

Sustainability Report 2025

Part 1

Article 29 Report

French Energy and Climate Law

LAZARD
FRÈRES GESTION

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General approach of the entity to the integration of environmental, social and governance quality criteria

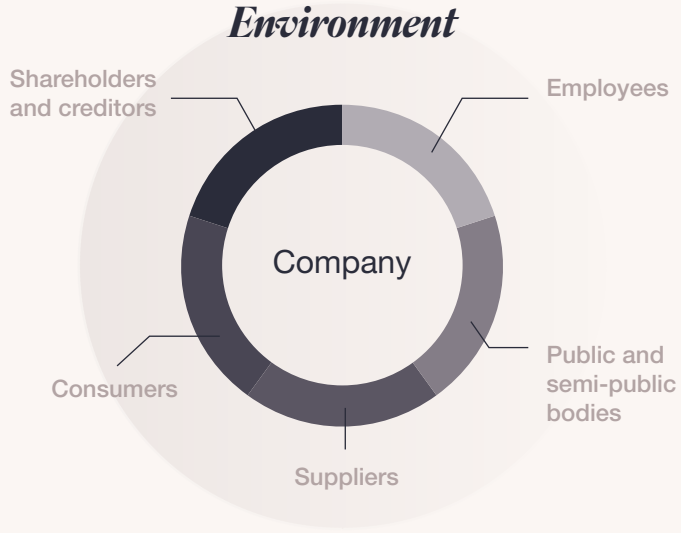
A. ESG integration at every level

Lazard Frères Gestion aims to offer its clients conviction-based management with a long-term investment perspective. Our investment process is characterized by active management based on stock selection, seeking to optimize the risk/return profile, notably through the integration of environmental, social and governance (ESG) parameters.

We have always attached paramount importance to governance, the essential foundation of a credible financial and extra-financial strategy. Above all, we invest in companies that we wish to support over the long term, with clear development models, effective control bodies and high-quality management with whom we build a strong relationship of trust over the course of our meetings.

Lazard Frères Gestion is convinced that companies that have integrated ESG issues into their strategy offer an additional guarantee of performance over time.

They are indeed better able to take their stakeholders into account, an essential condition for value creation and the long-term competitiveness of companies. We traditionally consider five stakeholders:



Dialogue with data providers

It is with the aim of assessing the degree to which companies integrate ESG issues that extra-financial analysis has naturally come to enrich our financial analysis, across all our products (funds and mandates, the scope of this report).

ESG analysis takes into account the parameters that we consider essential to the solidity, stability and financial sustainability of a company. It enables us to detect risks that could be damaging to the company and its investors, as well as future opportunities.

It is therefore important to select companies that integrate the following extra-financial issues into their development model:

E *environmental* issues

Any company wishing to ensure its economic sustainability must protect natural capital by constantly seeking to limit the negative effects and optimize the positive impacts of its activities, products and services on the environment and the climate.

The environmental analysis of a company consists of a precise understanding of its activities, products and services likely to have a significant impact, positive or negative, on the environment.

S *social* issues

Human capital is, together with financial capital, one of the two essential drivers of a company. Valuing this human capital across the entire value chain, taking care of it and developing it must be part of companies' strategies.

The monitoring and analysis of multiple indicators make it possible to assess a company's social policy and to identify potential risks.

G *governance* issues

Good governance practices are risk-control elements that promote value creation and contribute to an overall alignment of the interests of all stakeholders.

The analysis of good governance is carried out using quantitative and qualitative indicators that make it possible to objectively assess its architecture and quality.

Gender equality index

The Law of 5 September 2018 on the freedom to choose one's professional future aims to reduce pay gaps between women and men through binding measures. The goal is to move from an obligation of means to an obligation of results in terms of equal pay between women and men. To this end, an obligation of transparency on identified pay gaps was created — from 2019 for companies with more than 250 employees and from 2020 for companies with at least 50 employees — while strengthening the possibilities of control by the labor administration services.

For the year 2025, Lazard Frères Gestion achieved a score of 94 points out of 100.

The index is made up of four indicators measuring different aspects of professional equality:

1. Pay gap between women and men (39/40)

2. Gap in the rate of base salary increases between women and men (35/35 points)

3. Percentage of female employees who received a pay rise in the year of their return from maternity leave (15/15 points)

4. Number of employees of the under-represented gender (women or men) among the company's ten highest earners (5/10 points)

If the total obtained is below 75 points, the employer has three years to implement corrective measures. Beyond this period, it is liable to a financial penalty.

B. Extra-financial reporting

ESG performance reporting

We regularly measure the ESG performance of our investments.

In this context, we publish a quarterly ESG report for SRI-labelled funds. These reports notably provide the fund's ESG rating and its comparison to its universe, the fund's carbon footprint and other impact indicators, supplied by ESG data providers.

Our communication approach is essential to the relationship of trust we build with our clients. We produce tailor-made reports for our clients, adapted to their requests.

Climate reporting

Scope

Aware of climate issues and the growing demand from private and institutional investors for the monitoring of climate risks linked to our investments, Lazard Frères Gestion publishes information on the carbon footprint of its funds (OPC) with assets exceeding 500 million euros. The scope also covers all of our SRI management, without any minimum threshold.

Carbon footprint

To obtain the data required to calculate the carbon footprint, we chose to initiate a partnership with MSCI in 2016.

- Lazard Frères Gestion has adopted the carbon footprint as its indicator, expressed in tonnes of CO_2 equivalent per €M of EVIC (Enterprise Value Including Cash).
- The carbon footprint assessment takes into account scopes 1 and 2 of greenhouse gas (GHG) emissions.

  Scope 1: direct emissions resulting from the combustion of fossil fuels required to manufacture the product.

  Scope 2: indirect emissions from the company's consumption of electricity, heat or steam.
- Measurements are carried out only on directly held securities. The method for calculating a portfolio's carbon footprint is a weighted average of GHG emissions divided by EVIC.

Carbon footprint of a portfolio

$$\sum \frac{\frac{\text{AUM}}{\text{EVIC}}}{\text{Total AUM}} \times \text{Emissions}$$



Impact reporting - Article 9 SFDR funds

As part of our November 2022 launch of two Article 9 SFDR funds, we developed a quarterly impact report, available on the pages for these funds on our website.

Lazard Human Capital, launched on 31 August 2022, is an international equity fund mainly invested in the Large Caps segment. Portfolio companies are screened according to their ability to retain their employees, train them, offer them good social coverage and an environment conducive to their development. These notions, together with the promotion of gender parity, are among the five 'human capital' criteria used in the management of the fund. These criteria appear in the quarterly impact report. This report also illustrates the fund's engagement and voting statistics, as well as its alignment with various social SDGs.

Lazard Global Green Bond Opportunities, launched on 30 September 2022, is a flexible fund invested at more than 90% in green bonds. In recent years, green bonds have become an important tool for financing projects linked to the energy and ecological transition of governments and companies. In this respect, we publish a quarterly impact report providing the thematic breakdown of the projects financed by the fund's green bonds, exposure to the relevant SDGs, as well as illustrated examples of green bonds in the portfolio.

C. Our market engagements

2014

Since 2014, Lazard Frères Gestion has been a member of the Spanish forum for responsible investment (Spainsif), created in 2009. Its mission is to promote responsible finance serving the real economy, contributing to the sustainable development goals and fostering the integrity of financial markets.

Participating member

2015

Signatory of: PRI Principles for Responsible Investment

Since 2015, Lazard Frères Gestion has been a signatory of the PRI and is committed to respecting the six United Nations Principles for Responsible Investment. This initiative aims to encourage companies to take environmental, social and governance issues into account in their investment analysis and decision-making processes.

2017

Lazard Frères Gestion actively participates in the various market committees. We were notably members of the AFG working group that addressed Article 173 and contributed to the drafting of a professional guide on Article 173.

Member of the technical committee

Signatory of Carbon Disclosure Project

CDP

Lazard has been a signatory of the CDP since 2020. This NGO aims to improve the transparency of carbon data worldwide. Since 2003, it has conducted an annual campaign using a questionnaire collecting information on companies' greenhouse gas (GHG) emissions. Its scope was extended with an annual survey on water management in 2010 and on forest impact in 2013.

2020

Since 2020, Lazard Frères Gestion has also supported the TCFD (Task Force on Climate-related Financial Disclosures), a working group set up at the end of 2015 during COP21, whose mission is to define recommendations on corporate transparency regarding environmental and climate-change-related risks.

TCFD supporter

2022

Member of the TNFD Forum

TNFD Forum Member

Since 2023, Lazard Frères Gestion has been a member of the TNFD Forum (Task Force on Nature-related Financial Disclosures), an international working group on data communication and the transparency of nature-related financial risks.

2023

Member of the Responsible Investment Commission

AFG

Since 2024, Lazard Frères Gestion has been involved in the French asset management association (AFG) as a member of the Responsible Investment Commission and of several working groups (Just Transition — chair, Transition Plans, Biodiversity).

2024

Since 2022, Lazard Frères Gestion has been a signatory of the Finance for Biodiversity Pledge. This charter commits us to collaborating and sharing our knowledge on biodiversity, engaging in dialogue on this subject with companies, measuring and publishing the impact of our activities and setting ourselves targets.

Signatory of Finance for Biodiversity Pledge

D. Our labelled fund range

Lazard Frères Gestion has obtained labels for several management strategies in order to offer a range of products suited to clients' needs.

Fund name	Asset class	Geographic focus	Approach	Label
Lazard Equity SRI	Equities	Euro zone	Best In Class	
Lazard Human Capital	Equities	Global	Best In Class	
Lazard Green Capital	Equities	Global	Best In Universe	
Lazard Credit Fi SRI	Fixed Income	Europe	Best In Universe	
Lazard Capital Fi SRI	Fixed Income	Europe	Best In Universe	
Lazard Euro Short Duration Income Opportunities SRI	Fixed Income	Global	Best In Universe	
Lazard Euro Short Duration SRI	Fixed Income	Europe	Best In Universe	
Lazard Euro Credit SRI	Fixed Income	Europe	Best In Universe	
Lazard Global Green Bond Opportunities	Fixed Income	Global	Best In Universe	
Lazard Patrimoine SRI	Multi-Asset	Global	Best In Universe	
Lazard Patrimoine Opportunities SRI	Multi-Asset	Global	Best In Universe	

For more information, please refer to the transparency code available on our website.

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 aim is therefore to lead companies to ensure:

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

What is the SRI label?

The French SRI label (label ISR) was created in 2016 by the Ministry of the Economy and Finance, with the aim of enabling savers and professional investors to identify investment funds implementing a robust socially responsible investment (SRI) methodology.

The label is awarded to candidate funds when they comply with the label's requirements. For example, management companies must be able to demonstrate the rigor of their ESG analysis method, assess the environmental benefit of their investments, adopt a policy of engagement and virtuous dialogue with issuers, and submit to regular controls. The award of the label and subsequent controls are carried out by external audit bodies certified by the French Accreditation Committee.

Source: https://www.lelabelisr.fr/label-isr/

Internal resources deployed by the entity

A. Description of the financial, human and technical resources dedicated to ESG

The people involved in ESG are:

- The entire private wealth management team, comprising 16 private portfolio managers.
- The entire Equities team, comprising 16 analyst-managers.
- The entire Fixed Income team, comprising one money-market manager and 15 analyst-managers.
- The entire Multi-Asset team, comprising 5 analyst-managers.
- The entire Systematic Management team, comprising 3 analyst-managers.
- The entire ESG team, comprising the Head of ESG and 8 ESG specialists.
- Within the support functions, 4 FTEs are dedicated to ESG (within the Project Management, Risk, Legal and Compliance teams).

The number of people dedicated to ESG in full-time equivalents is 18.6, i.e. 7.7% of the management company's FTEs.

To feed our analyses, we use various data providers.

The financial and technical resources dedicated to ESG mainly concern subscriptions to various data providers used for our ESG integration (see details below).

External service providers and data vendors

Research & Analysis

Large Caps :

ISS ESG

Small Caps :

EthiFinance

Specific strategies:

MSCI

SFJ Technologies

Engagement

Voting Policy:

GLASS LEWIS

Norm-based Exclusions & Controversies:

ISS ESG

Energy Transition

MSCI

Biodiversity

Exclusions & footprint

carbon4 finance

B. Strengthening internal capabilities

Training

In 2025, we continued our training series on the energy transition. These sessions covered fossil fuels, electrification, the decarbonization of electricity generation, and the decarbonization of industry and transport.

In addition, we trained the employees most exposed to ESG topics on regulatory aspects and their practical application at Lazard Frères Gestion.

Development of financial products and related services

The strengthening of internal capabilities is also reflected in the development of financial products:

2018

SRI Label

Lazard Equity SRI

2020

SRI Label

Lazard Patrimoine SRI
Norden SRI
Lazard Patrimoine Opportunities SRI
Lazard Small Caps Euro SRI
Lazard Euro Short Duration High Yield SRI
Lazard Dividend LowVol SRI
Lazard Patrimoine Actions SRI
Lazard Credit Fi SRI
Lazard Capital Fi SRI

France Relance Label

Lazard France Relance

2021

SRI Label

Lazard Alpha Euro SRI

France Relance Label

Lazard Small Caps Euro SRI
Lazard Investissement PEA-PME

2022

SRI Label

Lazard Euro Credit SRI
Lazard Equity Inflation SRI
Lazard Euro Short Duration SRI

Responsible Mandate (Wealth Management)

Article 9 Funds

Lazard Global Green Bond Opportunities
Lazard Human Capital

2023

SRI Label

Lazard Global Green Bond Opportunities
Lazard Human Capital

2024

SRI Label

Lazard Green Capital



Approach to the integration of ESG criteria

A. Internal organization

All the management company's activities, for both institutional and private clients, are now concerned by environmental, social and governance issues.

The principles of responsible investment (RI) are now embedded in the discussions and practices of all key functions: internal governance, research and analysis, portfolio management, risk control and reporting, compliance and client relations.

The Executive Committee defines the main directions in terms of responsible investment and coordinates external initiatives. It also ensures the alignment of our practices and initiatives with our ESG policy.

Moreover, the Executive Committee of Lazard Frères Gestion places a review of ESG developments on the agenda of each of its meetings. At the request of the ESG Committee, it occasionally rules on specific ESG-related questions.

Furthermore, the knowledge of Lazard Frères Gestion's governance bodies is enriched at each monthly ESG committee, which covers ESG regulatory news in detail. Finally, ESG events (for both institutional and private wealth management) were prepared with the involvement of Executive Committee members.

The ESG Committee, the operational body of the ESG policy

Chaired by Sophie de Nadaillac, Chair of Lazard Frères Gestion, the ESG committee brings together once a month all the players in institutional and private wealth management.

During this meeting, cross-cutting ESG topics are discussed in order to define the best way to implement all analyses and best practices, to validate new product offerings and to ensure ESG decision-making.



A monthly ESG meeting is organized to coordinate the implementation of the ESG policy within the management company. It brings together members of the Management, Marketing, Reporting, Risk Control, Compliance, Sales, Consultant Relations and Executive teams. Its purpose is to guarantee a consistent approach to all ESG-related matters that cut across the management company:

- Definition and implementation of the management company's ESG policy,
- Monitoring of regulations, in particular the application of Article 29 of the French Energy and Climate Law, passed on 8 November 2019, and of the SFDR,
- Monitoring of market developments and investor expectations,
- Monitoring of external partnerships.

An ESG team fully integrated into portfolio management

The analyst-manager model, specific to Lazard Frères Gestion, enables all portfolio managers to place responsible investment practices at the heart of their management. Analyst-managers are thus directly responsible for companies' ESG analyses, their internal ratings, ESG integration and the implementation of engagement measures.

The analyst-managers and the other teams of Lazard Frères Gestion are assisted by the ESG team, made up of eight ESG specialists and a Head of ESG. It supports the work of the management teams by managing relations with service providers, proposing developments for ESG analysis and integration, ensuring the monitoring and application of the relevant regulatory documentation, keeping abreast of best practices and participating in market events on ESG matters. This ESG department reports directly to Sophie de Nadaillac, Chair of Lazard Frères Gestion.

B. Remuneration policy

The fixed and variable remuneration paid by the management company to its staff may be obtained on request by post from the legal department for funds (OPC) of Lazard Frères Gestion.

