DPAM

DEGROOF PETERCAM **ASSET MANAGEMENT**

LUXFLAG Label ESG

TOWARDS SUSTAINABILITY

October 2020

Sustainability Ranking Emerging Countries

Country sustainability during COVID-19

The pandemic has had two major consequences on sustainability assessment:

- Collecting and analysing data has become significantly harder, especially in emerging economies.
- The majority of positive trends of sustainable development (or SDG's) have been reversed by the pandemic.

In addition, the COVID-19 pandemic has highlighted the significance of several indicators in our proprietary model impacting the outcome of the ranking: DPT immunization, the lack of sanitary facilities in 3 billion people's homes, prison overcrowding in 60% of countries, and water scarcity.

We should look at the aftermath of 2008 to draw useful parallels. **The continued assessment of sustainability at a country level remains as essential as ever.**

Emerging economies are generally considered to have high potential, notably due to their young and growing population. Although most are not always seen as being sustainable or having a democratic process, integrating sustainability criteria into the management of a portfolio investing in these countries can be of real added value.

A pioneer in sustainability analysis for emerging economies

Contrary to popular belief, integrating sustainable factors to the analysis of emerging market issuers is compatible with, and adds value to a sovereign debt portfolio. Indeed, this helps to provide a holistic view by focusing on the long-term perspectives for key institutions that are vital for the functioning and development of markets. The analysis is complementary to credit ratings by mapping the risk situation in terms of sustainability and by providing valuable additional insights to sustainability-oriented investors.

The world population currently stands at 7.8 billion. According to United Nations statistics, this number is projected to grow to 9.5 billion by 2050. This increase will be particularly prevalent in emerging economies, which are currently confronted with overpopulation and a lack of natural resources. The demographic challenge is not only related to energy and ecology challenges, it also entails a challenge for the entire economy.

The uprisings in the Middle East and large migratory movements have and continue to highlight the importance of the democracy process, the guarantee of civil rights and freedoms. Inequalities within a population where high unemployment exists, in particular among the youth, create an insecure and unstable climate, which may ultimately lead to population rebellion.

Therefore, analysis of the viability of an emerging economy should include the sustainability of the country in terms of transparency and democratic values, as well as the economy, environment, demographics, health care, wealth distribution and education.

The experience DPAM has gained in the sustainability analysis of OECD states has led to a sustainability model designed for emerging markets which incorporates the specifics of these countries.

