

# Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: LAZARD EQUITY SRI

Legal entity identifier: 969500RSED26UP4SLS75

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Did this financial product have a sustainable investment objective?

Yes

- It made **sustainable investments with an environmental objective**:
  - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made a minimum of **sustainable investments with a social objective**

No

- It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 85,06% of sustainable investments
  - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

## To what extent was the sustainable investment objective of this financial product met?

In implementing its investment strategy, security analysis, and ESG integration process described below, the portfolio promotes the following environmental characteristics:

### Environmental policy:

- Integration by companies of environmental factors appropriate to the sector, geographic location and any other relevant material factor
- Development of an environmental management strategy and system
- Development of a climate strategy

### Controlling environmental impacts:

- Limiting and adapting to global warming
- Responsible water and waste management
- Preservation of biodiversity

### Managing the environmental impact of products and services:

- Ecodesign of products and services
- Environmental innovation

Moreover, the portfolio promotes the following social characteristics:

### Respect for human rights:

- Prevention of situations of human rights violations
- Respect for the right to safety and security of persons
- Privacy and data protection

### Human resources management:

- Constructive social dialogue
- Training and career management conducive to human development
- Promoting diversity
- Health, safety and well-being at work

### Value chain management:

- Responsible supply chain management
- Product quality, safety and traceability

This product does not use a specific index to determine its alignment with the environmental and social characteristics it promotes.

### ● ***How did the sustainability indicators perform?***

The achievement of the environmental and social characteristics promoted by this product is measured by sustainability indicators at several levels:

In terms of valuation in the internal analysis model:

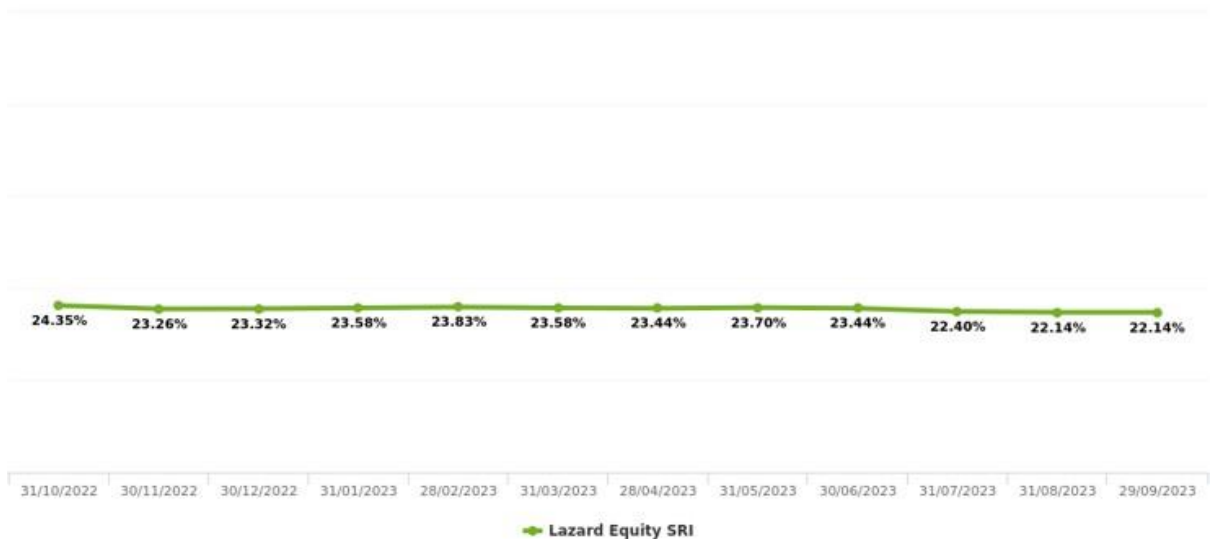
The ESG analysis of directly held securities is based on a proprietary model that relies on an internal ESG grid. Based on the various data provided by our ESG partners (non-financial analysis agencies, external service providers, etc.), the annual reports of the companies and direct exchanges with them, the analysts responsible for monitoring each stock draw up an internal ESG rating.

