2024 - 2030
Medium-term objectives

- Support the companies and projects in which we invest in a 2050 alignment trajectory through engagement actions.

2030 and beyond
Longt-term objectives

- 100% of investee companies have an approved decarbonisation trajectory/2 °C alignment.

As part of its **Biodiversity strategy**, Lazard Frères Gestion has set itself a series of short-, medium- and long-term objectives to integrate the protection of ecosystems into its investment activities and to support companies involved in tackling biodiversity loss.

The following objectives in terms of voting and engagement have been set:

2022 - 2023
Short-term achieved objectives

- Engage with the 10 worst performers on our biodiversity score,
- Engage with the 10 companies representing our greatest exposure on our biodiversity score,
- Add a biodiversity-related commitment to our voting policy.

2024 - 2030
Medium-term objectives

- Reduce, through engagement, the share of companies with no biodiversity-related objectives.

2030 and beyond
Longt-term objectives

- Steer all our investments towards a Zero Deforestation policy,
- Increase the water efficiency of our investments, particularly in water-stressed areas
- Investee companies (with a material interest in biodiversity) must have a validated biodiversity alignment trajectory.

For more information on our alignment strategies to the Paris Agreement and our Biodiversity strategy, please see our Article 29 Report.

For Bond funds, priority is given to issuers with the “lowest” ESG ratings in the portfolios. For Equity funds, priority is given to securities held in SRI funds.

SRI funds

For SRI funds, non-financial objectives are defined at the level of four extra-financial indicators. They constitute the main areas of engagement with the companies in which these funds invest. Furthermore, the SRI funds respect the engagement criteria of the SRI Label 3rd version. In order to provide a more complete picture, the dialogue with companies in which the SRI funds invested may be extended to the four themes covered by these indicators:

Environment

The baseline indicators are carbon intensity, **carbon footprint and initiatives to reduce carbon emissions**. The dialogue may cover, for example, the calculation of scope 3 emissions, the validation by the SBTi of the carbon emission reduction trajectory, the energy mix, water and electricity consumption and the impact of the value chain on the environment.

Social

The baseline indicators are women in management, employee satisfaction, **staff turnover, social dialogue and the number of severe or critical human resources-related controversies**. The dialogue may focus more broadly on diversity, employability, human capital management and the social impact of products.

Human rights

The baseline indicators are the percentage of signatories to the United Nations Global Compact and **the percentage of companies involved in severe or critical human rights-related controversies**. The dialogue may cover the impact of their operations on human rights, human rights-related controversies or corruption.

Governance

The baseline indicators are the percentage of independent directors on the Board of Directors or Governance Board and **the formalisation of a business conduct and anti-corruption policy**. The dialogue may also cover the separation of the roles of Chairman and Chief Executive Officer, gender equality on the Boards, transparency of public documents and any matters relating to the General Shareholders’ Meeting.

Article 9 SFDR funds

For Article 9 funds, a non-financial objective is a pre-requisite. Engagement actions are systematically carried out in this area with all the companies in the portfolio, at least once a year. The questions are reported and are the subject of statistics at the end of the year.

Lazard Human Capital

The objective of the **Lazard Human Capital** fund is to invest in companies that provide solutions to sustainable development issues and that stand out thanks to the quality of their Human Capital management, i.e. the process put in place by companies to train, transmit knowledge, motivate, retain and recruit their employees based on their needs and as part of their development strategies. Sustainability indicators are used to measure the achievement of the sustainable investment objective. These indicators are, as a priority, discussed with the companies in the portfolio:

- The number of hours of training per employee and per year;
- The percentage of women in senior management;
- The annual turnover rate of the workforce;
- The involvement of management in the training of employees on diversity-related topics;
- The extent to which employee benefits are awarded.

Personalised objectives are developed for all portfolio companies to encourage them to improve their practices and align with the best practices seen in the market.