PRI Principles for Responsible Investment

DPAM is signatory of the UN-PRI

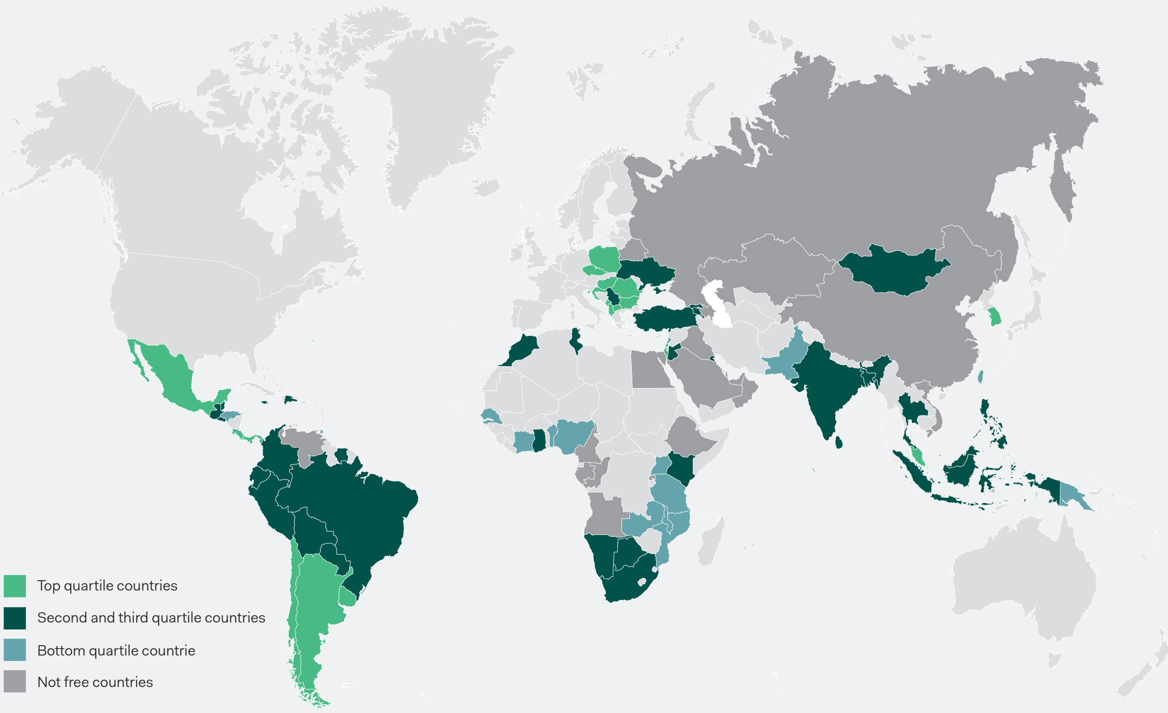
Sustainability ranking – October 2020

The starting universe is composed of 90 countries, mainly defined by the existence of a local or hard currency sovereign debt market. The sustainability ranking enables the identification of the countries which have fully integrated global challenges into the development of their medium-term objectives.

This complements the information gathered from credit ratings, which is traditionally used to assess the short term valuation of sovereign debt.

Integrating long-term perspectives allows to highlight those countries that are expected to outperform others and therefore to be solvent. These perspectives have no direct impact on the current valuation of an investment, but will influence medium and long-term performance.

Emerging Markets



Source: DPAM, October 2020

Sustainable country ranking of Emerging Markets member states

#	Top Quartile	H2 2020	H2 2019
1	Singapore	73	73
2	Czech Republic	70	71
3	South Korea	69	74
4	Uruguay	69	72
5	Poland	68	69
6	Croatia	67	70
7	Chile	67	74
8	Costa Rica	66	72
9	Hungary	65	66
10	Malaysia	65	67
11	Israel	64	68
12	Macedonia	63	66
13	Argentina	63	61
14	Albania	63	62
15	Montenegro	62	65
16	Bulgaria	62	59
17	Romania	61	66
18	Mexico	61	63
19	Panama	61	65
20	Colombia	61	64

#	2nd & 3rd Quartile	H2 2020	H2 2019
21	Georgia	60	69
22	Dominican Republic	60	64
23	Peru	60	65
24	Ecuador	60	59
25	Brazil	60	57
26	Maldives	60	51
27	Mongolia	60	63
28	Thailand	60	59
29	Tunisia	59	66
30	Belize	58	56
31	Armenia	58	59
32	Serbia	58	60
33	Indonesia	58	61
34	Sri Lanka	58	63
35	Bolivia	57	55
36	Suriname	57	57
37	Paraguay	57	61

#	2nd & 3rd Quartile	H2 2020	H2 2019
38	Kuwait	56	-
39	Jamaica	56	64
40	Namibia	56	59
41	Ukraine	56	59
42	Philippines	55	59
43	Morocco	55	59
44	Turkey	54	57
45	Ghana	54	59
46	Lebanon	53	52
47	Jordan	53	60
48	Bangladesh	52	53
49	South Africa	52	57
50	India	51	60
51	El Salvador	51	57
52	Kenya	51	59
53	Botswana	50	57
54	Honduras	50	54
55	Guatemala	50	54

#	Bottom Quartile	H2 2020	H2 2019
56	Côte d'Ivoire	49	56
57	Trinidad and Tobago	49	60
58	Zambia	46	52
59	Pakistan	45	48
60	Senegal	45	58
61	Malawi	45	54
62	Benin	43	48
63	Uganda	42	49
64	Papua New Guinea	42	46
65	Tanzania	40	50
66	Nigeria	36	46
67	Mozambique	36	46
68	Bermuda*	-99	-
69	Taiwan	-99	-99
70	Aruba*	-99	-99