The overall envelope of variable remuneration is set by the Lazard Group considering various criteria, including the financial performance of the Lazard Group for the past year, taking into account the results of Lazard Frères Gestion.

Executive Management decides on the total amount of remuneration split between fixed and variable remuneration, in compliance with the strict separation between the fixed and variable components of remuneration.

The total amount of variable remuneration is determined taking into account all risks and conflicts of interest.

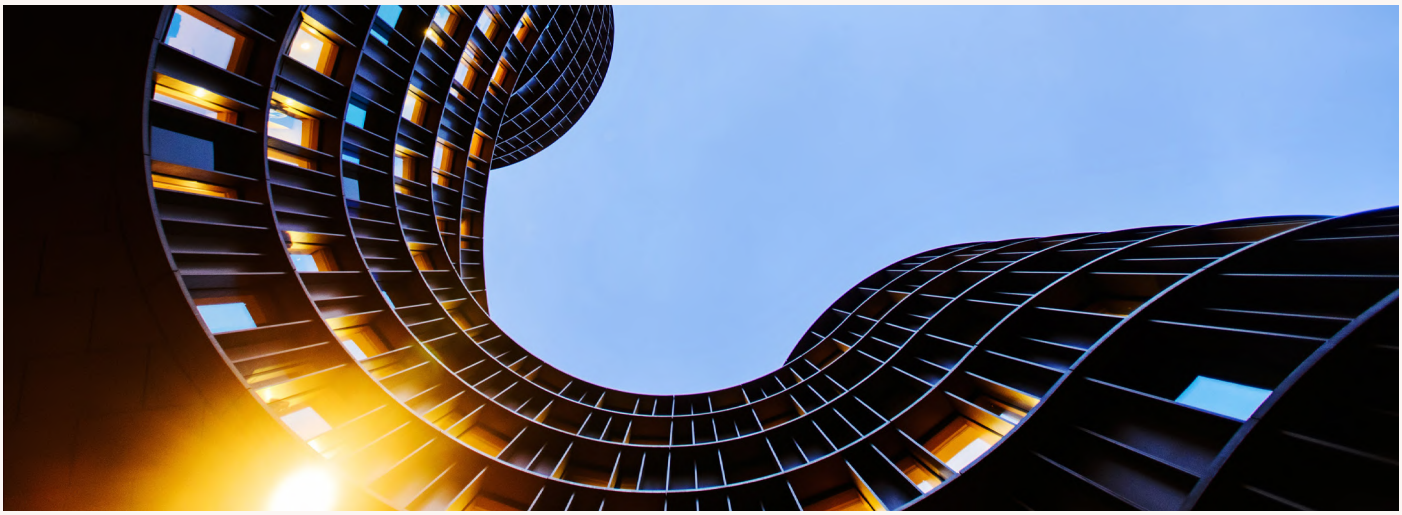
The amount of variable remuneration is then individualized and determined in part according to the performance of each Identified Staff member. Executive Management supervises the determination of individual remuneration amounts, based in particular on an individual appraisal form supporting the annual evaluation interview.

The annual individual evaluation criteria make it possible to measure the suitability of the Identified Staff member for the position held, to take into consideration their skills, and to assess in particular their reliability and autonomy. This evaluation reflects the achievement of the past year's objectives and makes it possible to set the objectives for the year ahead accordingly.

The remuneration policy promotes rigorous and effective risk management in terms of sustainability. Thus, the evaluation of Identified Staff takes into account not only financial risk-taking but also sustainability risks.

The remuneration policy is reviewed every year.

Each year, the 'Remuneration Policy Compliance Oversight Committee' of Lazard Frères Gestion, composed notably of two members independent of the management company, is responsible for issuing an opinion on the proper application of the remuneration policy and its compliance with the applicable regulations.



Engagement strategy

A. Scope

The expertise of analyst-managers at the heart of meetings with management

In line with its active management philosophy, the analyst-managers and ESG specialists carry out dialogue and engagement actions to promote the implementation of good ESG practices.

The purpose of this dialogue with companies is above all to lead them to improve continuously and constructively across all ESG practices, including transparency, the integration of sustainable development issues, the Sustainable Development Goals (SDGs) and good governance practices. During these meetings, the analyst-managers discuss numerous ESG topics with management. Drawing on their expertise, it is they who define the key points to be addressed during these meetings. Dialogue and engagement actions are tracked through a database, containing all the reports of the meetings held by the analyst-managers.

Dialogues targeting the energy transition and biodiversity preservation

We conduct enhanced dialogue with companies that generate more than 10% of their revenue from fossil fuels or biocides, with the aim of assessing their transition strategy and promoting sustainable practices. For energy companies, our analysis covers their decarbonization targets, risk management, social impact and the quality of their governance. For biocide producers, we encourage measurable actions to reduce their effects on biodiversity, while maintaining regular dialogue to promote responsible practices.

B. Voting policy

Voting guidelines

Lazard Frères Gestion's investment process is characterized by active management with a long-term investment perspective.

Fundamental analysis of each issuer is at the heart of this process. The analyst-managers focus on the relevance and clarity of the strategy, the quality of the financial information provided, and the quality of the executives and control bodies. Building a relationship of trust and proximity with the management team, developed over the course of meetings with management and site visits, has always been a key element.

Choosing to invest in a company therefore means placing trust in the management team and agreeing with its strategy.

Accordingly, as a matter of principle, Lazard Frères Gestion will generally vote in favor of resolutions proposed by the board of directors of a portfolio company when they are compatible with our voting policy. Each proposed resolution is nonetheless subject to individual analysis.

Our voting policy highlights our desire to combat potential conflicts of interest between companies and their management that could hinder the medium-term strategy. This policy also aims to protect the interests of the minority shareholders that we are.

In our view, the long-term performance of investments is not limited to the financial strategy alone; it must also take into account the company's interactions with its social, economic and financial environment.

As a signatory of the Principles for Responsible Investment (PRI) since February 2015, Lazard Frères Gestion has committed to respecting the six principles of responsible investment set out by the United Nations. Principle no. 2 notably states: 'We will be active owners and incorporate environmental, social and governance (ESG) issues into our ownership policies and practices'.

By taking ESG dimensions into account in the exercise of its voting rights, Lazard Frères Gestion seeks to promote sustainable value creation. Resolutions on these subjects are analyzed according to the ESG risks and issues specific to the company and its sector. Lazard Frères Gestion thus aims to encourage consideration of the interests of all stakeholders and the dissemination of market best practices.

In accordance with these guidelines, Lazard Frères Gestion has defined six voting principles reflecting its convictions:

1 Approval of the accounts and of management

Principle: Transparency and control of the information provided

2 Structure and composition of the board

Principle: Separation of functions, independence and competence of the board

3 Allocation of income, management of equity capital and capital transactions

Principle: Appropriate management of equity capital, transparency & strategic rationale of financial transactions

4 Executive remuneration and employee profit-sharing

Principle: Transparency, consistency and fairness of remuneration

5 Amendments to the articles of association and shareholders' rights

Principle: Respect for minority shareholders

6 Environmental and social issues

Principle: Consistency and rationale

Environment : Limiting the environmental footprint

Social: Consideration of the interests of all stakeholders

Scope of the exercise of voting rights

Voting rights are exercised on the shares of:

- All companies held in our labelled funds
- All companies representing more than 0.1% of the total equity assets of the funds managed by Lazard Frères Gestion

Lazard Frères Gestion votes at all of these general meetings, provided that postal/remote voting is possible.

The thresholds were set so as to exercise voting rights as widely as possible while controlling the associated costs and human resources.

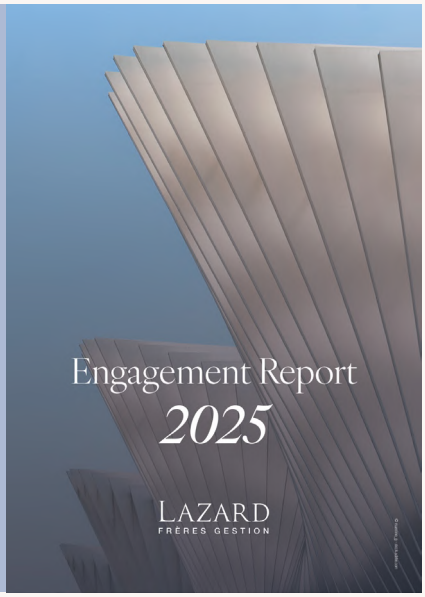
Lazard Frères Gestion reserves the right to vote outside this scope. This is generally the case when the analyst-manager considers that resolutions put to the vote are particularly important.

This voting scope applies to all funds managed by Lazard Frères Gestion, including dedicated funds (unless otherwise agreed with the client), private wealth management funds and specialized professional funds.

Finally, Lazard Frères Gestion does not engage in temporary transfers of securities carrying voting rights.

C. Review of the engagement strategy

Find our full 2025 Engagement Report here.



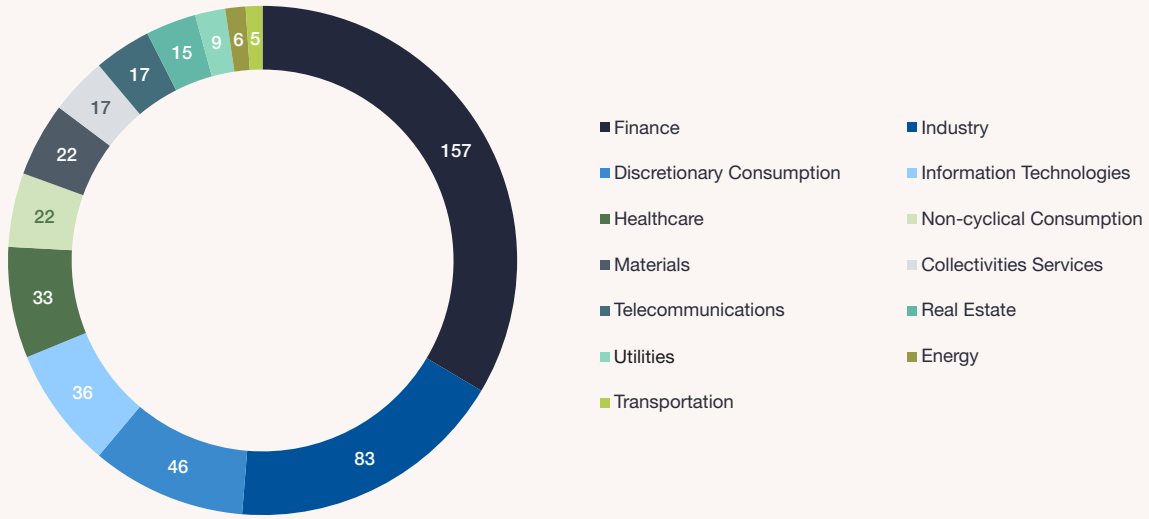


Individual engagements

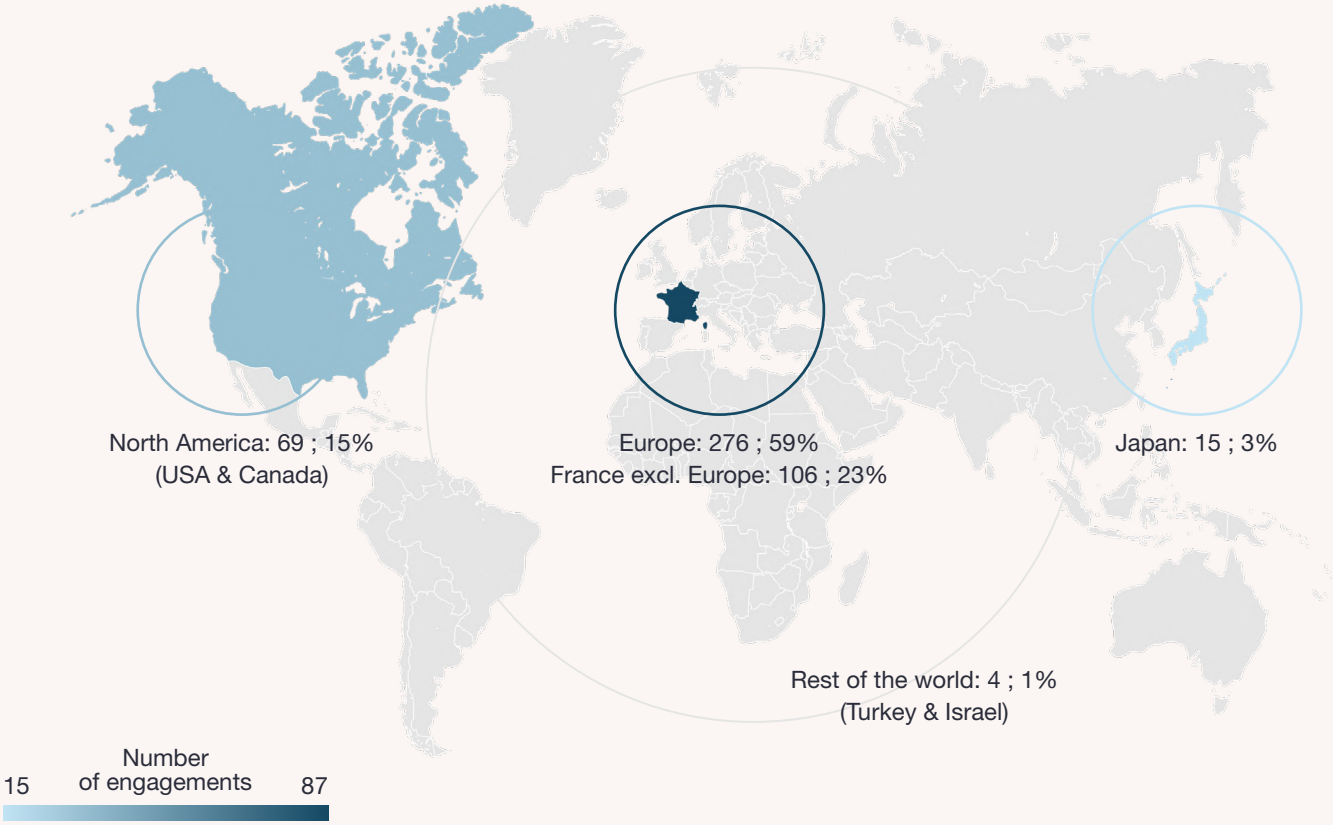
Global statistics

The teams at Lazard Frères Gestion conducted 468 engagement activities with 415 companies in 2025.

Sectoral breakdown of engagements

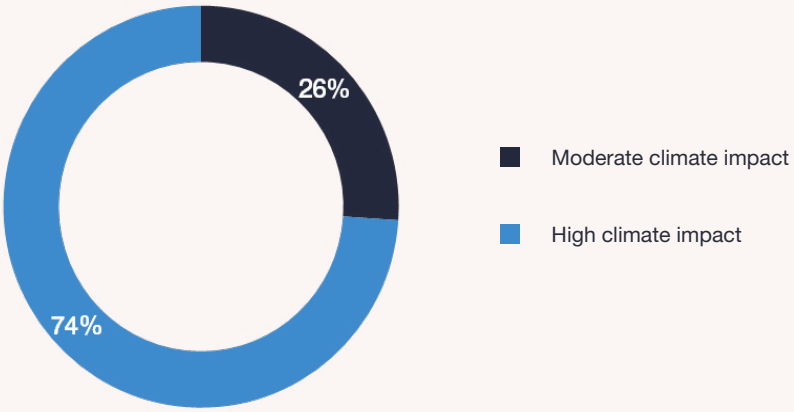


Geographical breakdown of engagements

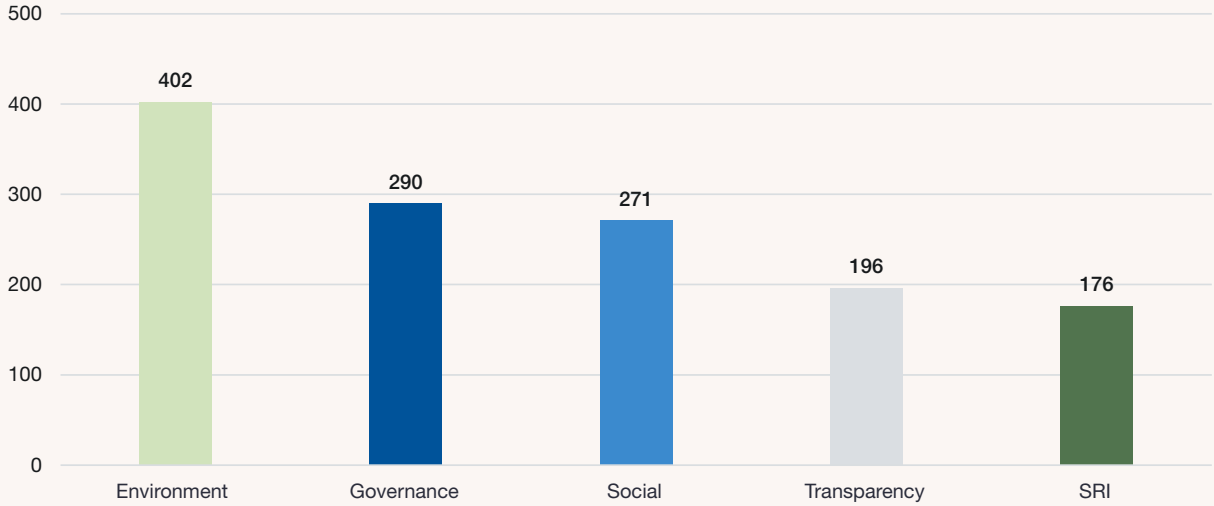


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Breakdown according to climate impact of the sector (NACE sectors)



Thematic breakdown of engagements



* During an engagement, several themes may be addressed simultaneously, which explains why the percentages do not add up to 100%.

