

# Lazard Asset Management Pacific Co.

## Modern Slavery Statement

### 1. The Reporting Entity

In Australia, modern slavery has been described as being 'hidden in plain sight' across a range of industries and in the global supply chains of businesses, organisations and other entities operating here. Lazard Asset Management Pacific Co ABN 13 064 523 619 recognises the importance of taking action to identify and respond to modern slavery risks, hidden or apparent, in both our corporate operations and in our role as the appointed investment manager for our clients.

This Modern Slavery Statement (Statement) is for Lazard Asset Management Pacific Co. (LAMP, we, our or us) and its owned and controlled entity, LAMP Administration Pty Ltd, (LAMP A) ABN 36 101 801 003 for the year ended 31 December 2020.

This Statement was approved by LAMP's Board of Directors on 28 June 2021 and is LAMP's first Statement made pursuant to the *Modern Slavery Act 2018*.

### 2. LAMP's structure, operations and supply chain

LAMP began its operations in Australia in 1994 and currently has 54 staff located in two offices, in Sydney and Melbourne. LAMP is an Australian unlisted public company and is a wholly owned subsidiary of Lazard Asset Management LLC (LAM or Lazard) which is a Delaware limited liability company. LAMP's ultimate parent company is Lazard Ltd., which is a Bermuda corporation with shares that are publicly traded on the New York Stock Exchange under the symbol "LAZ."

LAMP holds an Australian Financial Services Licence (No.238432) authorising it to carry on a financial services business to provide financial product advice, to deal in a financial product and to operate registered managed investment schemes.

Our operations include acting as the responsible entity of registered managed investment schemes and as a manager for segregated mandates pursuant to investment management agreements. We are responsible for the management of assets for clients across domestic equities, global equities, fixed income, and alternative assets and as at 31 March 2021, we had approximately A\$14.23 billion in assets under management for clients. Our clients are diverse and include other financial institutions, sovereign wealth funds, superannuation funds, insurance companies and retail investors.

For the purposes of this Statement, we have separated our operations into two parts; corporate and investment and their respective supply chains, as more fully described below.

#### *Corporate Operations*

With respect to our corporate operations, LAMP uses the services of LAMP A. LAMP A enters into employment contracts for employees that work in LAMP's business and enters into leases for LAMP's premises.

Our suppliers are located in Australia, and/or are Australian subsidiaries of global companies. Some of our supplier's supply chains are however located outside of Australia and our suppliers may outsource certain activities to their suppliers located in countries outside of Australia, such as India. The supply chain for our corporate operations provides the following goods and services:

- Employee services;
- Professional services, such as lawyers, accountants and auditors;
- Real estate services, including cleaning services of our premises;
- Recruitment services;
- Equipment leases, and
- Catering.

**Investment Operations**

With respect to our investment operations, our suppliers are located in Australia or globally, primarily in developed countries such as the United States and the United Kingdom. Some of our supplier's supply chains are however located in countries such as India and China. The supply chain for our investment operations provides the following goods and services:

- Asset management services, custody banks, brokerage and research houses;
- Information services such as market data, index data and other investment related data;
- Professional services, such as lawyers, accountants and auditors, and
- Distribution services.

**3. Risks of modern slavery practices in LAMP's operations and supply chains****Corporate Operations**

Our personnel have employment contracts, which are subject to Fair Work standard terms or are sourced from recruitment firms operating in Australia, with whom we also have contracts in place regarding the terms on which we will accept their services. In addition as part of our recruitment process, we confirm that prospective employees have a 'right to work' in Australia. As such we have assessed the modern slavery risks of our work force to be very low. Please see further details in section 4 below.

With regard to companies that supply other services to LAMP as described in section 2, we have attempted to identify the modern slavery risks using a questionnaire-based approach or similar diligence efforts, which are designed to identify any modern slavery risks in their organisation including their supply chains.

Through an analysis of the questionnaire responses and due to the nature of these suppliers, we have determined their modern slavery risks to be low. Notwithstanding that assessment, we believe our primary risks for modern slavery in our corporate operations is in the supply chains of our suppliers, ie our suppliers themselves using suppliers in countries that have been recognized as having higher modern slavery risks.

**Investment Operations**

As we invest client portfolios in companies globally including in emerging markets, some of our investee companies are located in countries and/or industries that have been identified as having higher risks of modern slavery. These countries include Thailand, India, Egypt, Russia and Indonesia and the construction, financial services and food and beverage industries. The risk of modern slavery in investments managed by LAMP (as with other environmental, social and governance (ESG) risks) is assessed as part of our investment analysis and decision making process – this is described further below in section 4.

**4. Actions taken by LAMP to assess and address the risks, (including due diligence and remediation) identified in 3 above.****Corporate Operations**

With respect to our work force we maintain strong procedural controls to mitigate the risk of modern slavery starting with our recruitment and remuneration practices, performance management, work health and safety policy, whistleblowers policy and general compliance procedures.

In addition, modern slavery training has been provided to all LAMP employees as we recognise that modern slavery training is important in raising awareness of the issues related to modern slavery and how to identify and report concerns.

We performed a review of our suppliers and ranked them by the amounts we have paid for their services. From this assessment, for those suppliers that we considered material to our business, we circulated a questionnaire seeking responses to a number of modern slavery related questions or we reviewed their own modern slavery statement. From the questionnaire responses and those modern slavery statements, we determined the overall modern slavery risk from these suppliers. The majority of these suppliers are Australian based and/or are the Australian subsidiary of global organisations providing professional services to us as described above. Most of these in turn have or will prepare their own modern slavery statements.