#	Not free countries	H2 2020
1	United Arab Emirates	65
2	China	63
3	Qatar	63
4	Belarus	61
5	Kazakhstan	60
6	Oman	60
7	Vietnam	58
8	Russia	57
9	Saudi Arabia	57
10	Bahrain	56
11	Azerbaijan	56
12	Rwanda	52
13	Eqypt	50
14	Iraq	49
15	Angola	44
16	Venezuela	43
17	Gabon	42
18	Ethiopia	41
19	Cameroon	40
20	Congo	34

Source: DPAM, October 2020

* Constituent countries and/or overseas territories are part of the investable universe but ranked at the bottom quartile

Democracy as a starting point

The core of the model is the democratic values. Upholding these is a moral obligation to DPAM, which is intrinsically linked to the stance of a sustainable investor. Indeed, academic research has demonstrated the clear corrolation between the quality of the institutional framework of a country and its default risk.

DPAM uses the research of the international NGO Freedom House to assess the democratic development of a country. Based on an annual survey containing 25 questions on political rights and civil liberties, a country is attributed the status of ‘free’, ‘partially free’ or ‘not free’. This information is complemented by the Democracy Index published by The Economist Intelligence Unit, which is also based on approximately twenty questions to assess the democratic level of a country. The latter is attributed the status of “democracy”, “flawed democracy”, “hybrid regime” or “authoritarian regime”.

Several countries within the emerging universe do not fulfil the minimum requirements in terms of democracy and investment leeway. In total, the investment strategy linked to this sustainability ranking refrains from investing in countries which have been categorised by reputable international sources as ‘not free’ and confirmed as “authoritarian regimes”. These include the United Arab Emirates, Belarus, Oman, China, Kazakhstan, Azerbaijan, Qatar, Vietnam, Rwanda, Saudi Arabia, Russia, Egypt, Bahrain, Gabon, Angola, Venuzuela, Cameroon, Congo and Ethiopia.

Studies indicate a clear link between the democratic level of a country and its sustainability. It should therefore not come as a surprise that the majority of those countries deemed ‘not free’ are at the bottom of the sustainability ranking.

Sustainability: a real added value to manage investment in emerging markets

The analysis provides important information regarding sustainability levels of the studied countries. It enables comparison with several countries which have a similar level of economic development, but differ with regard to social, ecological and corporate governance development. Making a clear and full analysis of the sustainability of a country adds real value as part of the construction of an investment portfolio, in addition to the ideological values that may be presented. In essence, the model puts the opportunities and risks linked to a country into context.

The objective is not to exclude countries which have low sustainability scorings, as several countries in the universe have just started to improve their democratic process. Many years of dictatorship weigh on the sustainable development of a country. The transition to fully respect civil liberties and political rights, freedom of press and gender equality is a long term process, in particular if these rights have been violated for many years. Therefore, the progress made by countries should be closely monitored. The Ivory Coast is a good example of a country with a promising economic future, which has an abundance of natural resources and commodities. Following the toppling of the former president Laurent Gbagbo, the country was plagued by instability and social upheaval. Although the country now seems to be on track for a better future, it is too early in the process to be recognised as a full and genuine democracy.

Global coverage

The extra-financial research performed by DPAM covers those countries into which investors may want to invest (37 OECD countries and 90 emerging countries). This forms an integral part of DPAM's conviction management, which is based on seeking risk-adjusted performance. Investors having a clear and full view of the risks and opportunities of a specific country have a comprehensive source of information to assess whether the companies active in that particular country may be successful. The quality of a financial investment is judged, among other things, by the characteristics of the markets the company operates in, and of the specificities of those countries.

What is sustainability?

Sustainable development meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

Sustainability at country level differs from that of a corporation. A sustainable country is committed to fully ensuring the freedom of its citizens and invests in their personal development and welfare. It is respectful towards the environment and is reliable in terms of international responsibilities and commitments. It ensures its future and invests in next generations (education & innovation).

How to measure sustainability of a country?

There are three main approaches to measuring the sustainability of a country:

01 The **legal approach**, with the emphasis on treaties and offenses related to government actions. It should be noted however that agreement treaties are not always fully binding and there is often no penalty where violations occur.