For each pillar of our engagement approach, we have defined specific objectives to guide our engagement activities and assess companies' progress:

Environment

- Climate change mitigation
- Taxonomy alignment
- Climate risk management and adaptation
- Sustainable resource management (water, waste, energy, pollution)
- Biodiversity footprint management
- Compliance with the Green Bond Principles (GBP)
- *Other*

Social

- Responsible human capital management
- Consideration of the Just Transition
- Respect for labor rights
- Respect for human rights
- Stakeholder relations
- *Other*

Governance

- Good governance practices
- Pre- and post-AGM engagements
- *Other*

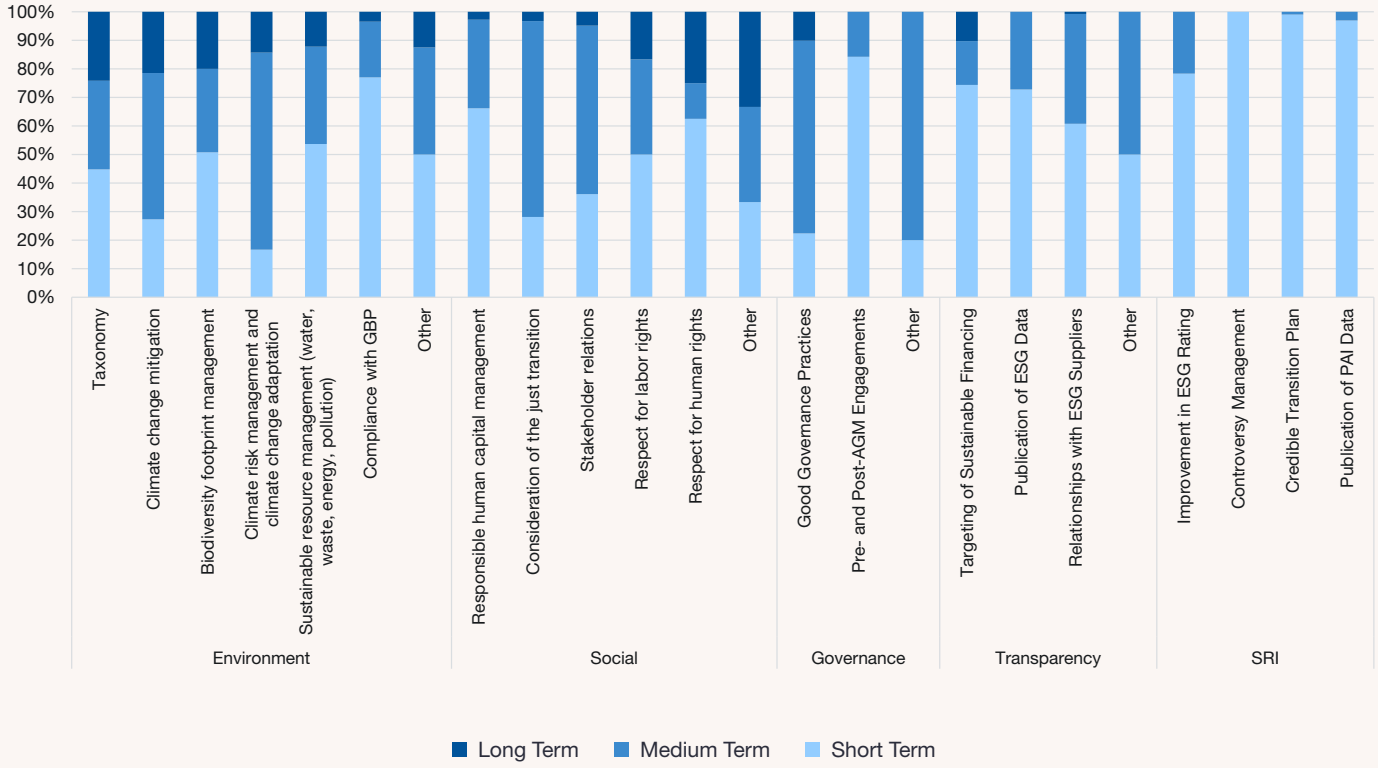
Transparency

- Publication of ESG data
- ESG supplier relations
- Earmarking of sustainable financing
- *Other*

SRI

- Improvement of ESG ratings
- Controversy management
- Credible transition plan
- Publication of PAI data

Breakdown of engagements by time period



D. Review of the voting policy



Participation in general meetings

Exercise of voting rights in 2025

During 2025, we exercised our voting rights at 434 general meetings of companies.

The proportion of companies for which we exercised our voting rights compared to the companies for which we had voting rights is 99.5% in terms of assets under management, and 98% in number of companies.

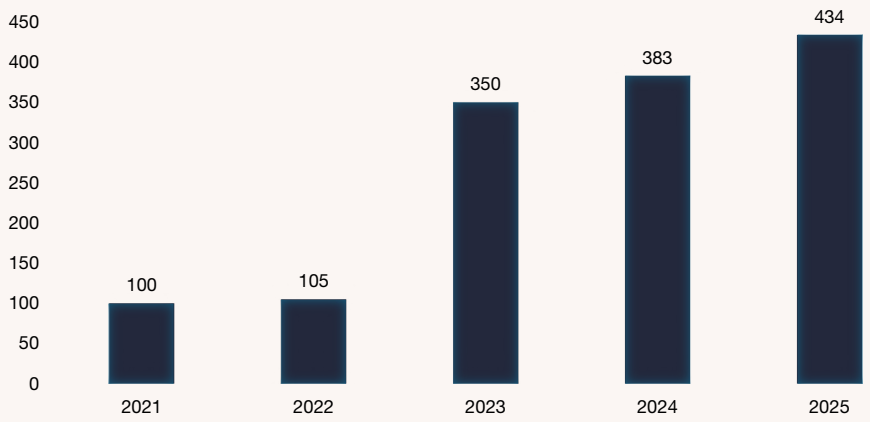
The number of companies we voted for is up 13% compared to the 2024 financial year and 20% compared to the 2023 financial year.

This increase is explained by the setting of two voting objectives introduced in January 2023:

· Expand our voting rights to expand our engagement with the companies in which we invest.

· Achieve significant voting percentages, including on portfolios made up of assets that are poorly represented at the level of Lazard Frères Gestion's assets under management and which, as a result, do not include our mandatory voting perimeter. This is the case, for example, for stocks in non-labelled small-cap funds or Japanese and US equities in a limited number of portfolios.

Figure 1: Evolution of votes over the last five years



Lazard Frères Gestion has significantly extended its vote at General Meetings, from 100 AGMs voted in 2021 to more than 400 in 2025.

Figure 2: Distribution of votes by region

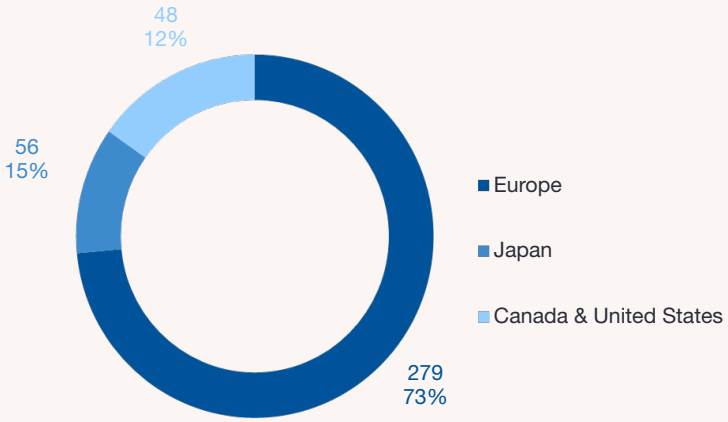


Figure 3: Distribution of votes by country

Region	Voted AGMs	Percentage
Germany	43	9,9%
Austria	4	0,9%
Belgium	9	2,7%
Denmark	15	3,4%
Spain	6	1,4%
United States	66	15,2%
Finland	20	4,6%
France	91	21%
Faroe Islands	1	0,2%
Ireland	7	1,6%
Iceland	1	0,2%
Italy	21	4,8%
Japan	49	11,3%
Luxembourg	5	1,1%
Norway	8	1,8%
Netherlands	17	3,9%
Portugal	4	0,9%
United Kingdom	16	3,7%
Sweden	41	9,4%
Switzerland	10	2,3%
Total	434	100%

Lazard Frères Gestion votes in all countries, including those where a lock-up period is required before and after the Shareholders' Meeting (Germany, Austria, Norway, Switzerland), those requiring proxies (Sweden, Switzerland) or those where the analysis of resolutions may be more complex due to different Governance standards (mainly in the United States and Japan).

Analysis of resolutions

We analysed a total of 7,580 resolutions and we opposed the recommendations of the companies' management for 966 of them, i.e. in 12.7% of cases.

We consider as an opposition to the management of companies, the vote "against" a resolution proposed by the company or the vote "for" an external resolution.

It happens in very rare situations that management supports an external resolution. In this case, the vote of support for the external resolution would not be counted as a vote of opposition to management.

The opposition rate increased in 2025 to 12.7% compared to 9.1% in 2024. This evolution is also reflected in the significant increase in the number of General Meetings in which we expressed at least one vote against the management's recommendations, representing 63% of this year's AGMs.

The increase was mainly due to increased opposition to capital transactions, particularly capital increases, as well as an increase in votes against resolutions relating to the Board of Directors, including the appointment and renewal of directors.

	In number of occurrences	Opposition vote	Vote of approval	Abstention vote
In numbers	7580	966	6613	1
Percent	100%	12,7%	87,2%	0,001%

Opposition votes

Lazard Frères Gestion opposed at least one resolution for 63% of the general meetings:

Figure 4: Distribution of opposition votes by geography

	Voted AGMs	General Assembly presenting an opposition vote
In numbers	434	271
Percent	100%	62%

Europe	Voted AGMs	General Assembly presenting an opposition vote
In numbers	319	123
Percent	100%	39%

United States	Voted AGMs	General Assembly presenting an opposition vote
In numbers	66	61
Percent	100%	92%

Japan	Voted AGMs	General Assembly presenting an opposition vote
In numbers	49	15
Percent	100%	31%

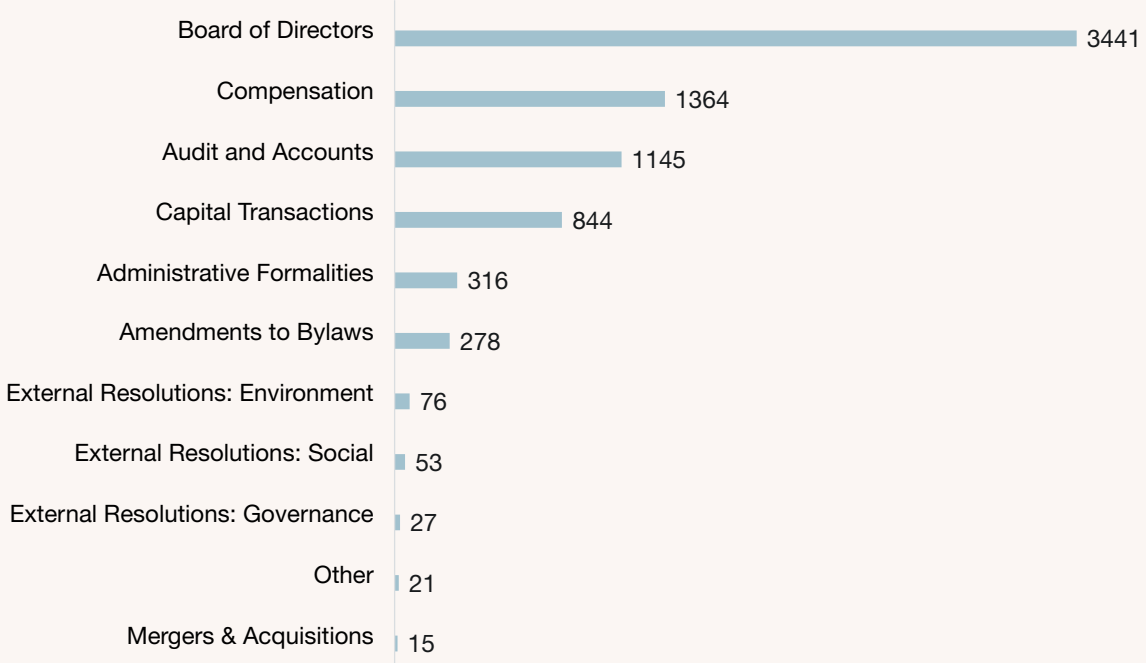
The company's governance and strategy are subject to financial and non-financial analyses prior to the investment, which explains our high level of support for management.

Nevertheless, we are convinced that shareholder engagement is a significant lever for the improvement of good Environmental, Social and Corporate Governance practices. It is the expression of these convictions that explains why we present a significant rate of opposition votes and opposition to at least one resolution for more than half of the General Assemblies in which we have participated.

Distribution of resolutions by category

Resolutions related to standard themes accounted for 98% of the total, while those related to environmental, social or governance aspects accounted for 2%.

Figure 5: Distribution of resolutions by category



Environmental resolutions *(Say on Climate)*

Based on the definition of the Forum for Responsible Investment (FIR), the *Say on Climate* is a resolution submitted by the company to a vote at its General Meeting that aims to gather the opinion of shareholders on the company's Environmental strategy or transition plan and/or its implementation. This initiative allows shareholders to actively participate in decisions about the company's environmental or climate policies.

Voting against a *Say on Climate* shows a disagreement with the company's strategy. But vigilance is required because this disagreement may stem from a disappointment of some shareholders relating to a lack of ambition in the proposed climate strategy or, on the contrary, from shareholders who are reluctant to integrate climate issues into the company's strategy.

The year 2025 marks the fifth year in which companies have chosen, on a voluntary basis, to submit the "*Say on Climate*" resolutions. The number of such resolutions has remained broadly stable between 2025 and 2024 and the majority of these resolutions continue to be supported by British and French companies.

Four companies in Lazard Frères Gestion's portfolios proposed a *Say on Climate*:

Figure 6: *Say on Climate*

Society	AGM date	Meaning of the vote
Ferrovial	24/04/2025	For
Icade	02/05/2025	For
Amundi	27/05/2025	For
Altarea	05/06/2025	Against

In accordance with our voting policy, we evaluate these resolutions with regard to the quality of the company's climate strategy, its level of ambition, its adequacy with internationally recognized frameworks on the one hand, and on the other hand by taking into account the geographical, sectoral and capitalistic specificities of the companies.

We therefore supported three of the four *Say On Climate* proposed. We opposed the *Say On Climate* of a company, Altarea.

While we recognize the company's sustainability efforts, we found that the company's strategy was incomplete compared to its peers. We had already opposed Altarea's *Say on Climate* in 2024, and we note once again this year the lack of significant change: the resolution proposed in 2025 incorporates more or less the same elements as those presented in 2024 and 2023.