This rating is based on both a quantitative (energy intensity, staff turnover rate, board independence rate, etc.) and qualitative approach (solidity of environmental policy, employment strategy, competence of directors, etc.).

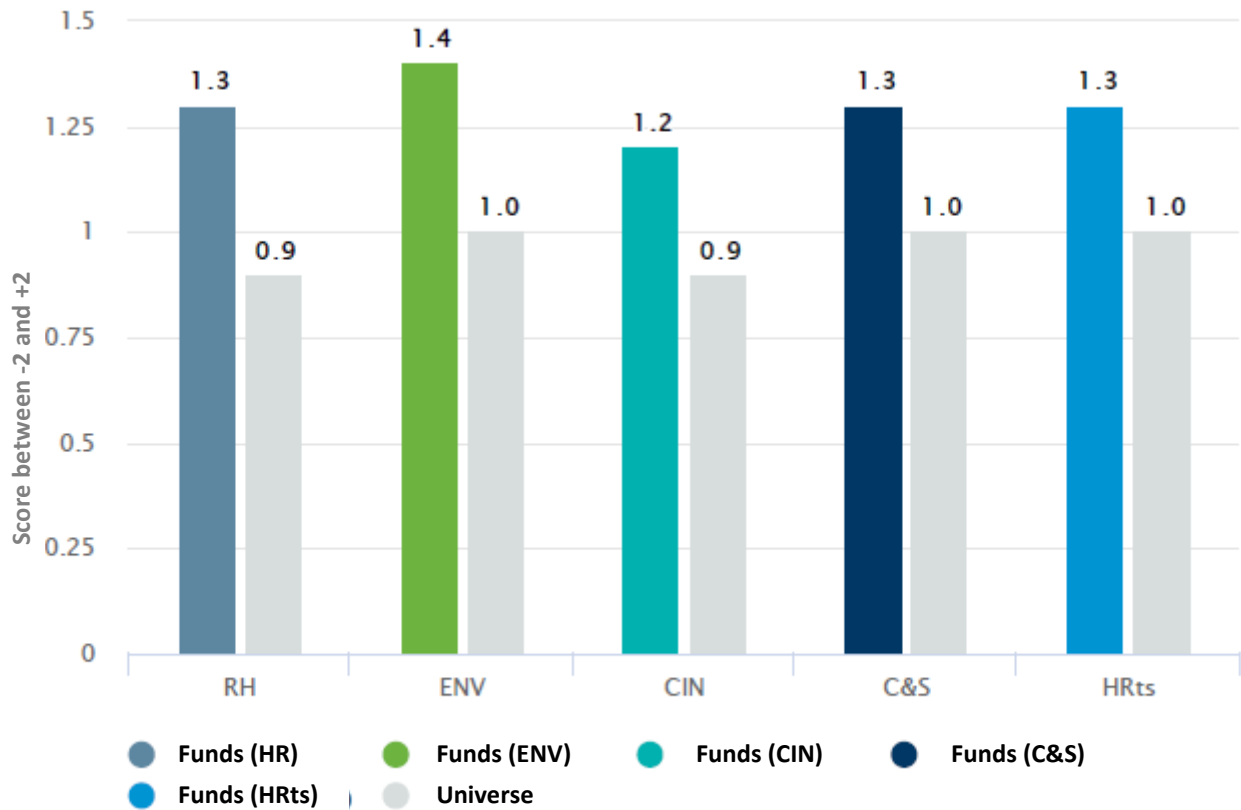
Each E, S and G pillar is rated from 1 to 5 based on a minimum of ten relevant key indicators per dimension.

These internal ESG ratings are built into the valuation models through the Beta used to define the weighted average cost of capital (WACC) for equity management and to the issuer selection process and the determination of issuers' weight in the portfolio for bond management. In terms of controlling the elements of the investment strategy with an external data provider: In addition, to confirm the robustness of the internal model, the analysts-managers in charge of management compare the portfolio's average ESG rating to that of its reference ESG universe using Moody's ESG Solutions ratings.