02 The extreme **stakeholder approach**. The inconvenience of this approach is the importance of the number of stakeholders and parameters to be considered, giving rise to the possibility of dilution and irrelevancy of the indicators.

03 The **exclusion approach**, which consists of exclusions on the basis of controversial activities, examples being whale hunting and deforestation.

These approaches raise the issue of the moral threshold level, and subjectivity is likely to make it questionable.

The lack of information and an associated model encouraged DPAM to develop an in-house research model in 2007. Given the subjective character of the issue, key principles were defined from the beginning:

01

Existence of an **advisory board**, consisting of external specialists providing input to the model.

02

Assessment of the commitment of the country to its **sustainable development**: variables on which the country can have influence through decisions.

03

Comparability and objectivity: criteria are numeric data, available from reliable sources and comparable for all countries.

The Fixed Income Sustainability Advisory Board (FISAB) ensures the objectivity of the model

The role of the FISAB is:

1 To select the sustainable criteria which fulfil the preliminary requirements, and are the most relevant in the framework of sustainability assessment of the OECD and EM universes.
2 To determine the weights attributed to each indicator.
3 To critically and accurately review the model and the ranking to ensure continuous improvement.
4 To validate the list of eligible countries.

The FISAB consists of seven voting members with a majority of external experts. The complementary background of the members guarantees a high level of expertise and knowledge of the issue in constructing the most relevant model. The objective of the board is to raise awareness on ESG issues among the portfolio management teams.

EXTERNAL MEMBERS

Bart Haeck
Journalist at Mediafin

François Gemenne
Professor at Sciences Po (Paris) & ULB (Brussels)

Jan Schaerlaekens
Deputy at Brussels Parliament

Thomas Bauler
Assistant Professor at ULB-IGEAT (Brussels)