Indeed, the emission reduction targets do not cover the company's most significant emissions and are not defined in the short term. Additionally, the company has yet to submit these targets to the Science Based Targets initiative (SBTi), which may raise questions about their credibility and alignment with industry best practices. We remain convinced that Altarea has the potential to produce a strong Environmental strategy, and we hope that these points will be addressed soon to reinforce its commitment to decarbonization.

Resolutions tabled by shareholders

External resolutions are resolutions submitted to the vote of shareholders that do not originate from the company but are tabled by individual shareholders or coalitions of shareholders at the time of the General Meeting. Their objective is to encourage companies to take specific measures on a targeted subject that management has not chosen to integrate into its strategy.

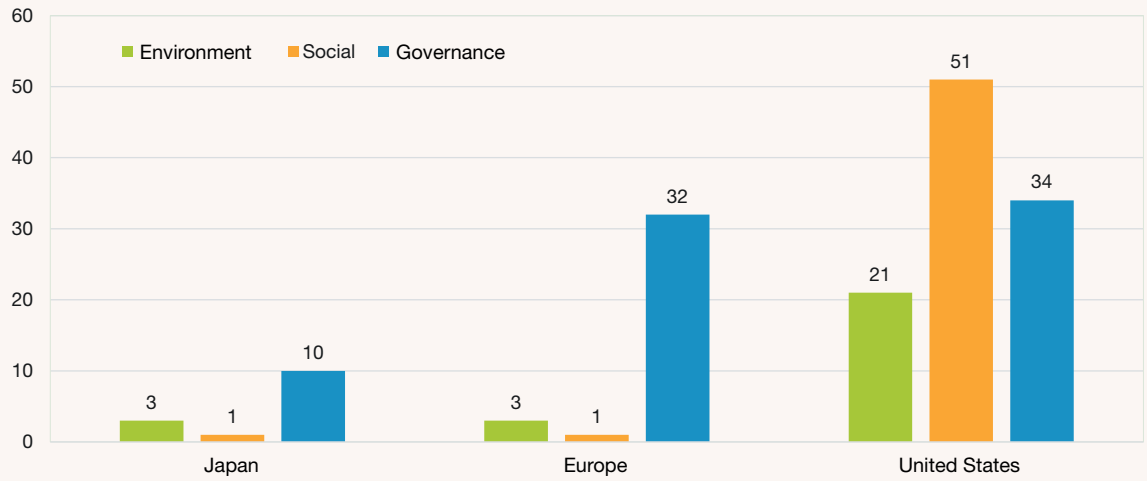
We were asked to vote on 156 external resolutions.

Figure 7: Meaning of voting on external resolutions

	Opposition vote	Vote of approval	Abstention vote	Total
External resolutions	65%	35%	0%	100%

The following graph gives the breakdown by theme and by geographical area:

Figure 8: Distribution of External Resolutions by Theme and Geographic Region





E. Decisions taken in terms of investment strategy

Our exclusion policy

Normative exclusions

CONTROVERSIAL WEAPONS

Context

There is no universally recognized definition of controversial weapons, and views differ across countries, regions and institutions. They are most generally understood as weapons that strike indiscriminately and are disproportionate in their effects (excessive damage out of all proportion to the expected military advantage). To restrict, or even permanently end, the production and use of these weapons, several international norms and treaties have been established.

The international conventions and treaties applicable to Lazard Frères Gestion are:

- the **Ottawa Treaty** (or Convention on the Prohibition of Anti-Personnel Mines) of 1997, which prohibits the use, stockpiling, production and transfer of anti-personnel mines and encourages their destruction,
- the **Oslo Convention** (or Convention on Cluster Munitions) of 2008, which prohibits the use, production, stockpiling and transfer of all cluster munitions defined as such.

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

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

Scope of application

Our exclusion policy covers securities of companies involved in the production or distribution of the weapons prohibited by these Conventions. It also applies to issuers producing and/or distributing components essential to their manufacture.

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

Lazard Frères Gestion regularly identifies companies involved in these controversial weapons. On the basis of information provided by our partner ISS-Ethix, an internal exclusion list is drawn up and monitored by our Risk Control department.

Companies are divided into two categories:

Red Confirmed involvement

Orange Strong presumption of involvement

Companies placed in the ‘red’ category are excluded from Lazard Frères Gestion’s investments, while those placed in the ‘orange’ category remain within the investment universe.

The following criteria are applied to define a company’s involvement:

- The company is involved in the development, production, use, maintenance or marketing of the aforementioned weapons.
- The company is involved in the development, production, maintenance or marketing of a key component specific to the aforementioned weapons.
- The company holds a stake of more than 20% in a company involved in one of the activities listed above.

VIOLATION OF THE UNITED NATIONS GLOBAL COMPACT

Context

As part of the ongoing controversy management process, the ESG team pays particular attention to companies that breach the Principles of the United Nations Global Compact.

In the event of a severe, proven and repeated violation of one of the principles of the United Nations Global Compact, companies are placed on the exclusion list.[1]

Companies which, when facing a severe controversy, have taken corrective measures likely to remedy it are placed on an in-depth engagement list. An engagement process is initiated in order to decide whether or not to exclude the company. In the absence of a satisfactory response, or after a period of 6 months, the company will automatically be added to the exclusion list.

In the case of a controversy contested by Lazard Frères Gestion, companies are placed on a watch list. They are then subject to an assessment and in-depth analysis carried out by the ESG team, resulting in a specific memo summarizing the main conclusions of the analysis. The list is updated every six months in light of new controversies.

A committee bringing together analyst-managers and ESG specialists submits these three lists quarterly for validation by the Executive Committee of Lazard Frères Gestion.

After the controversy is closed and following a one-year period, the company is removed from the three lists.

[1] This exclusion applies to all assets managed by Lazard Frères Gestion, with the exception of securities acquired before 2022 on behalf of private clients, which represented, as at 31 December 2021, less than 0.1% of the management company's total assets under management.



Sector exclusions

TOBACCO

Context

Every year, more than 8 million people worldwide die from tobacco and its consequences.[2] The tobacco industry, in particular, is the subject of numerous ESG controversies relating to child labor in tobacco farming, transparency on product composition and deforestation.

As a result, in 2003, nearly 180 countries adopted the **World Health Organization Framework Convention on Tobacco Control**, whose goal is to drastically reduce consumption by 2025 through new regulations and taxes.

Scope of application

In response to these major ESG issues, Lazard Frères Gestion has chosen to implement a **tobacco exclusion policy**.

As from 15 October 2020, Lazard Frères Gestion will no longer invest in companies whose production of tobacco or tobacco-related products constitutes a core activity.

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

FCTC
CONVENTION-CADRE DE L'OMS POUR LA LUTTE ANTITABAC

Organisation mondiale de la Santé

[2] Source: World Health Organization, 2020 (https://www.who.int/fr/news-room/fact-sheets/detail/tobacco)

COAL

Context

As part of its **Climate Policy**, Lazard Frères Gestion defined in 2020 a strategy aiming for a **coal exit by 2030**.

It aims to contribute to the fight against climate change and the reduction of human pollution, while taking into account the financial risks associated with stranded assets affected by the energy transition. Indeed, the combustion of thermal coal remains the main source of global warming, accounting for more than 29% of total greenhouse gas (GHG) emissions linked to human activities and more than 40% of anthropogenic carbon dioxide (CO_2) emissions in 2019, according to the International Energy Agency[1]. Its reduction will therefore be one of the most effective measures for limiting the rise in temperatures.

Scope of application

Lazard Frères Gestion therefore excludes any investment in companies for which:

- More than 10% of revenue comes from thermal-coal-related activities
- More than 10% of the energy mix (per MWh generated) is based on coal
- Annual thermal coal production exceeds 10 Mt per year
- Installed coal-fired capacity exceeds 5 GW
- Projects involve the development of thermal coal mines or coal-fired power plants.

[1] Source: https://www.iea.org/reports/coal-2019

PROJECTS AND EXPLORATION

Exclusion of companies with thermal coal mine or coal-fired power plant development projects

ACTIVITIES

Extraction and production

Annual production above

10 MT

Share of revenue from coal-related activities above

10%

Electricity

Installed coal-fired capacity above

5 GW

Share of the energy mix linked to coal above

10%

Lazard Frères Gestion reserves the right to update the data provided by the Global Coal Exit List (GCEL) used for the thermal coal exclusion. In this context, certain companies mentioned in the list may be reintegrated into our investable universe if the most recent available data indicate compliance with the stated thresholds. Conversely, if Lazard Frères Gestion's managers or ESG specialists become aware that a portfolio company has exceeded these thresholds, the position will be sold within three months.

In addition, consistent with its approach of supporting and accompanying companies, Lazard Frères Gestion considers that green bonds or Sustainability-Linked Bonds (SLB) with a key performance indicator (KPI) mainly linked to an environmental objective (e.g. reduction of carbon emissions) are eligible for its investments, whoever the issuer.

NON-CONVENTIONAL FOSSIL FUELS

We exclude all upstream companies (exploration and production) for which more than 5% of production comes from the following sources:

- Coal bed methane
- Oil from oil sands and oil shale
- Extra-heavy oil
- Hydraulic fracturing (fracking)*

Companies deriving more than 5% of their production from hydraulic fracturing are subject to an analysis of their climate transition plans, based on Lazard Frères Gestion's internal analysis, which may lead to inclusion in the investable universe if the plan is deemed acceptable.

* Tight oil and gas, as well as shale oil and shale gas, can only be extracted through hydraulic fracturing.

This quantitative analysis, specific to this sub-sector, is structured around three points:

- **Analysis of trajectories and targets:**

  Carbon data, methane data and target definition.

- **Analysis of the resources deployed:**

  Risk analysis, investments dedicated to the transition, adoption of best practices in project management, health and safety, use of carbon credits, value chain management and just transition.

- **Analysis of governance:**

  Quality of governance, organization of governance, climate-related incentive mechanisms, steering and monitoring of the trajectory, and environmental lobbying.

PALM OIL

Lazard Frères Gestion excludes companies with at least 5% of revenue from the production and/or distribution of palm oil where less than 60% of this production is certified.

We rely on RSPO (Roundtable on Sustainable Palm Oil) certification, a voluntary and independent certification system bringing together players from across the palm oil value chain. This certification guarantees compliance with environmental, social and economic criteria in palm oil production.

For more information, see our Biodiversity policy.

European Taxonomy and fossil fuel exposure

The coverage rate is calculated on assets excluding cash.

In order to meet the obligation to publish Taxonomy alignment data for its investments, Lazard Frères Gestion uses the data provider MSCI, which supplies reported data where it exists and estimated data in the absence of data reported by the company, for better coverage.

	Exposure to the fossil fuel sector	
		Coverage rate
2025	4,1%	94%
2024	4,0%	92%
2023	4,1%	82%
2022	4,1%	88%

Taxonomy		2023	2024	2025
Weighted average value of all Taxonomy-aligned investments, relative to the total value of assets covered by the KPI	Based on revenue (%)	3,8%	2,2%	3,8%
	Based on CapEx (%)	2,7%	3,5%	5,4%
	Coverage rate		31%	36%

The 2025 coverage rate is 36%, up slightly, for companies reporting their alignment data with the European Union's green Taxonomy.

Paris Agreement Strategy

A. Objectives

At **COP 21 in 2015**, 196 countries signed the **Paris Agreement** to limit global warming to a level well below 2°C, preferably 1.5°C, compared with pre-industrial levels. To give effect to this long-term temperature objective, countries aim to reach the global peak of greenhouse gas emissions as quickly as possible in order to achieve a climate-neutral world by 2050.

The translation of the European Union's **2050 climate-neutrality objective** is embodied in the **European Green Deal**, presented in December 2019. It requires massive investments, from the EU public sector and Member States as well as from the private sector. In order to stimulate and facilitate the public and private investments needed for the transition to a climate-neutral, green, competitive and inclusive economy, in July 2021 the EU published its **strategy for financing the transition to a sustainable economy**, an update of its March 2018 Action Plan on financing sustainable growth.

Several European regulations have thus been introduced to frame sustainable investment and seek to develop a very precise overall framework. Their aim is to make it easier for financial market participants to align their investment strategies with the EU's climate and social objectives. The Sustainable Finance Disclosure Regulation (**SFDR**), which governs at European level the extra-financial information published by investors, is one of its pillars.

In France, **Article 29 of the Energy and Climate Law** articulates European law and national specificities. French market participants must thus publish a **strategy for alignment with the international objectives for limiting global warming provided for by the Paris Agreement**.

At Lazard Frères Gestion, in line with our climate policy, we integrate an assessment of climate-related risks and opportunities into our analysis process, taking into account environmental factors and, in particular, greenhouse gas emissions in our internal ESG grid. In addition, thanks to the data provided by our partner MSCI, we are able to assess the carbon exposures of the portfolios we manage and to measure their alignment with the 2°C objective set by the Paris Agreement.

In 2021, when producing the first Article 29 report, we set a series of objectives with a view to achieving our 2050 objective and our alignment with the Paris Agreement.

Having achieved the short-term objectives — transparency and training objectives — and in accordance with the regulations, this year we present an update of these objectives for 2030.

Our 2030 objectives are as follows:

Objective 1 - Reduce our carbon footprint

- Reduce the carbon footprint (scopes 1 and 2) by 55% by 2030 compared with 2019 at the level of the management company's overall assets under management.
- We undertake to integrate scope 3 data as soon as a sufficient level of reliability is reached.
- This objective may be revised in the event of significant market movements.

Objective 2 - Achieve a temperature aligned with the Paris Agreement

- Achieve a temperature across all of Lazard Frères Gestion's investments of 2.5°C by 2030, an objective that will be reviewed and adjusted every five years to reach 2°C or less by 2050.
- Maximize the number of open-ended funds with an ITR of 2°C or less (+/-10%).
- For non-aligned funds, we undertake to have more than 90% of the portfolio with carbon-reduction initiatives and to engage with issuers to have their targets validated by SBTi or equivalent.

Objective 3 - Promote science-aligned climate targets

- Reach as quickly as possible 50% of issuers with an approved SBTi target at the level of the management company.

B. Methodologies used

We assess the alignment of our investments with the Paris Agreement by measuring the Implied Temperature Rise provided by MSCI. The Implied Temperature Rise metric provides an indication of how companies and investment portfolios align with global climate objectives.

The implied temperature rise of a portfolio measures, overall, the temperature alignment of a portfolio (in °C) with keeping the rise in global temperature to 1.5°C[1] by 2100. The calculation uses an aggregated budget approach that compares the sum of financed carbon emissions to the sum of the carbon emissions of the portfolio companies (scopes 1, 2 and 3). This provides an estimate of any overshoot of the portfolio's carbon budget.

The portfolio's total carbon emissions below or above the net-zero budget are then converted into a degree of temperature increase using the scientific ratio approach of the Transient Climate Response to Cumulative Carbon Emissions (TCRE). The allocation basis used to define a portfolio's financed share is Enterprise Value Including Cash (EVIC), to allow the analysis of equity and corporate bond portfolios.

Transient Climate Response to Cumulative Carbon Emissions (TCRE)

The Transient Climate Response to Cumulative Carbon Emissions (TCRE) was established by the IPCC and provides a relationship linking each additional unit of emissions emitted beyond the remaining global 1.5°C carbon budget to degrees of additional warming. We use a TCRE factor of 0.00045°C of warming per $GtCO_2$. In other words, for each $GtCO_2$ exceeding the global 1.5°C carbon budget, we can expect additional warming of approximately 0.00045°C[2] above 1.5°C.

This relationship is used in the Implied Temperature Rise methodology to convert the deviation from the allocated carbon budget of a company or portfolio into a degree figure.

The time horizon used for estimating the carbon budget is 1.5°C in 2100. Companies' projected emissions are net zero in 2050, in accordance with the REMIND NGFS Net-Zero 2050 scenario[3], whose conclusions are aligned with the IPCC special report on the consequences of global warming of 1.5°C[4].

The Implied Temperature Rise calculation provided by MSCI is based on the sector scenarios published by the NGFS (Network of Central Banks and Supervisors for Greening the Financial System) for central banks and supervisory authorities. These scenarios are differentiated by sector and region, taking into account their scientifically assessed emission-reduction capacities, with a final objective of limiting global warming to 1.5°C.