Evolution of the ESG score



The portfolio's reference ESG universe is:  
The Eurozone equity universe provided by our ESG partners



● **...and compared to previous periods?**

Not applicable

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The definition of sustainable investment within the meaning of the SFDR is based on the selection of indicators that show a substantial contribution to one or more environmental and social objectives, which do not prejudice any of the adverse impact indicators and ensures good governance principles.

The environmental indicators used are as follows:

- Carbon footprint (PAI 2)
- Carbon intensity (PAI 3)
- Implied temperature rise (ITR)
- Number of "low-carbon" patents held

The social indicators used are as follows:

- % of women in executive management
- Number of hours of training for employees
- Benefits coverage
- Diversity policies by management

A sustainable investment objective is attained if the substantial contribution of the corresponding indicator is validated, the other indicators are not prejudiced, and good governance principles are complied with.

Substantial contribution is measured by the application of thresholds for each of the above indicators.

The table below presents the rules (targets) set for each indicator as well as the result obtained over the past period. The result is the average share of the portfolio invested in companies meeting these criteria, calculated on a quarterly basis. The average share is calculated according to the average positions observed over the past period, coupled with the non-financial data at the end of the period.

	<b>Rule</b>	<b>Average share of the portfolio</b>
<b>Carbon footprint in €m</b>	Included in the lowest 20% of the sector	68,32%
<b>GHG intensity</b>	Included in the lowest 20% of the sector	22,19%
<b>Implied temperature rise in 2100</b>	≤2°C	44,06%
<b>Number of low-carbon patents</b>	Included in the top 20% of the universe	32,20%
<b>% of women in executive management</b>	Included in the top 20% of the universe	23,56%
<b>Number of hours of training for employees</b>	Included in the top 20% of the universe	16,51%
<b>Benefits coverage</b>	See sustainable investment presentation <a href="http://www.lazardfreresgestion.fr">www.lazardfreresgestion.fr</a>	37,88%
<b>Diversity policies by management</b>	See presentation <a href="http://www.lazardfreresgestion.fr">www.lazardfreresgestion.fr</a>	19,60%

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The absence of significant harm is assessed on the basis of all

the PAI indicators listed in Table 1 of Annex I to Delegated Regulation (EU) 2022/1288 of April 6th, 2022. In the event of insufficient coverage of the investment universe for certain indicators, alternative criteria may be used on an exceptional basis (such as for PAI 12, use of an indicator on management attention to diversity). Using alternative criteria is subject to the independent control of the Risks and Compliance department. Alternative indicators are also presented on the Lazard Frères Gestion website under the heading “Sustainable investment methodology”.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Indicators of the principal adverse sustainability impacts (PAI) are considered at two levels.

Firstly, they are integrated into the internal analysis of each security monitored, carried out by our analyst-managers in the internal ESG analysis grids.

In addition, they are used to assess the share of sustainable investments.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Compliance with minimum labour and human rights safeguards (OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights) and the eight fundamental conventions of the International Labour Organization is a key indicator for verifying that companies in which investments are made apply good governance practices.

We therefore check whether the company applies a labour rights due diligence policy in accordance with the eight fundamental conventions of the International Labour Organization (PAI 10) as part of our DNSH process. We also ensure that the investments made apply good governance practices, by monitoring a governance rating from a data provider and the internal rating on the Governance pillar.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

The proprietary model for ESG analysis of portfolio companies takes into account all indicators related to companies’ principal adverse sustainability impacts (PAI).

These indicators are integrated into the internal grids used to establish a security’s ESG rating, which is taken into account in the valuation models through the Beta used to define the weighted average cost of capital for equity management and in the process of selecting issuers and determining their portfolio weight for bond management.

In addition, as stated above, all of the PAI indicators listed in Table 1 of Annex I of the Regulatory Technical Standards of the SFDR are taken into account in the definition of sustainable investment.