INTERNAL MEMBERS

Ophélie Mortier
RI Strategist DPAM

Ives Hup
Country Head France DPAM

Celine Boulenger
Economist Degroof Petercam

Selective and objective criteria to assess the sustainability of countries

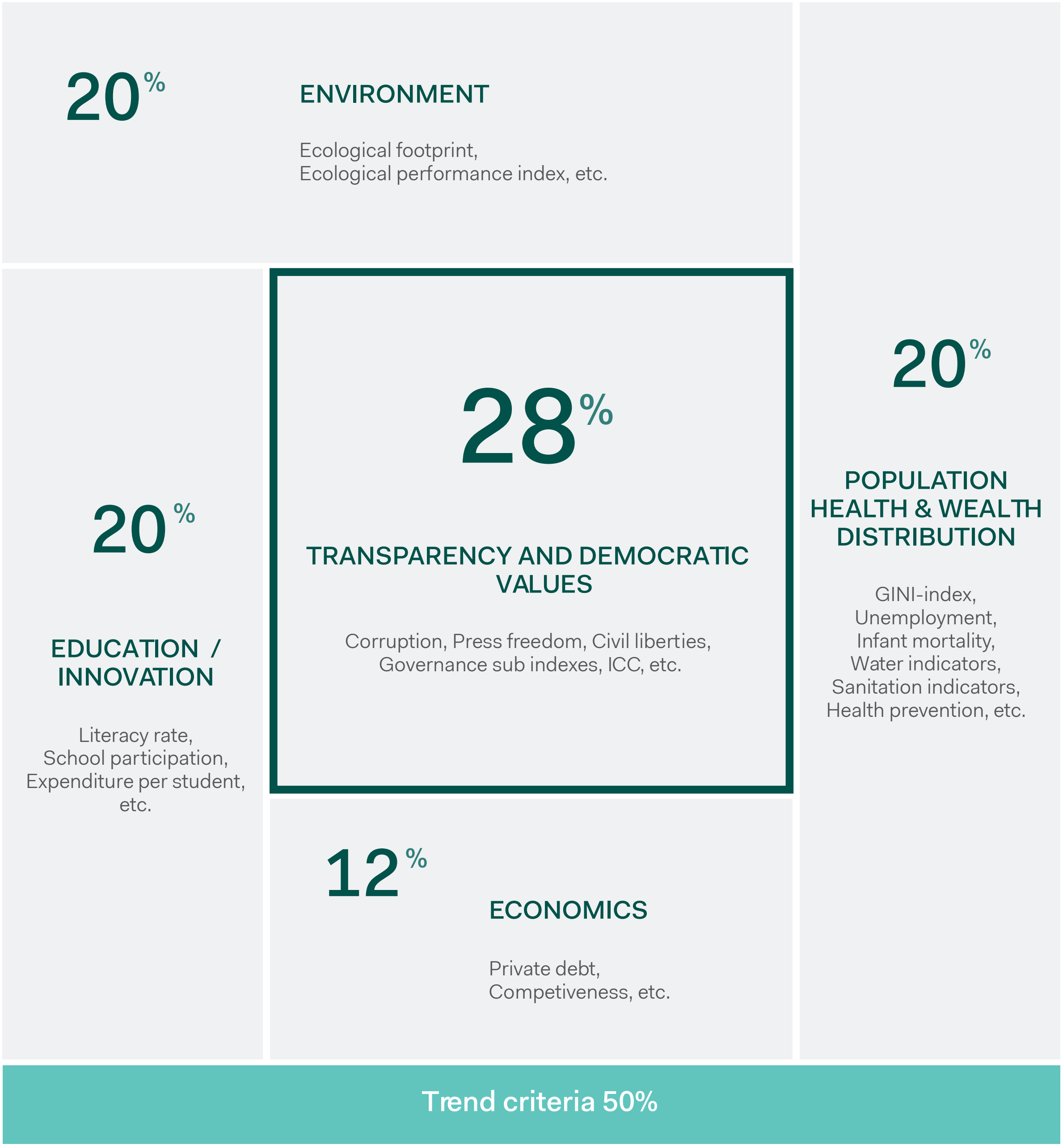
The sustainable overlay is characterised by indicators, which governments can utilise to influence their policies (government, authorities, and law). Thus, it avoids data linked to the geography or population density of the country. The model is quantitative and tracks the current performance of a country, with comparable data. Only a limited number of treaties are considered as they do not guarantee genuine commitment.

The underlying principles of the model remain the same, quantifiable criteria that can be applied to all countries, coming from acknowledged and reliable sources. Simultaneously, the assessment criteria must be adapted to the specific context. The level of development strongly varies from one country to another, which is why it is crucial to focus on a limited number of criteria which are vital to sustainability. For instance, the literacy rate is not relevant in developed countries in Europe, it is more so in countries such as Brazil, Ghana and Malaysia.

Best-in-class combined with best-effort approach

The sustainability analysis focuses on five key drivers (Transparency & Democratic Values, Environment, Education/Innovation, Healthcare & Wealth Distribution and Economics) which contribute to the total score according to their relative weight. Each criterion gets an assigned weight and each country receives a score ranging from 0 (worst) to 100 (best) based on its relative position compared to other countries (comparison to the difference between the maximum and the minimum). For binary criterion (death penalty or the signing of the Kyoto protocol, for example) a score of either 0 or 100 will apply. The final and overall score of a country is equal to the weighted average Sustainability of the scores on each criterion, using the weights which are decided by the Fixed Income Sustainability Advisory Board.

Progress and improvement are taken into consideration through a **trend indicator**, which provides insights into the robustness of a country's commitment to sustainability. The trend is calculated over the previous three years and a 50% weight of the scoring is allocated to it. In total, the model has around 60 indicators. The selection process results in a ranking of the 90 countries. The final scoring is rounded up to avoid an excessively unstable universe as decimals are statistically irrelevant.



Specific economic data are taken into account to assess the fiscal situation of a country. Indeed, the stronger the fiscal and budgetary position, the more a country needs to invest in purposeful governance programs to manage social and environmental risks and support long-term sustainability goals. Economic data is therefore an additional key driver (competitiveness index, budget balance, public debt, etc.) but the weight assigned is lower than the four other key drivers as this type of data are also taken into account by the investment team in their fundamental research and analysis.

