



IST EQUITIES EMERGING MARKETS

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 ESG Research

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A
Others (selection)	<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 research 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

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.

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 Yes; Strategy excludes companies which our ESG assessments identifies as unengaged; Exclusion of stocks on the SVVK's exclusions list

Incorporation of ESG factors into the investment process

Our ESG ranking process begins with developing assessments companies according to their environment, social and governance practices. We draw on data from several independent sources to rank each individual pillar. Each pillar is divided into three categories: corporate responsibility, impact metrics and leadership/initiatives in each area. A ranking is assigned based on the impact that each element has on an industry by industry basis. The specific weightings are determined by the team with input from Lazard's sector analysts and externally, and can be adjusted through time based upon macro factors and events.

We rank our universe into three categories: leaders (50%), sustainers (45%) and unengaged (5%). Leaders have larger weights within the portfolio as a result of their ESG competitive advantage. Sustainers may be held if they make a compelling contribution to the portfolio's return or risk profile. We will automatically exclude unengaged companies from the portfolio.

Identification of companies excluded

The Lazard Emerging Markets Managed Volatility strategy applies a combination of screening and integration in which ESG factors are used to modify a stock's ranking and a portfolio's active weights. We exclude companies where identified weaknesses are unlikely to change.

Specifically to the Emerging Markets Managed Volatility strategy, the team has also established a country risk model to quantitatively evaluate the sustainability of each emerging market from social and governance perspectives.

Stocks on the SVVK's recommendations for exclusions list will also be excluded.