### **What were the top investments of this financial product?**

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01/10/2022 to 30/09/2023

<b>Largest investments</b>	<b>Sector</b>	<b>Percentage of assets</b>	<b>Country</b>
<b>1. ASML HOLDING NV</b>	Manufacturing		Netherlands
<b>2. LVMH MOET HENNESSY LOUIS VUI</b>	Manufacturing		France
<b>3. SANOFI</b>	Manufacturing		France

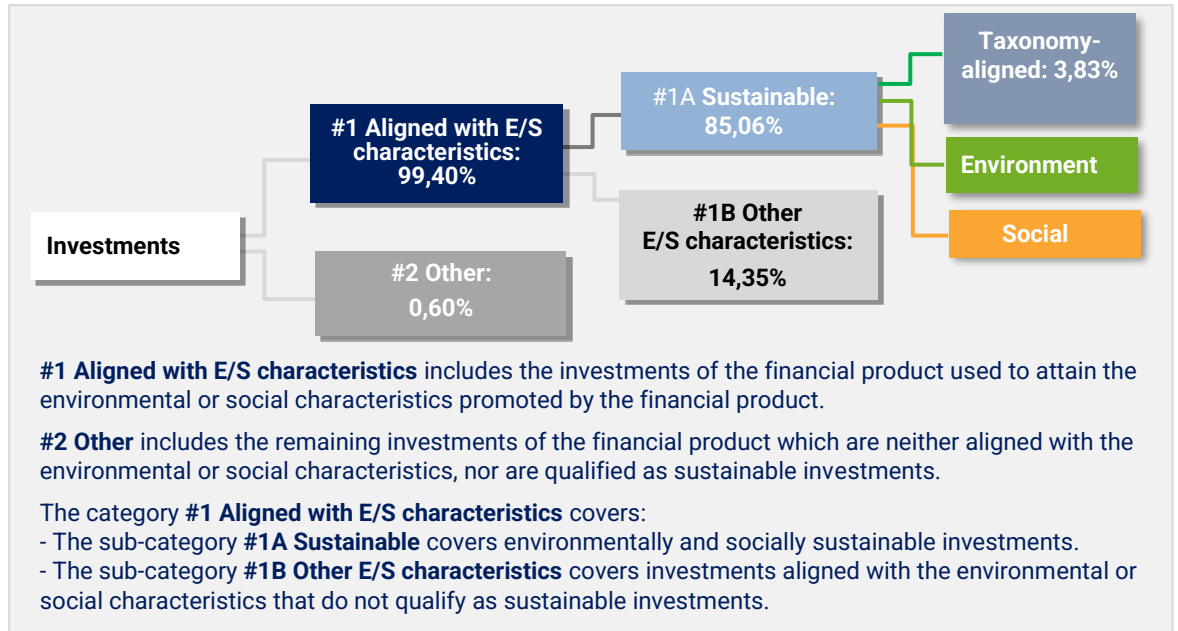
<b>Largest investments</b>	<b>Sector</b>	<b>Percentage of assets</b>	<b>Country</b>
<b>4. SAP SE</b>	Information and communication	3,84%	Germany
<b>5. AIR LIQUIDE SA</b>	Manufacturing	3,56%	France
<b>6. ALLIANZ SE-REG</b>	Financial and insurance activities	3,53%	Germany
<b>7. DEUTSCHE TELEKOM AG</b>	Information and communication	3,34%	Germany
<b>8. BNP PARIBAS</b>	Financial and insurance activities	3,31%	France
<b>9. LAZARD EU SHRT TRM MONEY M-C</b>	UCI	3,09%	France
<b>10. TOTALENERGIES SE</b>	Manufacturing	2,99%	France
<b>11. LOREAL</b>	Manufacturing	2,88%	France
<b>12. ESSILORLUXOTTICA</b>	Manufacturing	2,65%	France
<b>13. MUENCHENER RUECKVER AG-REG</b>	Financial and insurance activities	2,52%	Germany
<b>14. AXA SA</b>	Financial and insurance activities	2,50%	France
<b>15. INTESA SANPAOLO</b>	Financial and insurance activities	2,45%	Italy





