

About the portfolio manager

Assets under management	USD 207.7 bn; ESG criteria applied to all portfolios
Number of inv. profess.	285
Number of inv. profess. dedicated to ESG	275; ESG analysis and implementation are fully integrated into the investment process
Participation in shareholder meetings	Yes
ESG rating	n/a
ESG consultant	Internal team
External data sources	<ul style="list-style-type: none"> • Trucost • MSCI

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A
Others	<ul style="list-style-type: none"> • UK Stewardship Code • Japan Stewardship Code • International Corporate Governance Network (ICGN) • Pensions and Lifetime Savings Association (PLSA) • International Accounting Standards Board (IASB) Investors in Financial Reporting programme • UK Women in Finance Charter

Voting activity

Exercise of voting rights	Yes
ESG consultant	Institutional Shareholder Services, Inc. (ISS) and Glass, Lewis & Co
Voting report	Yes
Additional information	https://www.lazardassetmanagement.com/docs/-m0-/54142/LazardESGIntegrationReport_en.pdf

Decision making process for exclusion decisions

While all facets of ESG are factored into our analysis, we do not exclude particular industry exposures to over-ride our investment decisions.

Each individual security is evaluated based on our bottom-up selection process. We may choose not to own a particular company or country due to an ESG issue, or we may adjust our position size or target price to reflect the ESG risk. Our research shows that ESG factors have a direct impact on country's or company's institutional (i.e., governance) strengths and we explicitly integrate these factors in our fundamental analysis.

Consultant for investment guidelines and exclusion criteria

We do not use an ESG consultant for investment guidelines and exclusion decisions. However, we have extensive experience managing portfolios with client-specific guidelines and restrictions, including ESG criteria, and subscribe to various SRI and ESG screens through MSCI ESG Research.

Decision making process for exercising voting rights

Proxy voting is not applicable to debt mandates. At the firm level, we are aware of our fiduciary responsibilities to our clients where they wish us to exercise their rights as shareholders. Lazard's proxy voting structure, as outlined in our Global Proxy Voting Policy, is designed to ensure that proxy voting is conducted in an appropriate manner, consistent with our obligations to, and in the best interests of our clients. Our Global Proxy Voting Policy has been developed with the goal of maximizing the long term shareholder value of our clients' portfolios.

Lazard has approved specific proxy voting guidelines regarding various common proxy proposals, the "Approved Guidelines," which determine whether a specific agenda item should be voted 'For,' 'Against,' or is to be considered on a case-by-case basis. In instances where an investment professional seeks to vote contrary to the Approved Guidelines, which are rare, approval is required from Lazard's Proxy Committee. The investment professional must provide detailed rationale for their recommendation, and the Proxy Committee will then determine whether or not that vote recommendation is to be accepted and applied to the specific meeting's agenda. Case-by-case agenda items are evaluated by Lazard's investment professionals based on their research of the company and evaluation of the specific proposal.

Lazard votes proxies based on what we believe will maximize shareholder value as a long-term investor. We will vote against management when we believe it is in the best interests of our clients to do so. This occurs many times in a given year. Where appropriate, we may also engage with the management of these companies.



IST BONDS EMERGING MARKETS

Engagement

Engagement	Yes
Consultant	No
Additional information	
https://www.lazardassetmanagement.com/docs/-/m0-/669/LazardESGPolicy_en.pdf	

ESG consultant for engagement activities

We do not use an ESG consultant for engagement activities. The normal methods through which Lazard engages with companies are:

Company Engagement: Ongoing dialogue with the company management through regular meetings, visits and telephone calls during which Lazard discusses and poses questions on operational, strategic, ESG and other management issues and, where appropriate, will offer its own opinions and comments, based on its duties to Lazard's clients.

Proxy Voting: Where clients delegate the responsibility to vote proxies, Lazard, as a fiduciary, is obligated to vote proxies based on what we believe will maximize shareholder value as a long-term investor. Please refer to Lazard's Global Proxy Voting Policy for a comprehensive explanation of the firm's policies and procedures on proxy voting.

In instances where we believe our concerns have not been adequately addressed, we may escalate them by writing a formal letter or requesting a meeting with the chairman or board of directors, or by voting against management on the relevant proxy resolution at a company's annual meeting. Where appropriate and deemed necessary, further action may be considered (i.e. resolutions, litigation, press activity, etc.), although circumstances where this action becomes necessary are rare. Ultimately, we may decide to disinvest from the company in question where we believe it is in the best interests of our clients to do so.

IST portfolio

Portfolio overview

ESG rating	No
Application of an exclusion list	No; No exclusion list for the Lazard Emerging Markets Debt Local Debt UCITS Fund implemented

Incorporation of ESG factors into the investment process

The analysis of ESG factors is fully integrated in our approach to bottom-up research. ESG considerations are critical to a given country's institutions and we have found that governance indicators tend to have a high correlation to sovereign spreads levels. Moreover, countries that have defaulted over the past two decades tend to score very low on governance indicators. Among the indicators we follow in evaluating indicators of governance and human development are:

- Transparency International's Corruption Perceptions Index
- World Bank's Ease of Doing Business Rankings
- World Bank's Rule of Law Indicators
- United Nations' Human Development Indicators
- World Economic Forum's Global Competitiveness Index
- Fund for Peace's Fragile State Index
- Yale's Environmental Performance Index

Identification of companies excluded

Lazard maintains a Watchlist, however it is not a list of prohibited securities. The Watchlists are tools utilized by both equity and fixed income investment professionals to help identify potential ESG issues in the companies or corporate bond issuers in their investment universe. Investment professionals conduct research on these companies to determine the reasons for the low rating and formally document their findings internally. Client-specific requirements can be accommodated within our segregated portfolios and currently manage a number of portfolios for clients with SRI constraints.

External research providers, such as Trucost and MSCI ESG, are used to improve our understanding of a company's ESG practices and allow for systematic comparison across companies.