The MSCI methodology is based on several assumptions and estimates. At the global level, a central estimate concerns the global carbon budget, i.e. the quantity of carbon emitted into the atmosphere that leads to warming of 1.5°C. It is estimated at 889.3 $GtCO_2$. Companies are allocated an initial carbon budget for scope 1, 2 and 3 emissions for the period 2020-2050, starting from the NGFS sector decarbonization trajectories (9 sectors, 16 regions), then converting them into company-level budgets. The company's revenue and its investments, segmented by sector and region, are used as indicators of the fair share of quotas.

[1] Strictly speaking, the NGFS trajectory data correspond to global warming of 1.55°C by 2100. Lazard Frères Gestion uses the abbreviation 1.5°C in this document, as do NGFS and MSCI ESG Research in their publications.

[2] IPCC AR6 report (Summary for Policymakers): "Cumulative emissions of 100 $GtCO_2$ are estimated as likely to cause an increase of 0.27° to 0.63° in global surface temperature, with a best estimate of 0.45°." (https://www.ipcc.ch/site/assets/uploads/sites/2/2019/09/IPCC-Special-Report-1.5-SPM_fr.pdf).

[3] See 'NGFS Climate Scenarios for central banks and supervisors', NGFS, 6 September 2022.

[4] According to the IPCC special report on 1.5°C, net-zero emissions must be reached around 2050 to limit warming to below 1.5°C (https://www.ipcc.ch/site/assets/uploads/sites/2/2019/09/IPCC-Special-Report-1.5-SPM_fr.pdf).

This initial carbon budget is updated each year by subtracting the emissions produced between the reference year (2019) and the current year, and by adjusting the company's carbon budget to changes in its market share.

For each company, greenhouse gas (GHG) emissions already produced (from 2019 to the current year) are calculated by scope. The scope 1 and 2 emissions taken into account are the published emissions where available, supplemented by estimated emissions where the company does not measure its emissions. Scope 3 emissions are estimated so as to reduce double counting. Finally, emissions already produced are deducted from the company's carbon budget, determined previously, to obtain the company's remaining carbon budget for each scope.

Once a company's carbon budget has been set and its past emissions deducted, its projected emissions are calculated on the basis of the climate trajectory announced by the issuer, readjusted by MSCI after an assessment of the trajectory's credibility. For company targets deemed to lack credibility, future emissions are projected at a higher level than the company claims.

Assessing the credibility of a carbon trajectory

To arrive at a forward-looking estimate comparable across companies, MSCI ESG Research has developed an approach for analyzing the carbon trajectory announced by a company and its credibility. For each scope, the company's emissions and emission targets are aggregated into a carbon trajectory projecting the company's emissions for that scope up to 2050. Where stated targets do not extend beyond a certain date (prior to 2050), projected emissions are held constant from the date of the last published target; in the total absence of targets over the 2020-2050 period, the company's emissions are assumed to increase by 1% per year (business-as-usual scenario). The emissions trajectory is then adjusted according to the credibility of the company's targets: where targets are highly credible, the final trajectory corresponds to the company's targets; where they are highly unlikely, it corresponds to the 1%-per-year emissions-growth scenario. The credibility score incorporates several variables: the existence of intermediate targets for the scope in question, external validation of the trajectory, alignment with past targets, and the comparison between the targets and the current trajectory.

The method for calculating a portfolio's carbon footprint is a weighted average of greenhouse gas emissions divided by each issuer's EVIC.

The carbon footprint assessment takes into account scopes 1 and 2 of greenhouse gas (GHG) emissions.

We thus obtain the following formula:

Carbon footprint of a portfolio

$$\sum \left[\left(\frac{\text{Emissions (scope 1 + 2)}}{\text{EVIC}} \right) \text{ of each security x weight of each security} \right]$$

We publish in the year-N report the carbon footprint of year N-1, because the MSCI data for the current year is not available for all securities covered by the provider. The company's 2019 carbon footprint, serving as the baseline for the objective, is: 67.3 tCO_2e/€M EVIC.

For climate targets, we use the standard of the Science Based Targets initiative (SBTi), an international organization that develops standards, tools and guidelines enabling companies and financial institutions around the world to adopt credible, science-based climate action. Its resources are free for any organization via its website; companies and financial institutions that use them to set greenhouse gas emission-reduction targets can then have these targets validated via SBTi Services. Companies with validated targets, or that have committed to setting them, are listed on its website.

C. Results

ITR LAZARD FRÈRES GESTION

	2021	2022	2023	2024	2025
Lazard Frères Gestion Temperature	2,53°C	2,07°C	2,26°C	2,20°C	2,15°C
Coverage rate	84%	78%	76%	81%	90%

The calculation is carried out on a portfolio representative of all the management company's assets excluding cash and external funds, i.e. 90.6% of total assets under management.

The coverage rate is then calculated on this portfolio, rebased to 100%.

In 2023, the change in methodology by our data provider, MSCI, led to a slight increase in the ITR of the Lazard Frères Gestion portfolio. This increase is mainly due to the new use of sector carbon budgets, reducing the carbon budget of companies in the lowest-emitting industries. The consideration of the credibility of companies' carbon trajectories and MSCI's adoption of a methodology aligned with a 1.5°C warming objective rather than 2°C were also slight factors in the increase in the portfolio's ITR.

The decline in the coverage rate between 2021 and 2022 is notably explained by the inclusion in 2022 of external funds in the calculation base, for which we do not have data in the absence of look-through.

ITR BY ASSET CLASS

	°C				Coverage rate			
	2022	2023	2024	2025	2022	2023	2024	2025
ITR Equities	2,01°C	2,24°C	2,18°C	2,27°C	92%	94%	92%	97%
ITR Bonds	2,10°C	2,28°C	2,22°C	2,02°C	65%[1]	70%[2]	74%	83%

[1] Note that the universe contains 14.3% of uncovered sovereigns in 2022. [2] Note that the universe contains 10.5% of uncovered sovereigns in 2023.

As with the management company's ITR, the increase in the ITR of the various asset classes is mainly due to the change in our provider's methodology, which now assesses temperature according to a 1.5°C scenario rather than 2°C.

The results of the temperature indicator for funds over €500M will be available in the funds' annual reports (see by fund on the website: https://www.lazardfreresgestion.fr/FR/Fonds_71.html).

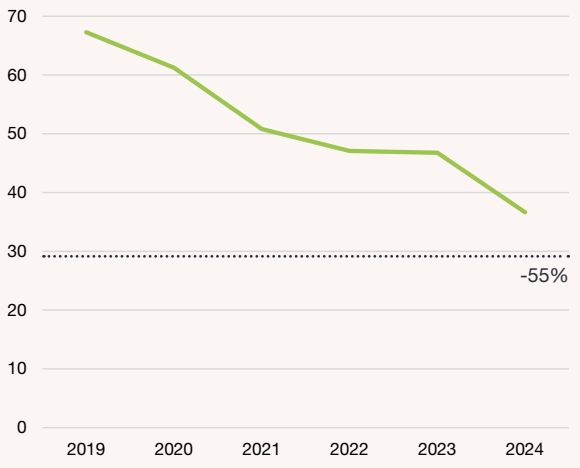
CARBON FOOTPRINT

2024 carbon footprint of the management company: 36.6 tCO_2 eq/€M EVIC

Change since 2019: -43.8%

Rebased coverage rate (equity & corporate bonds) as at 31/12/2024: 88%

Carbon footprint Scopes 1 & 2 (tCO_2e / €M EVIC)



SBTI

Weight of issuers with an approved SBTi target: 49%

D. Index funds

Lazard Frères Gestion does not manage index funds.

E. Putting the temperature indicator into perspective with the other indicators monitored

This new indicator, aggregated at the level of funds and of the management company, has the advantage of being a meaningful indicator for assessing a portfolio's alignment with the Paris Agreement. Easily related to global issues, it links companies, portfolios and climate science.

However, our integration of ESG principles is not limited to taking temperature into account. Indeed, it is important not to assess a company's environmental performance solely on its ITR. A heavily emitting company may possibly have a low ITR if the reduction targets it has set itself are ambitious. But their achievement is not certain, and it will not be for several years that the gap between its performance and its targets becomes visible. This is why our analyst-managers pay particular attention to a set of criteria deemed material through our materiality table. These criteria appear in our proprietary ESG grid, which includes more than twenty material indicators and takes into account the principal adverse impacts (PAI).

For more information on our ESG analysis, see our ESG approach.

F. Link with the climate policy

This report illustrates Lazard Frères Gestion's Paris Agreement alignment strategy, validated by the Executive Committee in 2022. In this respect, the management company undertakes to communicate on any changes to the implementation of the objectives defined above. The Executive Committee of Lazard Frères Gestion will be informed at least annually of progress towards achieving these objectives.

In 2025, we updated our climate policy to incorporate our methodology for the targeted analysis of transition plans, to add an exclusion policy for non-conventional oil and gas, as well as a dedicated engagement and analysis policy for conventional oil and gas.

Scope of application

Lazard Frères Gestion therefore excludes any investment in companies for which:

- More than 10% of revenue comes from thermal-coal-related activities
- More than 10% of the energy mix (per MWh generated) is based on coal
- Annual thermal coal production exceeds 10 Mt per year
- Installed coal-fired capacity exceeds 5 GW
- Projects involve the development of thermal coal mines or coal-fired power plants

We do not currently have an exit policy for conventional fossil fuels.

In addition, we exclude all upstream oil and gas companies (exploration and production) for which more than 5% of production comes from the following sources:

- Coal bed methane
- Oil from oil sands and oil shale
- Extra-heavy oil
- Hydraulic fracturing (fracking)*

* Tight oil and gas, as well as shale oil and shale gas, can only be extracted through hydraulic fracturing.

Strategy for alignment with long-term biodiversity objectives

A. Objectives

The preservation of biodiversity is a major global challenge in which all of today's actors have a role to play. 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 investee companies in the fight against biodiversity loss.

SHORT TERM

Analysis and integration

- Integrate biodiversity criteria into internal ESG analysis grids (Carbon4 and CDP data)
- Develop and implement an exclusion policy on biocides
- Develop knowledge and policies targeting priority themes (pollution, water, etc.)

Reporting and transparency

- Publish biodiversity indicators and the limitations of the method
- Monitor the biodiversity footprint (MSA) for all of our SRI funds using Carbon4 Finance data
- Publish an analysis of the management company's main pressures and impacts as defined by the IPBES
- Publish an analysis of the portfolio's main dependencies as defined by the IPBES

Engagement and voting

- Join the FAIRR initiative to strengthen our collaborative engagement actions on the risks linked to animal proteins and intensive agriculture
- Strengthen transparency on biodiversity-related engagements and votes by publishing engagement actions and associated voting positions
- Encourage companies to respond to the CDP questionnaire (climate, water, forests) in order to improve transparency on their impacts
- Continue to contribute to international initiatives and coalitions for the consideration of biodiversity issues (TNFD)

MEDIUM TERM

Analysis and integration

- Study and implement zero-deforestation monitoring
- Extend the scope of our deforestation policy by targeting at-risk commodities (soy, cocoa, coffee, rubber, beef, etc.)
- Study and implement monitoring of the water efficiency of our investments in water-stressed areas
- Draft a water policy
- Strengthen knowledge and consideration of biodiversity impacts across the entire value chain

- Consider integrating a biodiversity indicator into the steering of investment strategies
- Develop one or more targeted products to address biodiversity challenges

Reporting and transparency

- Link our biodiversity monitoring indicators to the ‘Protection and restoration of biodiversity and ecosystems’ objective of the European Taxonomy
- Reflect our engagements in the CSR strategy: reduce avoidable consumption and eliminate single-use plastic

Engagement and voting

- Participate in SBTN consultations and support companies towards an alignment trajectory
- Participate in market initiatives on biodiversity data and develop tools to quantify and measure biodiversity risks and impacts
- Reduce, through engagement, the share of companies without biodiversity-related targets

LONG TERM

- Investee companies (for which biodiversity is material) must have a validated biodiversity alignment trajectory
- Steer our investments towards sustainable exploitation of natural resources (agriculture, fishing, forest management, water)
- Reward companies committed to a regenerative-economy approach
- Generalize the use of recognized certifications for commodities at biodiversity risk
- Achieve a significant reduction in pollution affecting ecosystems (plastics, nutrients, chemicals)
- Steer supply chains towards a sharp reduction in the use of pesticides, chemical inputs and other products likely to negatively affect biodiversity



B. Steering our biodiversity footprint

The biodiversity footprint is considered a key measure because it makes it possible to quantify the impact of human activities on natural ecosystems and species diversity.

It makes it possible to identify and prioritize activities with a negative impact on biodiversity and to assess the positive impact of remediation measures.

The main complexity in assessing the biodiversity footprint is that each pressure factor has its own units of measurement and specific ways of accounting for its impacts. Nevertheless, scientific work has enabled the development of footprint metrics that aggregate these different pressures into a single unit of measurement, in order to determine the total impact of a company's activities.

We bear in mind that the practical convenience of aggregating data across the five pressure factors comes at the cost of methodological choices that may face certain limitations in terms of precision or orders of magnitude. Moreover, there are no market standards: each biodiversity footprint provider makes its own methodological choices, meaning results can sometimes diverge sharply from one provider to another.

The most commonly used biodiversity footprint measure is Mean Species Abundance (MSA). This metric assesses the current mean abundance of biodiversity in a given ecosystem, considered to be disturbed by human activity, and compares it to the mean abundance of an undisturbed reference ecosystem. It is expressed as a percentage, with an intact ecosystem representing an MSA of 100%. Impacts on biodiversity are expressed in MSA.km² units. An impact of 1 MSA.km² is equivalent to the artificialization of 1 km² of intact natural areas.

Lazard Frères Gestion made a commitment in 2025 to measure its biodiversity footprint and to assess the performance of its portfolios against their investment universe. This assessment is intended to help limit biodiversity loss by encouraging companies to change their practices and activities in order to reduce their pressures.

By integrating these different data into our investment strategies, we wish to anticipate as best we can the impact of regulatory developments and to identify companies that take biodiversity issues into account, both to limit their effects (risk mitigation) and to adapt to them (risk adaptation).

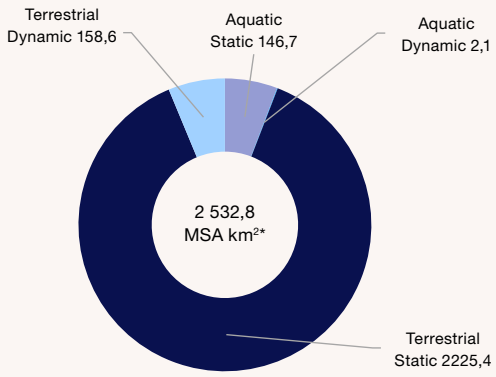
carbon4 finance

Lazard Frères Gestion uses Carbon4 Finance's biodiversity footprint indicator to measure the main pressures and impacts on biodiversity defined by the IPBES. The MSA can be broken down by:

- **Domain:** aquatic or terrestrial environment
- **Time dimension:** static or dynamic
- **Pressure factors**

C. Results

Biodiversity domain	Alignment	Aggregated score MSA.km²
Aquatic	Static	146,7
	Dynamic	2,1
Terrestrial	Static	2225,4
	Dynamic	158,6



* Coverage (excluding cash and external funds): 88.4%.

Approach to the integration of environmental, social and governance quality criteria in risk management

A. Process for identifying, assessing, prioritizing and managing ESG risks

Scope of application

In a world marked by uncertainty, Lazard Frères Gestion aims to offer its clients conviction-based management with a long-term perspective. Our investment process takes the form of active management and emphasizes demanding stock selection to optimize the risk/return profile, notably through the integration of environmental, social and governance (ESG) criteria.

We implement this approach across four different categories of funds:

- Funds compliant with Article 6
- Funds compliant with Article 8
- Funds compliant with Article 8 and holding the SRI label
- Funds compliant with Article 9

Our approach to taking sustainability risks and adverse sustainability impacts into account rests on five pillars:

- ESG analysis
- Integration into portfolio management
- Exclusions
- Controversy monitoring
- Dialogue, voting and engagement

Conditions of application

Lazard Frères Gestion is aware of the limitations of ESG data and, in particular, of their potential influence on the achievement of the environmental and social characteristics promoted by our financial products.