For the sake of comparability, data are historical. To avoid subjectivity in the model, no data based on future promises (policies, etc.) are considered.

The approach is dynamic as the selected criteria are reviewed twice per year with the intention of selecting the most appropriate and relevant criteria for each domain. An indicator may be replaced and adapted, or omitted. New indicators can enter the model and the allocation of the weightings may also vary.

The model predates the Sustainable Development Goals

The 17 Sustainable Development Goals (SDG's), in the wake of the Millennium Development Goals, which were launched by the United Nations between 2000 and 2015, aim to advocate sustainable development on the economic, social and environmental domain. They reaffirm the human rights and the willingness to eradicate poverty, hunger and inequality by the end 2030.

The 17 social, environmental and economic objectives have been adopted by nearly 200 countries. It is a unique opportunity to channel more investments towards major environmental and social challenges.

DPAM is proud of its pioneer sustainability model that predates the SDG's.
SDG's are so much more than a mere different framework to communicate on our ESG and sustainable investment philosophy. We review the country model taking into account the SDG's to increase its relevancy and to better integrate these objectives in our investment decisions.

Principles for Responsible Investment

DPAM is signatory of the UN-PRI

Sources are internationally recognized

The model aims for the highest possible level of objectivity. Accordingly, statistical data to support the analysis of the country's sustainability are mainly collected from government databases and international governmental agencies such as the International Energy Agency, World Bank, International Monetary Fund, United Nations Development Programme and US Central Intelligence Agency. Data are complemented by information drawn from leading non-governmental organisations such as Freedom House, Transparency International and World Economic Forum.

Keeping an holistic view

Our sustainability country model relies on five dimensions namely (1) transparency and democratic values, (2) environment, (3) population, health and wealth distribution, (4) education and innovation and (5) economics. This does not hide the high interconnectivity between these five closely correlated dimensions.

Over the last years, we witnessed several disruptions and even contradictions regarding governance, social concern or environmental issues. This is why **sustainability analysis at country level has been essential in an integrated model**. (Read more on the **holistic approach in sustainability here**)

In terms of governance, the strength of the governing institutions is a key indicator to ensure the reliability and stability of the adopted policies and programs. These enable countries in facing internal and/or external challenges and obstacles.

The lack of credible and meaningful policies could impact the social stability of a country. Sound corporate governance is indisputable. At the same time, social instability weighs on long-term growth potential and economic development of a country.

The examples of citizens, through NGO's, suing the States for lack of responsibility in their environmental ambition and emissions targets – is testament to the strong relationship between governance and environment.

ILLUSTRATION MEXICO

Mexico's position in the first quartile of the sustainability rankings might surprise some.

Indeed, the country still faces several issues:
Firstly, Mexico is not fully free; this young democracy (electoral democracy since 2000) suffers from many well-known major problems like violence, corruption, human rights abuses and rampant impunity. This explains its "partially-free" status according to Freedom House.

Indeed, violence and personal safety are a key concern for the country: traffic deaths, political killing and torture, perceived criminality or homicide. And we see very little progress; homicides have more than doubled between 2000 and now (10,6 to 24,9 per 100,000 inhabitants). This makes the country by far the largest source of emigration in Latin America. In 2019, approximately 12 million Mexicans lived abroad, escaping violence and conflict. That same year, the country counted 11.000 new displacements driven by violence and conflict, the third highest number in the region. This will clearly be a big sustainability concern for the coming years.

On the **environment side**, the country is not among the best pupils either. Its air quality is improving, but very slightly (PM2, 5 matters decreased from 23 to 20 micrograms per cubic meter between 2000 and now). The protected areas are increasing but still represent less than 20% of the Mexico's total area. Renewables only make up a very small part of the country's electricity production (only 5% of total production!). Its energy efficiency is slightly more positive, as it is aligned with a +2°C scenario. This is mainly explained by its incredible stability over time, rather than efficient policy programs or improvement measures. Indeed, environmental experts consider Mexico as a low performer in terms of environmental policies, notably due to its lack of ambition and by not implementing a 2030 target. The new government seems less engaged in international negotiations. However, the Climate Change National Strategy, which has not yet been revealed by the government, could give some hope for progress and ambition.