Companies whose shares are not held in the portfolio may also be the subject of engagement actions. We may have an interest in a company for financial reasons, but its non-financial profile may prevent us from investing in it. In this circumstances, after identifying the obstacles (Human Capital criteria, or non-sustainable company due to poor results on PAIs, etc.), Lazard Frères Gestion contacts the company to provide targeted recommendations.

If we do not see any positive change for the securities held in the portfolio, an escalation procedure is triggered. At first, the frequency at which we talk to the company increases, followed by concrete requests on the attainment of objectives, possibly resulting in a “sanction” vote against certain resolutions proposed at general meetings. If the results observed are not considered to be satisfactory after one year, the position will be sold.

Lazard Global Green Bond Opportunities

The **Lazard Global Green Bond Opportunities** fund invests in sustainable bonds, with a minimum of 90% in green bonds that are intended to finance the ecological and energy transition. Up to 10% of the portfolio may be diversified into bonds issued by issuers whose economic activity is considered sustainable within the meaning of the SFDR, in Social Bonds whose objective is to finance socially sustainable projects and aiming to provide substantial social benefits, and/or Sustainability Bonds whose funds are used exclusively for environmental and social projects.

Green bonds, social bonds and sustainable bonds are assessed using an internal analysis grid (see Our Sustainability Approach) and must comply with the principles and guidelines defined by the International Capital Market Association (ICMA).

A deep engagement procedure with the issuers of the green bonds, social bonds and sustainable bonds that we hold in the portfolio may be carried out in certain scenarios, in particular those listed below:

IMPROVING PRACTICES OF ISSUERS

Thematic engagement to encourage issuers to adopt best practices.

USE OF FUNDS

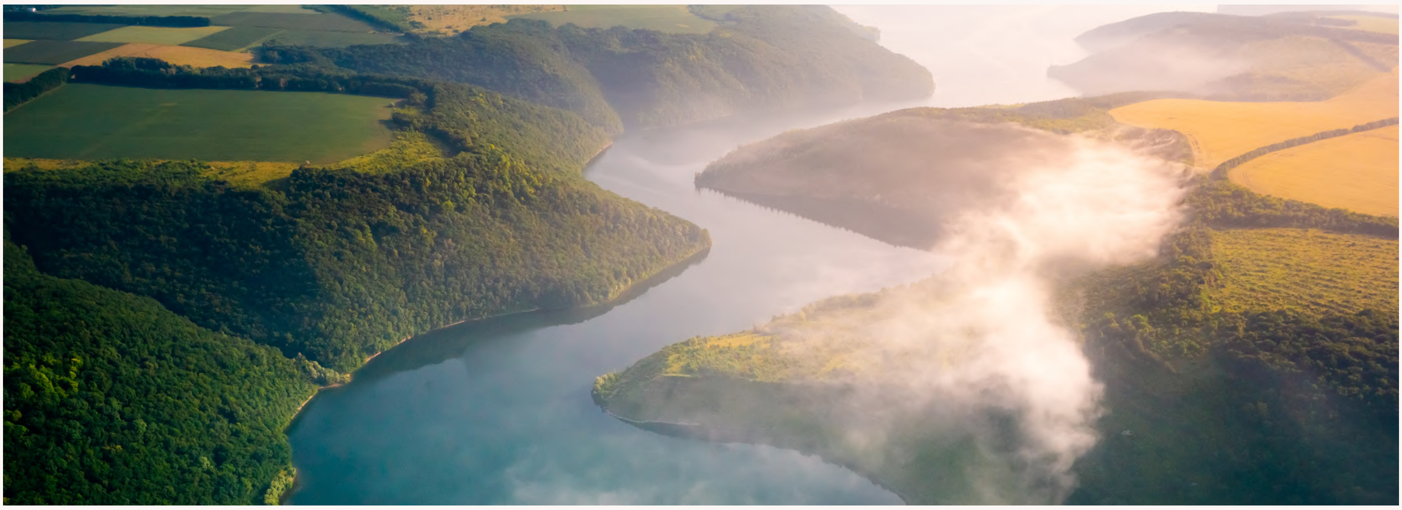
The projects that are financed do not meet the eligibility criteria stated in the framework issue document.