Data providers' methodologies may contain inherent biases, highlighting only one dimension of the company being assessed and thereby degrading data quality. The lack of maturity of certain calculation methodologies, low coverage rates and inaccurate data are further limitations.

In this context, we deploy a continuous-improvement approach, in particular regarding the strategies for alignment with the Paris Agreement and with long-term biodiversity objectives.

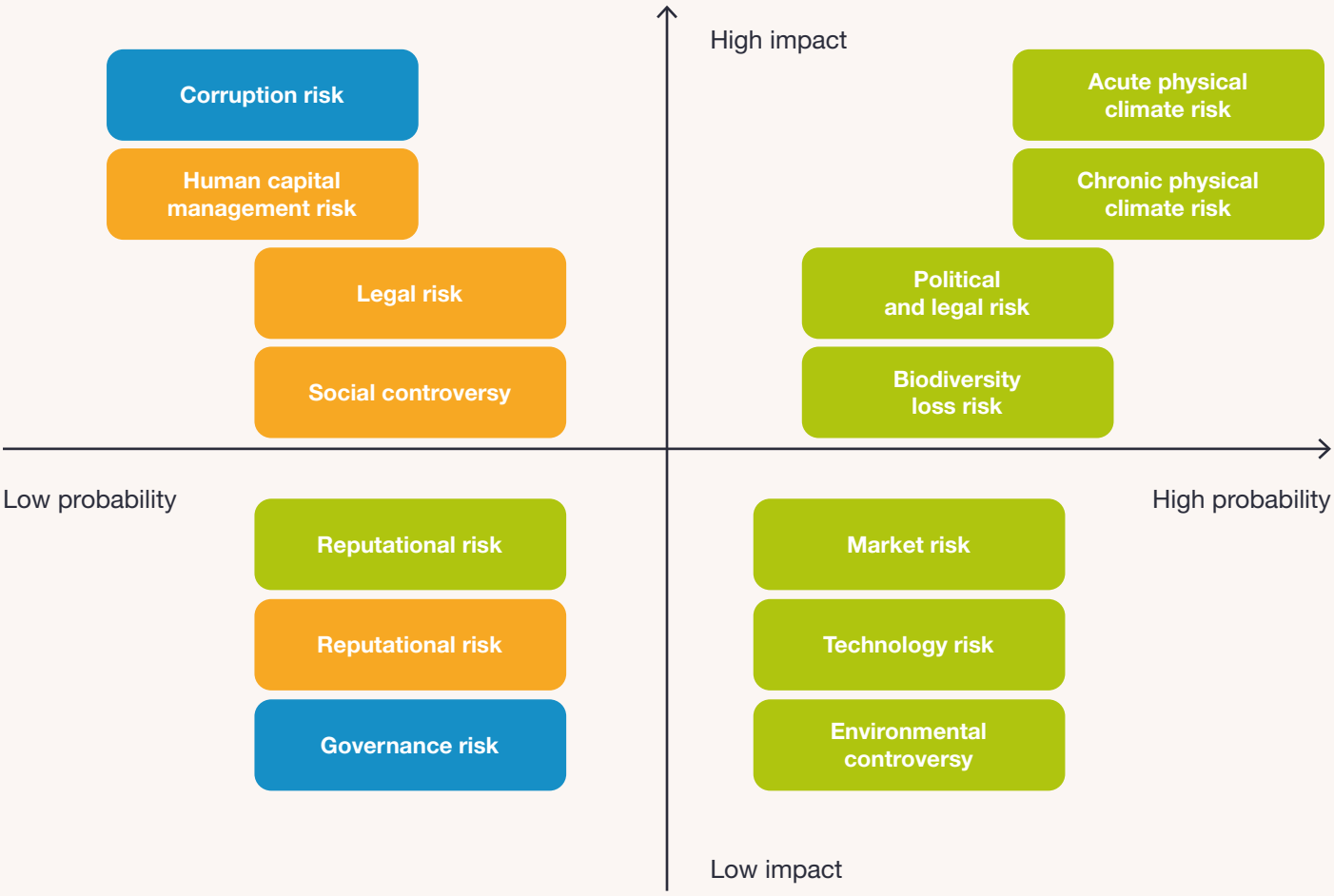
Identification of risks in our management

Drawing on the recommendations of the TCFD, Lazard Frères Gestion has established a table of the different risks that companies may face. There are several types of risks across the E, S and G pillars. For example, environmental risks are classified into physical and transition risks linked to global warming, on the one hand, and biodiversity-related risks, on the other.

The sustainability risk matrix illustrates the risks with high impact and high probability. However, for greater granularity at issuer level, the materiality of risks (and in particular their geographic or sector-specific character) is assessed using a proprietary materiality table which is reflected in the internal analysis grids.

Sustainability risk matrix

E S G



Consideration of materiality

Aware of the importance of intra-sector comparisons and of a good understanding of the operational, geographic and regulatory environment in which companies operate, we pay particular attention, in our analysis methodology, to the materiality of ESG risks and opportunities.

Differentiated consideration of criteria by sector, country, and even by specific characteristics, appears necessary in order to adequately reflect the ESG performance specific to each company.

To better assess materiality and understand how sustainability factors can affect an issuer's financial performance, Lazard Frères Gestion developed a proprietary materiality table in January 2021.

This materiality table serves a dual purpose: on the one hand, it formalizes transparently the way in which analyst-managers select, within the internal ESG analysis grid, the most relevant indicators for their analysis. On the other hand, it serves as the basis for the engagement themes and actions carried out by Lazard Frères Gestion with companies.

B. Description of the main ESG risks

Sustainability risk		Example	Effect	Probability	Horizon	Impact	Type	How taken into account
ENVIRONMENT								
Physical climate risks	Acute	Extreme weather events such as storms, hurricanes or floods	Direct repercussion: damage to assets Indirect repercussion: supply chain disruption	High	Short term	High	Current Exogenous	ESG analysis: E commentary
	Chronic	· Changes in precipitation and extreme volatility of weather patterns · Rising temperatures and chronic heatwaves · Sea-level rise		High	Medium term	High	Current Exogenous	· ESG analysis: CO_2 intensity, sector temperature (°C), climate change policy · Implied Temperature Rise
Climate transition risks	Political and legal	· Strengthened regulation of existing products and services · Strengthened GHG emissions reporting obligations · Litigation	· Increased costs · Direct financial repercussion: lawsuits · Stranded asset / impairment risk	High	Short term	High	Emerging Endogenous	ESG analysis: climate change policy
	Technological	· Substitution of existing products and services with lower-GHG alternatives · Cost of the transition to low-carbon technologies · Insufficient investment in new technologies	Technological lag which can lead to a loss of competitiveness	High	Medium term	Medium	Current Exogenous	ESG analysis: Patents, Low Carbon patents
	Market	· High raw material costs · Market uncertainty	· Increased raw material and energy costs	Medium	Medium term	Medium	Current Exogenous	ESG analysis: Sector
	Reputational	· Growing concern or negative reaction from stakeholders · Changing consumer preferences	Risk of market share loss	Medium	Short term	Medium	Emerging Endogenous	ESG analysis: E commentary
Biodiversity-related risks	Biodiversity loss	Pollution and destruction of ecosystems: deforestation, water pollution, etc.	Impact on companies and on the activities of businesses dependent on ecosystems	High	Long term	Medium	Current Endogenous	· ESG analysis: Water management policy, water consumption intensity, waste generation intensity · Biodiversity score
Controversy risks	Legal	Environmental controversy	Direct financial repercussion: lawsuits	Medium	Medium term	Medium	Current Endogenous	Controversy management process
SOCIAL								
Internal risks	Human capital management	· Unsuitable human resources · Lack of training, employee demotivation · Deterioration of well-being at work · Staff turnover	Loss of productivity and of responsiveness to client needs	Low	Short term	Medium	Current Endogenous	ESG analysis: staff turnover, total incident rate, health and safety policy, etc.
	Legal	Human rights violations	Direct financial repercussion: lawsuits	Low	Short term	High	Current Endogenous	ESG analysis: Human rights policy
External risks	Reputational	· Professional inequalities · Difficulty attracting talent · Diversity	Loss of competitiveness	Medium	Medium term	Medium	Emerging Endogenous	ESG analysis: % of women among employees, equal opportunity policy, fair remuneration policy
Controversy risks	Legal	Social controversy	· Direct financial repercussion: lawsuits · Loss of competitiveness	Medium	Short term	Medium	Current Endogenous	Controversy management process
GOVERNANCE								
Internal risks	Governance	· Excessive concentration of powers · Lack of involvement and skills of directors	Poor decision-making leading to financial losses	Medium	Short term	High	Current Endogenous	ESG analysis: combination of CEO and Chair roles, % of independent directors on the Board, % of non-executive Board members, attendance at Board meetings, etc.
	Corruption	Corruption, lack of integrity, tax evasion	Direct financial repercussion: lawsuits	Medium	Short term	High	Current Endogenous	ESG analysis: G commentary

Assessment of physical risks

The assessment concerns the level of control of these risks by issuers, and examines:

· Whether companies have identified and quantified the climate-related physical risks to which they may be exposed

· The measures taken to prevent, adapt to and mitigate these risks

· The indicators reflecting the results of these efforts to anticipate and mitigate the consequences that the physical impacts of climate change could have on their activities:

· Impacts on the company's assets (damage, destruction of buildings or production equipment, early retirement of existing assets, etc.)

· Impacts on the supply chain (reduced availability / increased costs of raw materials, components or equipment, etc.)

· The costs of the impacts (insurance costs, investment expenditure, operating expenses)

· Repercussions on the company's ability to conduct its activities and operations (reduction or disruption of production capacity, impacts on workforce management and planning, etc.)

Assessment of transition risks

· The teams of analyst-managers and ESG specialists have identified three transition risks relevant to our investments:

The risk linked to changes in energy prices

We measure issuers' commitments to reducing their energy consumption and associated emissions, as well as how companies are evolving their energy mix.

The risk linked to technological advances

This corresponds to companies' exposure to obsolescence risks linked to a lack of technological innovation and to the substitution of existing products and services by others with lower emissions.

We monitor the efforts made by companies to develop and market products and services with a reduced climate impact, as well as their involvement in R&D activities for green products and services.

The risk linked to regulatory changes

This amounts to measuring how companies anticipate regulatory developments:

Carbon footprint / carbon price

· Measurement of the carbon footprint to identify the sectors and companies emitting the most greenhouse gases and therefore most exposed to climate regulation.

Stranded assets / impairment

· Identification of issuers whose activities derive from fossil fuels and of those holding fossil-fuel reserves, in order to identify those most exposed to the risk of asset impairment.

Compliance with 2°C scenarios

· Measurement of issuers' level of commitment to the energy transition of their business model.

· Assessment of the level of commitments and the effectiveness of the measures implemented to reduce their GHG emissions, evolve their energy mix and reduce their energy consumption.

Assessment of liability risks

Liability risk, finally, concerns all financial impacts 'resulting from possible legal action for having contributed to climate change or for not having sufficiently taken climate risks into account' (Source: I4CE).

Lazard Frères Gestion mitigates this risk by carrying out several internal controls across its entire ESG strategy (first- and second-level controls).

Consideration of biodiversity

As part of its ESG Approach, Lazard Frères Gestion intends to make biodiversity a fully integrated component of its strategy. The internal materiality grid already enables us to identify the sectors particularly exposed to the risk of biodiversity loss.

In addition, biodiversity-related factors are integrated into the analysis of our ESG data provider MSCI ESG for the rating of the E (Environment) pillar where they are considered material.

Since the first half of 2022, Lazard Frères Gestion has committed to explicitly integrating biodiversity risk in accordance with Article 29 of the Energy and Climate Law and with the second implementation phase of the SFDR (PAI reporting).

To this end, our teams keep as up to date as possible on the available data, despite the small quantity of existing information and its low quality.

To structure ESG risk management processes, an ESG Risk Committee meets monthly. It identifies the environmental, social and governance risks of the portfolios and puts in place solutions to mitigate these risks. It thus validates the ESG parameters to be complied with, monitors compliance with these criteria, escalates alerts in terms of ratios and monitors methodological exceptions. The ESG Risk Committee meets every month and implements the risk management policy.

C. Frequency of review of the risk management framework

Our SFDR policies (Article 3 and Article 4 policies) and our approach to taking ESG risks into account, described in this report, are reviewed annually and updated where necessary.

D. Reduction of exposure to the main ESG risks

We reduce our exposure to the main ESG risks through our normative exclusion policy, covering controversial weapons and violations of the United Nations Global Compact, as well as our sector exclusion policy. We thus entirely exclude the tobacco sector, and aim for a withdrawal from thermal coal by 2030, together with a measured policy on palm oil and on our exposure to non-conventional oil and gas.

E. Quantitative estimate of the financial impact of the main ESG risks

As part of its approach to taking into account the main environmental, social and governance quality risks, Lazard Frères Gestion has put in place a quantitative estimate of the financial impact of these risks on the valuation of all the management company's positions. To this end, we use the Climate Value-at-Risk (Climate VaR) model of MSCI ESG Research to quantify the costs and opportunities of transition risks and physical risks linked to climate change.



Climate VaR is a forward-looking quantitative model that forecasts the present value of future costs and benefits under different potential climate scenarios. By expressing this present value of climate costs as a percentage of the company's current valuation, the model provides a maximum change in the company's current valuation due to climate change. The aggregated Climate VaR is based on the sum of the transition Climate VaR and the physical Climate VaR.

Methodology and scenarios

Climate scenarios are underpinned by Integrated Assessment Models (IAMs), tools that bring together very different types of information — such as climate systems, economic, ecological and land-use data — within a coherent framework. MSCI ESG Research uses data from four IAMs — REMIND (NGFS scenarios), AIM/CGE (IPCC scenarios), IMAGE (IPCC scenarios) and GCAM (IPCC scenarios) — mainly to forecast the carbon prices used in MSCI's climate transition modelling. The links between the various climate and non-climate modules intrinsically integrated into complex IAMs allow them to explore cascading effects, i.e. how decisions in one sector of the economy affect all other areas. This makes it possible, for example, to forecast how population and GDP growth could affect electricity demand. The IAMs used extend to 2100 with varying timestamps.

The aggregated Climate Value-at-Risk relies on the NGFS scenarios. The Network for Greening the Financial System (NGFS) was created in 2017 by eight central banks and today brings together more than a hundred central banks. The network's aim is to increase the resilience of financial markets to the impacts of climate change through scenario analysis and climate stress tests.

It produces scenarios on orderly or disorderly reference trajectories, associated with average temperature increases in 2100 of +1.5°C, +2°C and +3°C. Orderly scenarios assume that climate policies are introduced early and become progressively stricter. Physical and transition risks are relatively moderate. Disorderly scenarios explore higher transition risk due to delayed or divergent policies across countries and sectors. Carbon prices are generally higher for a given temperature outcome. The 3°C NDC (Nationally Determined Contributions) scenario includes all announced policies, even if not yet implemented. This scenario assumes that the moderate and heterogeneous climate ambition reflected in the conditional NDCs at the start of 2021 continues through the 21st century (low transition risks). Emissions decline but still lead to warming of at least 2.6°C, associated with moderate to severe physical risks. Transition risks are relatively low.

Example of the use of NGFS scenario inputs

The policy risk model of MSCI ESG Research (one of the pillars making up transition risk) is based on the concept of sector decarbonization pathways, the basis of the reduction requirement for each company. Sector decarbonization pathways determine the reduction effort required for each economic sector and each country to achieve a given policy ambition. These pathways are derived from climate scenario inputs such as those of the NGFS and from countries' Nationally Determined Contributions (NDCs). They indicate how a given country and sector should reduce their emissions to align with the transition scenario.

Socio-economic assumptions

In the late 2000s, researchers from different modelling groups around the world began developing new scenarios to explore how the world could change over the remainder of the 21st century. Researchers established five Shared Socioeconomic Pathways (SSPs), each built around a different narrative of the future. These narratives describe alternative pathways for future society. All NGFS scenarios are currently based on SSP2 socio-economic assumptions.