## What was the proportion of sustainability-related investment?

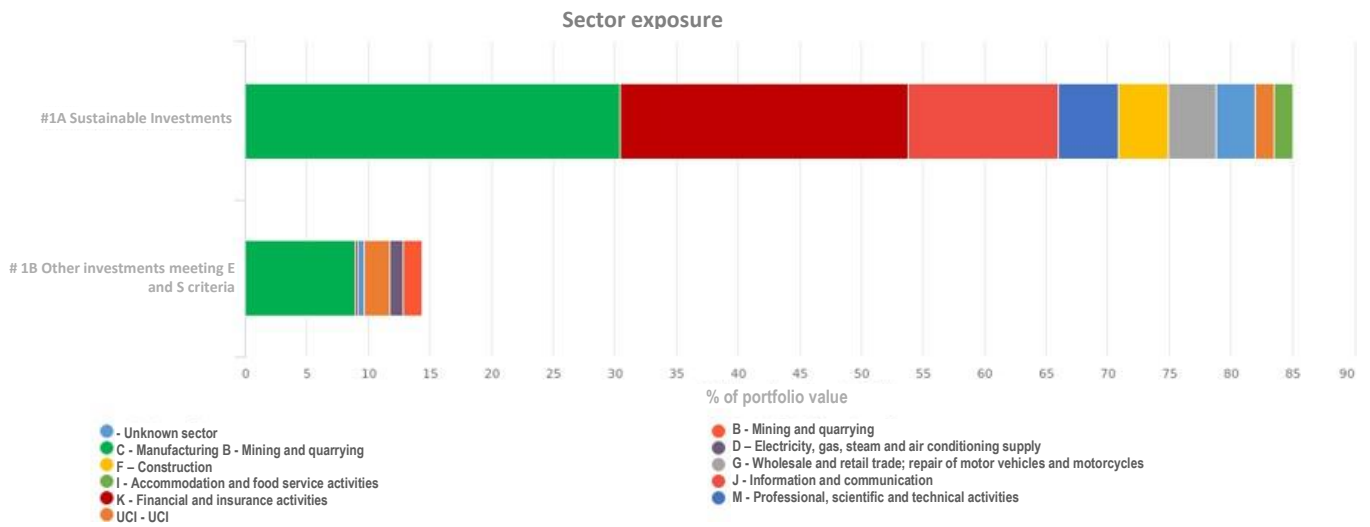
### ● What was the asset allocation?



Details of sustainable investments	
Weight of sustainable investments in the portfolio	85,06%
Of which sustainable investments E	81,59%
Of which sustainable investments S	67,65%

An investment is considered sustainable if it complies with at least one of the rules presented above, while not harming any of the adverse impact indicators and ensuring good governance criteria. A company can therefore be considered as environmentally and socially sustainable.

● **In which economic sectors were the investments made?**



Exposure to the fossil fuel sector was 4,31% on average over the period.

Taxonomy-aligned activities are expressed as a share of:

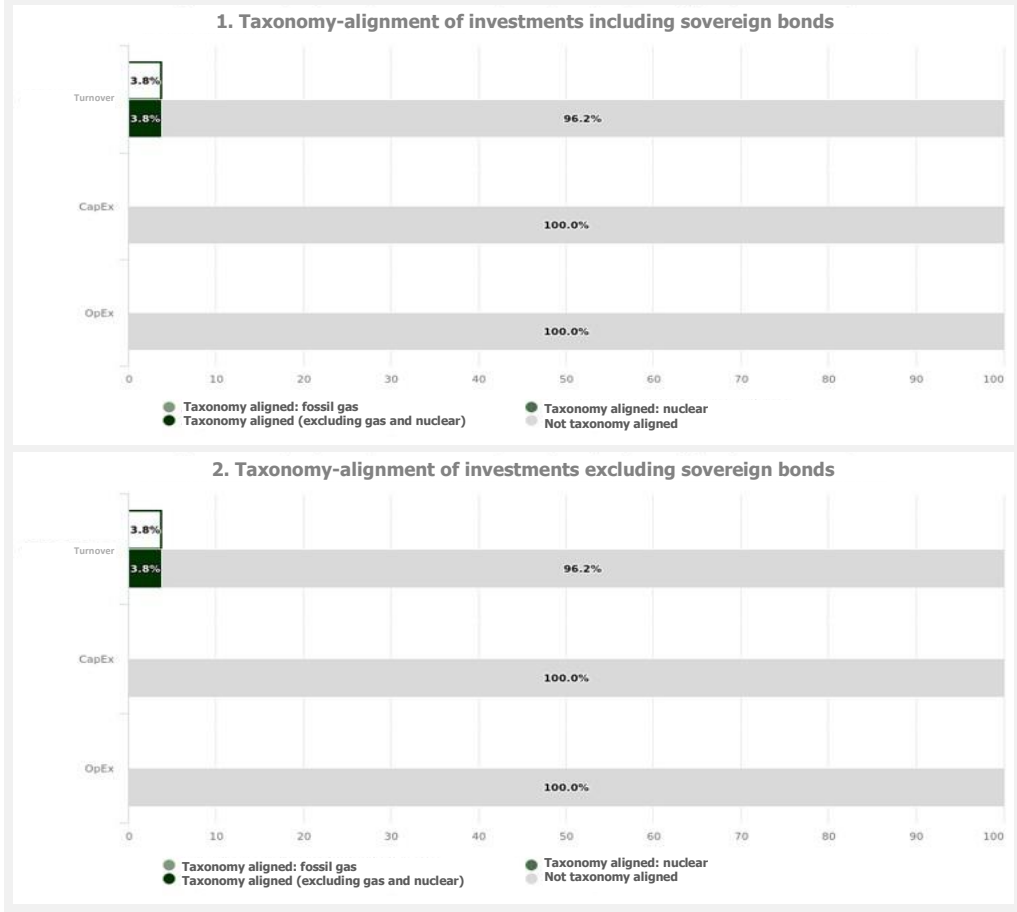
- **turnover** reflects the “greenness” of investee companies today;
- **capital expenditure (CapEx)** shows the green investments made by investee companies, relevant for a transition to a green economy;
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

● **Did the financial product invest in Taxonomy aligned fossil fuel and/or nuclear energy activities?**

At the date of production of this document, Lazard Frères Gestion does not have the data needed to identify the share of activities related to Taxonomy aligned fossil fuel and/or nuclear energy sectors.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The calculation of investment percentages aligned with the EU Taxonomy is based on estimated data.

- **What was the share of investments made in transitional and enabling activities?**  
At the date of production of this document, Lazard Frères Gestion does not have the data needed to identify the share of transitional or enabling activities.
- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**  
Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### ***What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?***

The share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 78,58%.

It corresponds to all activities not aligned with the Taxonomy but respecting the environmental objectives of sustainable investment mentioned above.



### ***What was the share of socially sustainable investments?***

The share of socially sustainable investments is 67,65%

It corresponds to all activities that achieve one or more of the social objectives of sustainable investment mentioned above.



### ***What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?***

The "other" category consists mainly of money market UCIs and cash. Over the past period, the "other" segment represented on average 0,60%.



### ***What actions have been taken to meet the environmental and/or social characteristics during the reference period?***

To promote environmental and social characteristics, the following elements have been respected:

- The non-financial analysis rate

The non-financial analysis rate of the product's investments is over 90%.

This rate is expressed as a percentage of total assets.

Over the past period, the non-financial analysis rate was 99,40% on average.

- The portfolio's exclusion rate

The analyst-managers ensure that 20% or more of the lowest-rated securities in the portfolio's investment universe are excluded

In addition, the management company makes exclusions prior to investments:

- Normative exclusions related to controversial weapons (cluster munitions, anti-personnel mines, biological and chemical weapons) and violations of the UN Global Compact.
- Sector exclusions (tobacco and thermal coal).
- Geographical exclusions (tax havens on the FATF list).

For more information on the engagement and voting policy, please refer to the voting and engagement reports available at <https://www.lazardfreresgestion.fr>.



### **How did this financial product perform compared to the reference benchmark?**

Not applicable.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.

**Benchmark indices** are indices used to measure whether the financial product has the environmental or social characteristics it promotes.