ALLOCATION AND IMPACT REPORTS

- The issuer does not publish impact and/or allocation reports on time;
- The report is not externally audit, despite such an audit being initially proposed;
- The information included in the allocation and impact report is not transparent, clear and complete.

CONTROVERSIES

- The projects financed by green bonds are the subject of a controversy;
- A recent controversy of high or critical severity associated with the issuer that is directly connected to the issue of green bonds and that has an impact on the financed projects. If the issuer fails to rectify or justify the situation, the management team may consider disposing of the investment.



Collaborative engagement

I. Shareholder coalition

Lazard Frères Gestion's collaborative engagement is a form of joint commitment involving multiple investors, specifically groups of investors working together outside any formal network or other organisation.

In this connection, we signed the "Moving Together on Nature" statement relating to the PRIs in December 2022. This open letter to COP 15 on Biodiversity calls for the adoption of an ambitious global biodiversity framework. It is in keeping with the Paris Agreement, which calls on all signatory countries to demand that the financial sector align with climate objectives.

II. Market engagement, surveys and working groups

Lazard Frères Gestion occasionally engages in dialogue with various organisations, such as the AFG, either by taking part in working groups or sharing data on socially responsible investment or ESG issues.

III. Signature of the PRIs

Lazard Frères Gestion decided to sign the United Nations Principles for Responsible Investment (PRI) in 2014.

The PRI initiative, aiming at better incorporating environmental, social and governance (ESG) factors in investment decisions, has been signed by 1,800 investment managers responsible for managing assets totalling some $70 trillion in more than 50 countries.

IV. CDP membership

Lazard Frères Gestion decided to become a CDP signatory in early 2020. CDP, formerly known as the Carbon Disclosure Project, encourages companies, investors and cities to develop a culture of transparency in order to build a more sustainable economy by measuring their impact on the climate, use of water resources and forests.

This international non-profit has built the largest global database on the environmental performance of companies and local authorities, and its questionnaire serves as a benchmark for carbon reporting.

V. Support for TCFD

Lazard Frères Gestion has been a TCFD Supporter since 2020. The TCFD (Taskforce on Climate-related Financial Disclosures) is a working group established in late 2015 by the G20's Financial Stability Board (FSB).

The FSB identifies information that can be used by investors to estimate the risks and opportunities associated with climate change. Chaired by Michael Bloomberg, it is made up of asset management companies, pension funds, large corporates, accounting and advisory firms and rating agencies. It actively promotes the disclosure of information on financial risks related to climate and climate change so that investors, borrowers, insurers and shareholders can make decisions based on as much available data as possible, helps companies assess the risks arising from their activities and raises general public awareness of these issues.

VI. Finance for Biodiversity Pledge

In October 2022, we signed the Finance for Biodiversity Pledge. This charter commits us to collaborate and share knowledge and practices relating to biodiversity, to engage with companies on reducing their impact on biodiversity, to measure the impact of our management activities, to set biodiversity objectives and to publish biodiversity-related information in our reports.

This charter commits us to:

- Collaborating and sharing our knowledge
- Engaging in dialogue with companies
- Measuring impacts
- Setting objectives
- Publishing our reports

Exclusion policy

Normative exclusions

Controversial weapons

Lazard Frères Gestion excludes investments in companies involved in the development and manufacture of biological weapons, in accordance with the 1972 Biological and Toxin Weapons Convention (BTWC), and the production of chemical weapons, in accordance with the 1993 Chemical Weapons Convention (CWC).

Our exclusion policy covers companies involved in the production or dissemination of weapons prohibited under these Conventions. It also applies to issuers that produce and/or disseminate elements that are essential in their manufacture.

Its scope therefore extends to cluster munitions, anti-personnel mines and biological and chemical weapons.

Finally, since 2023, Lazard Frères Gestion has excluded any company domiciled in a country that is not a signatory to the Non-Proliferation Treaty (1968) and involved in the production of nuclear weapons, based on data provided by our partner MSCI.