We have also engaged with these suppliers to ensure that they are aware that we do not tolerate modern slavery in our supply chains and where considered appropriate we will incorporate appropriate modern slavery clauses in our contracts with them. We will also implement a regular (usually on an annual basis) refresher of our supplier questionnaire to determine if our risk assessment needs to change based on the modern slavery risks of these suppliers including their supply chains. Any material new suppliers will also be asked to complete our supplier questionnaire.

**Investment Operations**

As noted above, the assessment of risk of modern slavery and other human capital considerations, regarding investments managed by LAMP (including other ESG risks), are incorporated into our investment analysis and decision-making process when we believe they could have a material impact on a company's valuation and financial performance.

Our proprietary materiality mapping helps us identify risks such as the following:

1. Forced Labour and Modern Slavery;
2. Labour Practices in Supply Chain, and
3. Human rights issues related to critical sourcing of raw materials.

As a result, we attempt to integrate an assessment of the potential impact of such factors into our securities analysis and portfolio construction processes. Details of our proprietary sector-based approach to ESG integration can be found in our most recent sustainable investment report available here. [https://www.lazardassetmanagement.com/docs/m0-106599/AnnualSustainableInvestmentReport2020\\_en.pdf](https://www.lazardassetmanagement.com/docs/m0-106599/AnnualSustainableInvestmentReport2020_en.pdf)

Lazard investment professionals regularly engage with companies on ESG issues as part of our regular investment process, and in line with our view of our fiduciary responsibility to be good long-term stewards of capital. Lazard collects information about the ESG issues discussed in meetings with company management and our aim is to understand our ability to influence corporate decision-making and whether the interests of management are aligned with those of our clients. We also conduct more purposeful engagements, where we seek to undertake a more structured and outcome orientated dialogue with company management and/or its board of directors. If we are aware of a human rights or social sustainability issue, we will typically address it with management and the board of directors and will continue to do so on an ongoing basis.

In addition, in some instances we may not invest in or where we currently invest, may withdraw our client's capital from an investee company where we believe the ESG issue, including where relevant, modern slavery, will have a detrimental impact on the value of that company, making the company an unattractive investment choice.

Where delegated the power to do so, Lazard also votes proxies for its clients and does so in a way that we believe will maximise sustainable shareholder value as a long term investor and is in the best interest of our clients. Voting covers many types of resolutions including ESG items. By using our voting power in this way we try to bring about change in the way our investee companies carry on their business.

## 5. Effectiveness of Actions

To assess the effectiveness of our actions, in both our corporate and investment operations, where applicable, we:

- Will regularly review our modern slavery processes with senior management to consider whether we are appropriately identifying and evaluating our modern slavery risks.
- Assess modern slavery risks when engaging a new material supplier;
- Conduct a review of our suppliers (usually on an annual basis), to ensure we are appropriately identifying and evaluating our modern slavery risks;
- Continue LAMP's dialogue with LAM's ESG Steering Committee, which oversees implementation of ESG integration in our investment operations. Among other responsibilities, the Steering Committee conducts ESG training to educate investment professionals on relevant ESG issues in our investment operations;
- Provide ongoing training to our employees to reinforce the prior learnings we have provided on the identification of modern slavery, and
- May research the various modern slavery software tools available to assist in further systematizing our modern slavery identification, risk management and assessment.

Specifically regarding our investment operations, while we do not have a formal definition of success per se, success is evaluated through the realized value of our investments and by investment performance over a market cycle. Engagement activities with companies may also serve to strengthen relationships between Lazard investment professionals and company management and we aim to further analyse the data that we collect from our engagement activities to gauge its effectiveness.

### *Impact of COVID-19*

COVID-19 has resulted in the majority of LAMP's workforce working remotely for extended periods of time. However we do not believe that this has impacted our ability to progress our risk assessment of our supply chain and operations regarding modern slavery.

While we have considered whether COVID-19 may also have increased the exposure of vulnerable workers to modern slavery risks, we have not identified this as an emerging issue in our supply chains or investment portfolios.

## 6. Our Consultation

This statement has been prepared and reviewed by representatives across LAMP's business. Further, the same due diligence process has been applied to both LAMP and its wholly owned subsidiary LAMPA. LAMPA has common executives and policies to LAMP and the preparation of LAMP's Statement was discussed with these common executives as well as the process that LAMP followed to identify and assess its modern slavery risks when preparing this Statement.

## 7. Future Commitments

As modern slavery reporting is a new concept for Australian entities, we expect that in time our future statements will evolve alongside our modern slavery process and our supplier engagement.

Over the next few years, we will focus on developing the maturity of our supplier due diligence framework including formalising our supplier code of conduct. This will include a regular (usually on an annual basis) refresher of our supplier questionnaire to determine if our risk assessment needs to change based on the modern slavery risks of these suppliers. Any material new suppliers will also be asked to complete our supplier questionnaire.

We will also look to review, (but may not necessarily implement), modern slavery risk assessment tools provided by third parties to further refine our modern slavery identification, risk management and assessment.

Our incorporation of ESG into our investment process is also a dynamic one and we continue to develop and refine our processes. This may include joining organisations relevant to our ESG philosophy, subscribing to additional information sources on ESG issues and developing tools for our portfolio managers and analysts to use when assessing the ESG risk to a company's valuation.

We will also continue to engage with our suppliers to ensure that they are aware that we do not tolerate modern slavery in our supply chains and where considered appropriate we will endeavour to incorporate appropriate modern slavery clauses in our contracts with them.

Signed by Mr Paul Cuddy



Chief Executive Officer  
Lazard Asset Management Pacific Co.  
28 June 2021