SSP2 — Middle of the road

The world follows a path in which social, economic and technological trends do not depart significantly from historical trends. Development and income growth are uneven, with some countries progressing relatively well while others fall short of expectations. Global and national institutions strive to achieve the sustainable development goals but progress slowly. Environmental systems experience degradation, although there are some improvements and, overall, the intensity of resource and energy use declines. Global population growth is moderate and stabilises in the second half of the century. Income inequality persists or improves only slowly, and challenges remain in reducing vulnerability to societal and environmental changes.

Results by scenario

Impact on portfolio valuation:

Coverage: 87%	1.5°C scenario	2°C scenario	3°C scenario
Orderly - Physical VaR Average	-8,50%	-1,89%	-
Orderly - Physical VaR Aggressive	-8,75%	-2,28%	-
Disorderly - Physical VaR Average	-7,96%	-3,67%	-2,89%
Disorderly - Physical VaR Aggressive	-8,20%	-4,06%	-3,42%

F. Changes in methodological choices and results

The Climate VaR scenarios evolved slightly in 2023. There are now two Physical VaRs (one aggressive and one standard) for each case (orderly and disorderly). For the 3° scenario, there is no longer an orderly/disorderly distinction: the transition is disorderly by default, given the high temperature.

In 2024, the NGFS updated the scenarios on which the MSCI results are based. This update has been duly integrated into the MSCI tool.

List of financial products referred to under Articles 8 and 9 of the Disclosure Regulation (SFDR)

Article 9 SFDR Funds

3 funds with a sustainable investment objective, holding the SRI label

- Lazard Human Capital
- Lazard Green Capital
- Lazard Global Green Bond Opportunities SRI

Article 8 SFDR Funds

9 funds holding the SRI label

- Lazard Equity SRI
- Lazard Euro Credit SRI
- Lazard Credit Fi SRI
- Lazard Capital Fi SRI
- Lazard Euro Short Duration High Yield SRI
- Lazard Euro Short Duration Income Opportunities SRI
- Lazard Patrimoine SRI
- Lazard Patrimoine Opportunities SRI

Funds integrating environmental and social characteristics, as well as a dedicated Europe Large Caps Equity fund — PAB

- Lazard Actifs Réels
- Lazard Actions Américaines
- Lazard Actions Emergentes
- Lazard Actions Euro
- Lazard Alpha Euro
- Lazard Dividend
- Lazard Europe Concentrated
- Lazard France
- Lazard Innovation
- Lazard Investissement PEA-PME
- Lazard Japon
- Lazard Small Caps Euro
- Lazard Small Caps France

- Lazard Well-Being
- Norden Family
- Norden Small

- Lazard Equity Recovery
- Lazard Patrimoine Actions

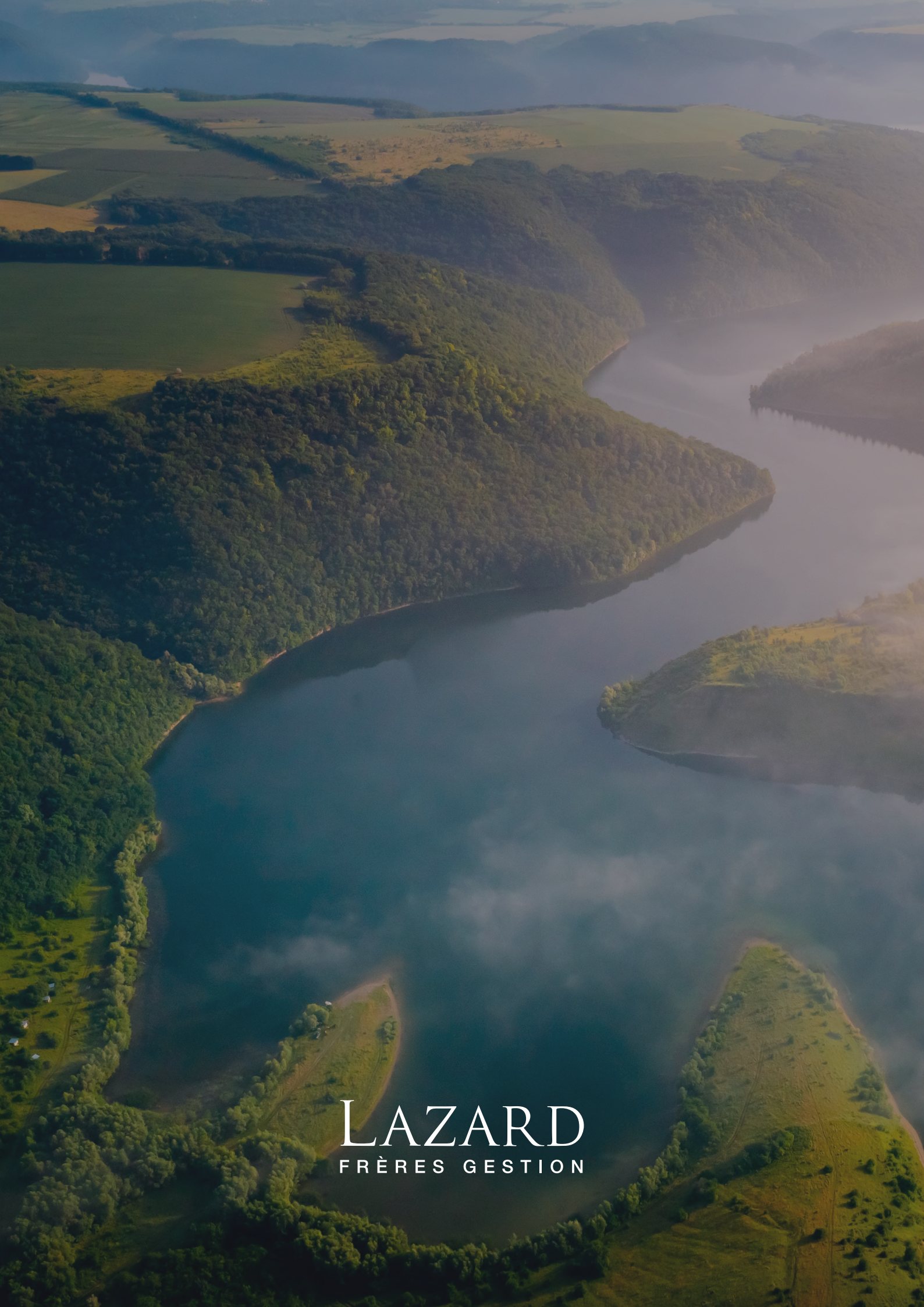
- Lazard Credit 2027
- Lazard Credit 2028
- Lazard High Yield 2029
- Lazard Horizon 2025-2027
- Lazard Horizon 2028-2030
- Lazard Horizon 2031-2033
- Lazard Horizon 2034-2036
- Lazard Horizon 2037-2039
- Lazard Horizon 2040-2042
- Lazard Horizon 2043-2045
- Lazard Horizon 2046-2050
- Lazard Horizon 2051-2055
- Lazard Sustainable Credit 2025

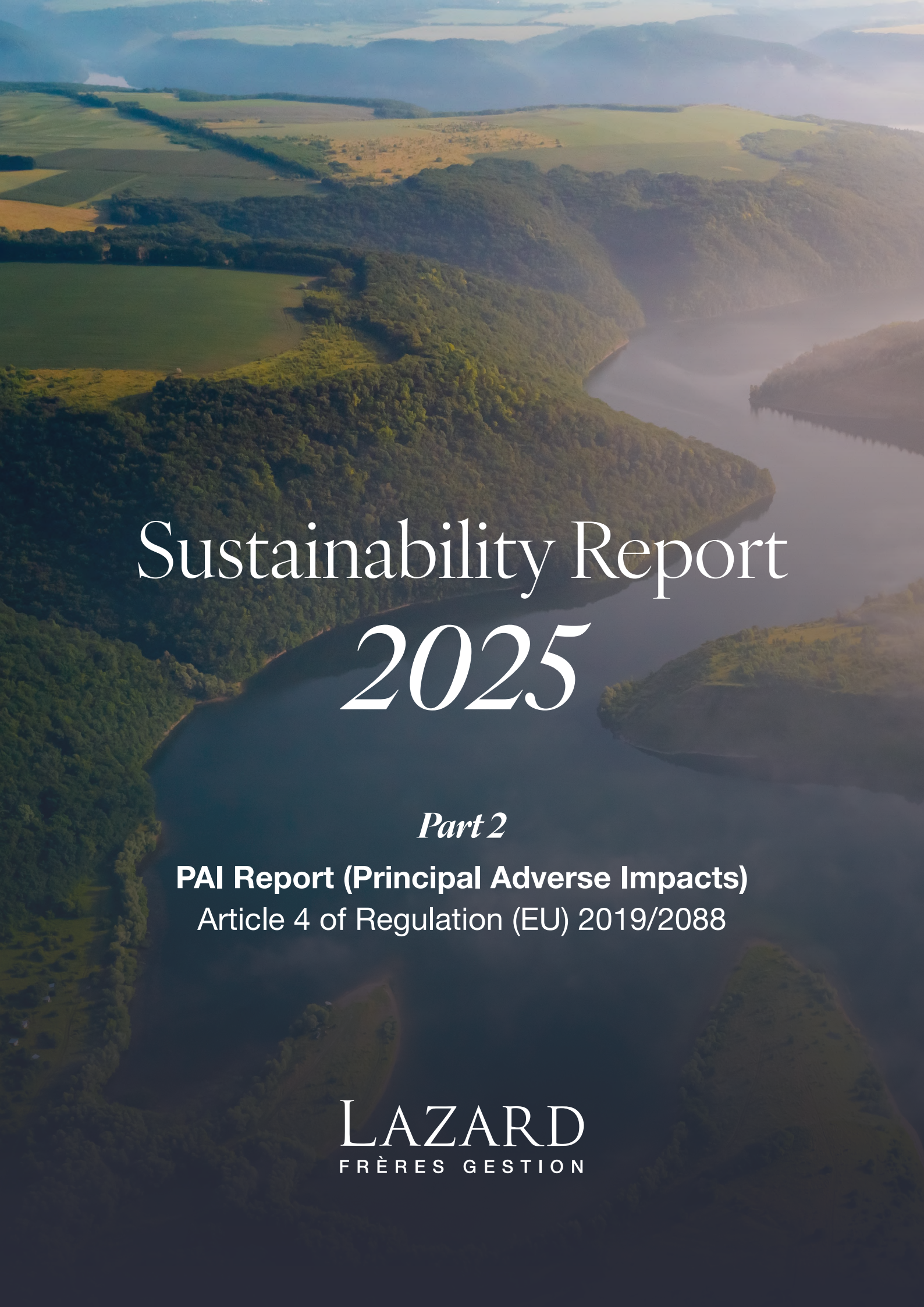
- Lazard Credit Opportunities
- Lazard Euro Corp High Yield
- Lazard Gestion Flexible Obligataire
- Lazard Gestion Flexible

- Lazard Convertible Europe
- Lazard Convertible Global

- Lazard Convertible Euro Moderato
- Lazard Euro Money Market
- Lazard USD Money Market
- Lazard Euro Short Term Money Market
- Lazard Low Delta 12 Mois
- Lazard Oblig Convex 12 Mois

Source: Lazard Frères Gestion, as of 31 december 2025. Non-exhaustive list of funds.


LAZARD
FRÈRES GESTION



Sustainability Report 2025

Part 2

PAI Report (Principal Adverse Impacts)

Article 4 of Regulation (EU) 2019/2088

LAZARD
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Summary of the principal adverse impacts on sustainability factors

Lazard Frères Gestion (LEI code: 969500X727PNIAL33P77) considers the principal adverse impacts of its investment decisions on sustainability factors. This document is the consolidated statement on the principal adverse impacts on sustainability factors of Lazard Frères Gestion.

This statement on the principal adverse impacts on sustainability factors covers a reference period from 1 January to 31 December 2025.

The principal adverse impacts in our 2025 statement number 28: 14 PAIs from Table 1 of Annex I of Delegated Regulation (EU) 2022/1288, 1 PAI from Table 2 of Annex I, 4 PAIs from Table 3 of Annex I, and 9 PAIs for investments in sovereign and supranational issuers. They are described in the following table.

Description of the principal adverse impacts on sustainability factors and historical comparison

We use MSCI for the management company's PAI data.



Indicators applicable to investments in companies

Adverse sustainability indicator		Measurement metric	Impact (2025)	Impact (2024)	Explanation	Measures taken, measures planned and targets set for the following reference period
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,220,734 tCO_2eq	1,016,380 tCO_2eq	2025 coverage rate: 94%	We have not set a target. Within our sustainable investment methodology, the ITR is used as a complement in order to avoid sector biases and biases linked to revenue.
		Scope 2 GHG emissions	345,764 tCO_2eq	349,326 tCO_2eq	2025 coverage rate: 94%	
		Scope 3 GHG emissions	10,755,589 tCO_2eq	8,936,604 tCO_2eq	2025 coverage rate: 94%	
		Total GHG emissions	12,322,087 tCO_2eq	10,302,309 tCO_2eq	2025 coverage rate: 94%	
	2. Carbon footprint	Carbon footprint	296 tCO_2eq/million euros EVIC	252 tCO_2eq/million euros EVIC	2025 coverage rate: 93%	We have set ourselves the objective of reducing our carbon footprint (Scopes 1 and 2) by 55% by 2030, compared with the 2019 base year.
	3. GHG intensity of investee companies	GHG intensity of investee companies	583 tCO_2eq/million euros of revenue	580 tCO_2eq/million euros of revenue	2025 coverage rate: 94%	-
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.1%	4.0%	2025 coverage rate: 94%	Within our sustainable investment methodology, we analyze this indicator alongside the company's Taxonomy alignment (revenue or CapEx) and any validated SBTi target.
	5. Share of non-renewable energy consumption and production	Share of the energy consumption of investee companies from non-renewable energy sources, relative to that from renewable energy sources, expressed as a percentage of total energy sources	40%	36%	2025 coverage rate: 85%	Within our sustainable investment methodology, we analyze this indicator alongside the percentage of revenue in high energy intensity activities.
		Share of the energy production of investee companies from non-renewable energy sources, relative to that from renewable energy sources, expressed as a percentage of total energy sources	45%	47%	2025 coverage rate: 93%	
	6. Energy consumption intensity per high climate impact sector	Energy consumption in GWh per million euros of revenue of investee companies, by high climate impact sector				
		NACE sector A	0.000 GWh/million euros of revenue	0.47 GWh/million euros of revenue	2025 coverage rate: 96%	-
		NACE sector B	0.032 GWh/million euros of revenue	0.903 GWh/million euros of revenue	2025 coverage rate: 87%	-
		NACE sector C	0.122 GWh/million euros of revenue	0.408 GWh/million euros of revenue	2025 coverage rate: 99%	-
		NACE sector D	0.047 GWh/million euros of revenue	2.24 GWh/million euros of revenue	2025 coverage rate: 99%	-
		NACE sector E	0.007 GWh/million euros of revenue	2.32 GWh/million euros of revenue	2025 coverage rate: 98%	-
		NACE sector F	0.001 GWh/million euros of revenue	0.162 GWh/million euros of revenue	2025 coverage rate: 97%	-
		NACE sector G	0.007 GWh/million euros of revenue	0.199 GWh/million euros of revenue	2025 coverage rate: 99%	-
		NACE sector H	0.012 GWh/million euros of revenue	1.90 GWh/million euros of revenue	2025 coverage rate: 100%	-
		NACE sector L	0.007 GWh/million euros of revenue	0.400 GWh/million euros of revenue	2025 coverage rate: 99%	-
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in companies with sites/operations located in or near biodiversity-sensitive areas where the activities of those companies negatively affect those areas	7.84%	7.7%	2025 coverage rate: 94%	We have subscribed to Carbon4 Finance's biodiversity impact and dependency data in order to monitor the adverse impacts of our investments on biodiversity.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million euros invested, expressed as a weighted average	3.49 t/million euros invested	2,745.6 t/million euros invested	2025 coverage rate: 94%	The 2025 figure is significantly lower than that of 2024. This decline is primarily explained by the improvement in the coverage rate, from 3% in 2024 to 94% in 2025. In 2024, the small sample of covered issuers — some of which had high emissions to water — was not representative of the entire portfolio. The now near-complete scope reflects a significantly lower emissions intensity at portfolio level. Within our sustainable investment methodology, we analyze this indicator alongside the alert regarding the presence of an active water management controversy (ISS).
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million euros invested, expressed as a weighted average	0.27 t/million euros invested	50,247.3 t/million euros invested	2025 coverage rate: 94%	The 2025 figure is significantly lower than that of 2024. This decline is explained by the same factor as for PAI 8: the improvement in the coverage rate. Within our sustainable investment methodology, we analyze this indicator alongside the alert regarding the presence of an active waste management controversy (ISS).