Violation of the United Nations Global Compact

As part of the ongoing controversy management process, the ESG team and analyst-portfolio managers pay particular attention to companies that violate the United Nations Global Compact Principles.

Each company is analysed and placed on the exclusion list or is the subject of an escalation procedure in the event of a breach of the United Nations Global Compact Principles.

ESCALATION PROCEDURE

An escalation procedure applies where the seriousness or existence of a breach of any of the United Nations Global Compact Principles is challenged by Lazard Frères Gestion.

- When the seriousness of the controversy is questioned by Lazard Frères Gestion, the company is added to the deep engagement list. An engagement process is launched to ensure that the company has a right of reply.
- If a satisfactory response is not received and if, after a period of 6 months, the breach of any of the United Nations Global Compact Principles turns out to be severe, proven and repeated, the company will be added to the exclusion list.
- In the event that a breach of any of the 10 United Nations Principles is challenged by Lazard Frères Gestion, the companies are placed on the watchlist and are the subject of an in-depth assessment and analysis carried out by the ESG team.

The watchlist is updated quarterly based on new controversies.

A committee of analysts-portfolio managers and ESG specialists submits these three lists (engagement, monitoring, exclusion) to Lazard Frères Gestion's Executive Committee for validation every quarter. Once the controversy has been resolved and a period of one year has passed, the company will be removed from the lists.

Sector exclusions

Tobacco

Lazard Frères Gestion does not invest in companies for which production of tobacco or tobacco-related products is a core activity.

Our policy does not apply to companies indirectly involved in the tobacco industry via secondary products and/or services (e.g. packaging suppliers, airlines, airport sales services), as their business is not exclusively focused on tobacco.

Coal

Lazard Frères Gestion excludes any investment in companies where:

- More than 10% of their revenue is derived from activities relating to thermal coal
- More than 10% of their energy mix (per MWh generated) is based on coal
- Their annual thermal coal production exceeds 10 MT per year
- Their installed coal-fired capacity exceeds 5 GW
- Their projects involve the development of thermal coal mines or coal-fired power plants.

PROJECTS AND EXPLORATION

Exclusion of companies with thermal coal mine development or thermal coal power plants projects

ACTIVITIES

Extraction & Production

Annual production greater than

10 MT

Share of revenues from coal-related activities greater than

10%

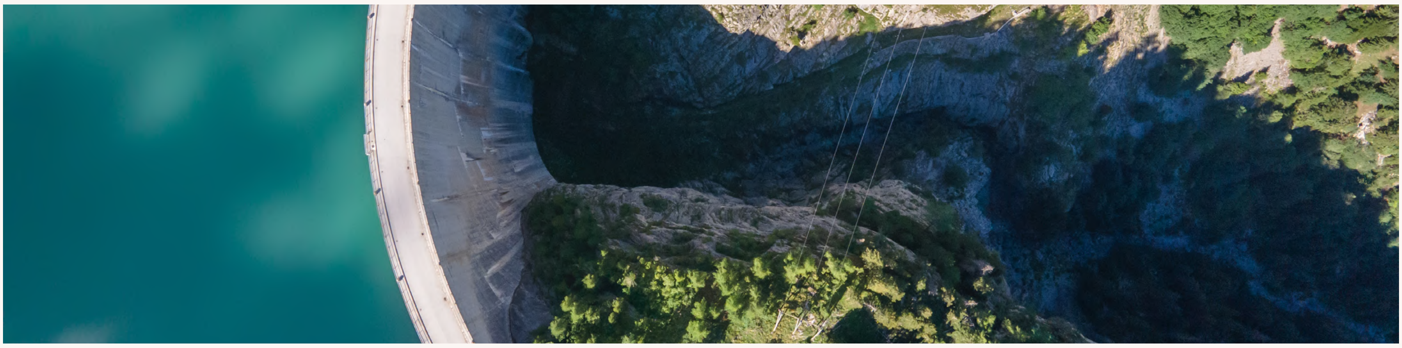
Power Generation

Installed capacities operating on coal greater than

5 GW

Share of power generation mix from coal greater than

10%

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