Adverse sustainability indicator		Measurement metric	Impact (2025)	Impact (2024)	Explanation	Measures taken, measures planned and targets set for the following reference period
Indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters						
Social	10. Violations of the UN Global Compact principles and of the OECD Guidelines for Multinational Enterprises	Share of investments in companies that have been involved in violations of the UN Global Compact principles or of the OECD Guidelines for Multinational Enterprises	0.0%	0.0%	The indicator used shows whether the company is in violation of the UN Global Compact. 2025 coverage rate: 95%	-
	11. Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	Share of investments in companies without a due diligence policy on the labour issues of the International Labour Organization	0.77%	0.41%	The indicator used here shows whether the investee company has a due diligence policy on the labour issues of the International Labour Organization. 2025 coverage rate: 94%	-
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11.08%	8.29%	This figure corresponds to the difference between the average gross hourly earnings of men and of women, expressed as a percentage of men's gross earnings. 2025 coverage rate: 84%	The rise in this indicator is explained by an improvement in the coverage rate, from 69% in 2024 to 84% in 2025. Within our sustainable investment methodology, we analyse this indicator alongside the alert regarding the presence of a diversity-related policy.
	13. Board gender diversity	Average female-to-male ratio in the governance bodies of the companies concerned, as a percentage of total members	50.0%	33.5%	2025 coverage rate: 93%	We regularly conduct engagements on the share of women in the governance bodies of investee companies.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)	Share of investments in companies involved in the manufacture or sale of controversial weapons	0%	0%	No company under management is exposed to controversial weapons, but 5% of the issuers under management concerned by this data point do not report on their exposure to controversial weapons.	-
Indicators applicable to investments in sovereign or supranational issuers						
Environment	15. GHG intensity	GHG intensity of the countries of investment	6.4 tCO_2e/million euros of GDP	166.0 tCO_2e/million euros of GDP	This result is a weighted average of the GHG intensities of the sovereign issuers in which the management company has invested, based on each issuer's weight relative to sovereign or supranational investments. This result is obtained using MSCI's 'Country GHG intensity' indicator and is expressed in tCO_2e/million euros of GDP. 2025 coverage rate: 99%	The sharp decline compared with the 2024 intensity is explained by a change in the calculation method. We now rebase the indicator on the effective coverage rate, i.e. the share of issuers actually covered relative to the share of eligible (sovereign) issuers.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (in absolute number and as a proportion of the total number of investee countries), as referred to in international treaties and conventions, United Nations principles or, where applicable, national law	0	0	For this PAI, the result is obtained using the WJP Rule of Law index, which gives countries a score between 0 and 1 based on several social criteria. Only countries with a score below the OECD average (0.69) were considered as being in violation of social norms. 2025 coverage rate: 99%	-
Additional climate and other environment-related indicators						
Indicators applicable to investments in companies						
	7. Investments in companies without water management policies	Share of investments in companies without a water management policy	9.0%	6.19%	2025 coverage rate: 73%	-

Indicators applicable to investments in sovereign and supranational issuers

Additional indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator	Measurement metric	Impact (2025)	Impact (2024)	Explanation	Measures taken, measures planned and targets set for the following reference period
Indicators applicable to investments in companies					
1. Investments in companies without workplace accident prevention policies	Share of investments in companies without a workplace accident prevention policy	2.5%	1.2%	2025 coverage rate: 89%	-
6. Insufficient whistleblower protection	Share of investments in entities that have not defined a whistleblower protection policy	0.4%	0.8%	2025 coverage rate: 89%	-
9. Lack of a human rights policy	Share of investments in entities without a human rights policy	1.7%	2.2%	2025 coverage rate: 89%	-
15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without an anti-corruption and anti-bribery policy consistent with the United Nations Convention against Corruption	0.3%	0.7%	2025 coverage rate: 89%	-
Indicators applicable to investments in sovereign and supranational issuers					
18. Average income inequality score	Distribution of income and economic inequality among the participants in a given economy (including a quantitative indicator, explained in the column provided for that purpose)	28.7/100	34.0/100	This result is a weighted average of the GINI coefficients of the sovereign issuers in which the management company has invested, based on each issuer's weight relative to sovereign or supranational investments. The GINI coefficients used here come from MSCI, whose data are sourced from the World Bank and the CIA.	-
19. Average freedom of expression score	Score measuring the extent to which political organizations and civil society organizations can operate freely (including a quantitative indicator, explained in the column provided for that purpose)	78.3/100	76.5/100	This result is the weighted average of the scores of the sovereign issuers invested in, in the 2023 Reporters Without Borders Press Freedom Index, based on their weight relative to investments in sovereign and supranational issuers. This Reporters Without Borders index compares the degree of freedom enjoyed by journalists and the media, thereby reflecting a country's freedom of expression.	-
20. Average human rights performance	Average human rights performance of investee countries, measured using a quantitative indicator explained in the column provided for that purpose	0.77/1	0.8/1	This result is the weighted average of the scores in the Rule of Law Index, based on their weight relative to sovereign or supranational investments. The Rule of Law Index is a sub-score of the World Justice Project (WJP).	-
21. Average corruption score	Perceived level of public sector corruption, measured using a quantitative indicator explained in the column provided for that purpose	66.7/100	65.8/100	This result is the weighted average of the corruption perception scores of the sovereign and supranational issuers invested in, based on their weight in investments in sovereign and supranational issuers. These scores come from Transparency International's Corruption Perceptions Index.	-
22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes	0%	0%	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes.	-
23. Average political stability score	Probability that the current regime will be overthrown by force, measured using a quantitative indicator explained in the column provided for that purpose	6.9/10	6.7/10	This result is the weighted average of the Peace and Stability scores measured by MSCI for the sovereign and supranational issuers invested in, based on their weight in investments in sovereign and supranational issuers. These scores rate countries out of 10 according to their level of stability and peace. Two factors are used in defining this score: (1) political stability and the absence of violence/terrorism, which reflects the perceived likelihood that the government could be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism; and (2) the Global Peace Index, which measures the relative peacefulness of nations and regions by assessing ongoing domestic and international conflicts, societal safety and security, and militarization across the different regions (a score close to 0 indicates high political instability).	-
24. Average rule of law score	Level of corruption, disregard for fundamental rights and deficiencies in civil and criminal justice, measured using a quantitative indicator explained in the column provided for that purpose	1.2	1.2	This result is the weighted average of the World Bank 'Rule of Law' scores of the sovereign and supranational issuers invested in, based on their weight in investments in sovereign and supranational issuers. This score estimates the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police and the courts, as well as the likelihood of crime and violence. Countries with the highest scores display a stronger rule of law. For comparison, the OECD average on this indicator is 1.16.	-

Description of the policies to identify and prioritize the principal adverse impacts on sustainability factors

The principal adverse impacts on sustainability factors are integrated into our internal ESG analysis grids. The Executive Committee of March 2022 approved the improvement of these grids and the integration of new indicators.

The ESG team is responsible for this updating in order to ensure the proper integration of all mandatory and additional principal adverse impacts (PAIs).

It thus ensured the presence in the grid of the 14 PAIs of Table 1 of Annex I of Delegated Regulation (EU) 2022/1288, and selected relevant indicators from Tables 2 and 3 of Annex I. The relevance of these indicators was assessed with the help of the analyst-managers responsible for each security, using a proprietary materiality table which makes it possible to take into account the probability of occurrence and the severity of these PAIs for a company in a given sector. The combination of this grid with our materiality table enables the analyst-manager responsible for the security to rate the issuer on its ESG quality.

Lazard Frères Gestion is aware of the limitations arising from the supply of ESG data in our ESG strategies and, in particular, of their potential influence on the extent to which the environmental and social characteristics promoted by our financial products are achieved. Data providers' methodologies may contain inherent biases, highlighting only one dimension of the company being assessed, thereby degrading data quality. The lack of maturity of certain calculation methodologies, low coverage rates and inaccurate data are further limitations. However, these limitations do not impair the ability of the analyst-managers to analyze the environmental and social characteristics promoted by the financial product.

We use MSCI as the provider of PAI data.

Engagement policy

As responsible investors, we are convinced that we can have a positive impact through direct engagement and sustained dialogue with the companies in which we invest or are considering investing.

The objective of our engagement approach is above all to encourage companies to improve constructively across all their ESG practices and thereby to protect the value of investments by making them sustainable. Our engagement actions are carried out by the analyst-managers and the ESG specialists after identifying the issues relevant to each company. They are based in particular on our proprietary materiality table and internal grid, thereby integrating the adverse impacts reflected by the PAI indicators present in the grids. Other tools are used to carry out an in-depth analysis of companies, which may give rise to engagement.

If we observe no positive development for portfolio holdings, an escalation procedure is triggered. It begins with an increase in the frequency of contacts with the company, followed by concrete requests on the achievement of objectives, which may go as far as a 'sanction' vote against certain resolutions at general meetings. If the results observed are not deemed satisfactory after one year, the position will be sold.

Within the framework of our voting policy for equity management, and in accordance with our Climate policy and the commitments in this report, we pay particular attention to resolutions that may have an impact on companies' climate and biodiversity strategies.

Through ongoing dialogue with corporate management and the exercise of voting rights aligned with our principles, Lazard Frères Gestion is able to support and guide companies towards more virtuous behavior, no longer only in terms of governance but also on environmental, climate and social matters.

We observe a general trend towards introducing resolutions on environmental, social and governance (ESG) issues at companies' general meetings. These resolutions may be presented spontaneously by the issuer or filed by shareholders.

Say On Climate

Say on Climate resolutions are put to an advisory vote and aim to ensure dialogue on environmental issues between issuers and investors.

We analyze Say on Climate resolutions according to several objective criteria:

- Transparency of the strategy in line with recognized standards;
- Carbon emission-reduction targets compatible with the Paris Agreement.

For more information, please refer to our Engagement and Voting Policy: https://www.lazardfreresgestion.fr/EN/ESG-ISR/Notre-approche_147.html#section05

References to international standards

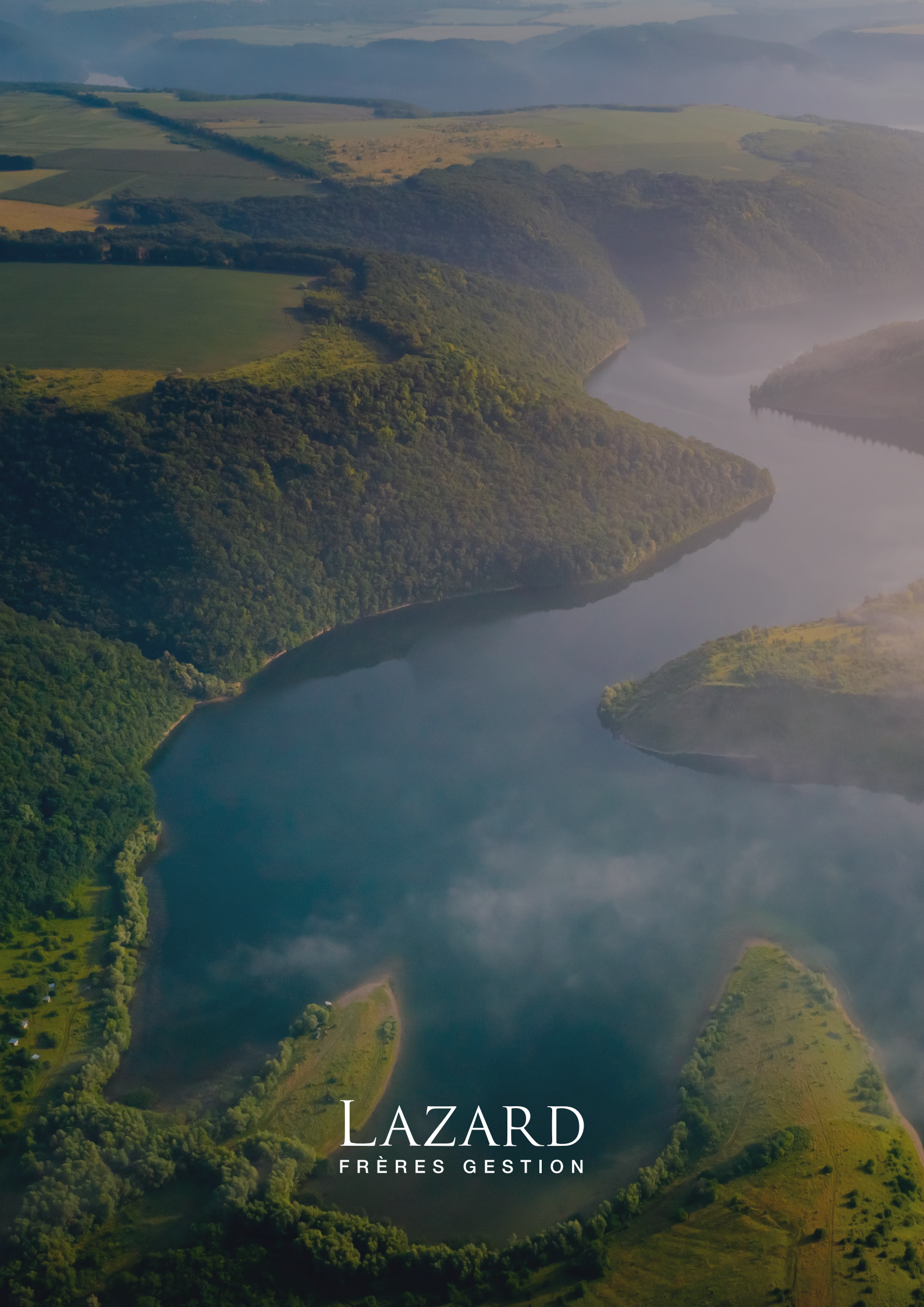
Lazard Frères Gestion integrates into its analysis the codes of conduct relating to responsible business behavior and internationally recognized standards for due diligence and reporting. Indeed, the analyst-managers responsible for each security notably integrate the following indicators into their analysis via our proprietary internal grid:

- Severity of controversies linked to the UN guiding principles
- Vigilance policy on internal compliance with labor law
- Violations of the United Nations Global Compact

These data, like all our PAI indicators, come from MSCI. On the basis of the various data provided by our ESG partners (extra-financial analysis agency, external providers, etc.), of each company's annual reports and corporate social responsibility (CSR) reports, and of direct exchanges with the companies, the analysts responsible for monitoring each security establish an internal ESG rating based on an approach that is both quantitative (energy intensity, staff turnover rate, board independence rate, etc.) and qualitative (environmental policy, employment strategy, directors' skills, etc.). It takes into account companies' principal adverse impacts on sustainability, or 'Principal Adverse Impacts' (carbon emissions, energy consumption, water consumption, waste generation), and the risks likely to affect their own sustainability, or 'Sustainability Risks' (regulatory and physical risks, reputational risk through, among other factors, controversy monitoring).

At Lazard Frères Gestion, in line with our climate policy, we integrate an assessment of climate-related risks and opportunities into our analysis process, taking into account environmental factors and, in particular, greenhouse gas emissions in our internal ESG grid. In addition, thanks to the data provided by our partner MSCI, we are able to assess the carbon exposures of the portfolios we manage and to measure their alignment with the 2°C objective set by the Paris Agreement. We assess the alignment of our investments with the Paris Agreement by measuring the Implied Temperature Rise provided by MSCI. The Implied Temperature Rise metric provides an indication of how companies and investment portfolios align with global climate objectives. The time horizon used for estimating the carbon budget is 1.5°C in 2100. Companies' projected emissions are net zero in 2050, in accordance with the IPCC special report on the consequences of global warming of 1.5°C[1].

[1] According to the IPCC special report on 1.5°C, net-zero emissions must be reached around 2070 to limit warming to below 2°C https://www.ipcc.ch/site/assets/uploads/sites/2/2019/09/IPCC-Special-Report-1.5-SPM_fr.pdf


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