Given these shortcomings, how is possible for Mexico to be in the ranking's first quartile? This is explained by the country's impressive progress in several fundamental areas. The trend indicator, which displays a country's progress on the different sustainability criteria over the last three years, has been an important driver of sustainability progress in the ranking for the country.

Evolution of the sustainability performance of Mexico

	2008	2014	2020
Sustainability score	59	48	61
Sustainability ranking	29	37	18
S&P ranking (local currency)	A	A	BBB+
S&P ranking (hard currency)	BBB+	BBB+	BBB

Source: DPAM

ILLUSTRATION MEXICO

We point out that the state oil company PEMEX can weigh on the perceived rating of the country.

The country has shown important improvements in **basic human needs and population**.

The infant mortality has been reduced by half over 2000-2018.

The poverty gap has been significantly reduced. Simultaneously, the income of the poorest share of the population has increased, as has the gross national income index.

On the **education level**, the country has also improved considerably. Although we can still question the quality of the education, Mexico's literacy rate is close to 100% today. School enrolment and participation in both primary and secondary levels are also 100%. Moreover, the issue of children out of school is almost solved. Participation is important, but completion and attainment even more. Here, as well, the completion rate in the lower secondary level has evolved from 70% in 2000 to 97% today.

Mexico's scorecard properly reflects the strengths and weaknesses of the country.

Mexico sustainability scorecard (October 2020)

Quartile 1	Quartile 2	Quartile 3	Quartile 4
1 to 18	19 to 37	38 to 53	54 to 72

	Score	Rank	Strength / Weakness
	60.97	**18**	

	Score	Rank	Strength / Weakness
TRANSPARENCY & DEMOCRATIC VALUES	**15.68**	**29**	
Emigration	**0.56**	50	
Equality	**1.79**	3	
Institutions	**3.09**	54	
International relationships	**2.27**	17	
Rights & liberties	**5.62**	11	
Security	**2.35**	57	

	Score	Rank	Strength / Weakness
ENVIRONMENT	**12.25**	**32**	
Air quality & emissions	**4.70**	50	
Biodiversity	**2.68**	36	
Climate change	**2.42**	33	
Energy efficiency	**2.45**	19	

Source: DPAM proprietary sustainability model

ILLUSTRATION MEXICO

Mexico sustainability scorecard (October 2020)

Quartile 1	Quartile 2	Quartile 3	Quartile 4
1 to 18	19 to 37	38 to 53	54 to 72

	Score	Rank	Strength / Weakness
ECONOMIC INDICATORS	**8.06**	**17**	
Economic	**8.06**	17	

	Score	Rank	Strength / Weakness
POPULATION, HEALTHCARE AND WEALTH DISTRIBUTION	**12.15**	**37**	
Basic human needs	**4.83**	18	
Demography	**0.14**	45	
Health & wellness	**3.80**	41	
Inequality	**3.38**	30	
Labour rights	**0.00**	54	

	Score	Rank	Strength / Weakness
EDUCATION	**12.82**	**17**	
Equality	**1.79**	3	
Innovation	**0.94**	32	
Participation	**7.85**	2	
Quality	**1.90**	19	

Source: DPAM proprietary sustainability model

Even though the scorecard and data show Mexico's impressive progress on various sustainability axes, it is important to keep an eye on the implications of the COVID crisis. Indeed, according to the report of the Carbon Capture and Storage Association[1], Mexico could experience the largest increases in poverty rate in Latin America, and witness an increase in extreme poverty. One generally agrees that the sanitary crisis and lockdowns have had an important economic and social impact. This damage is probably higher in the developing world, where informality levels are high, commodities & tourism are major sources of foreign exchange and the fiscal space has been squeezed due to the amount of debt.

There is also some consensus from experts and researches[2] that Latin America is likely to be particularly hard hit, with sharp declines in some of the largest economies. Mexico could be one of these. In this case, it will be particularly essential to monitor all of the government's possible actions. Indeed, fiscal austerity and corporate cost-cutting could worsen in these times, which require global health recovery, sustainable and inclusive growth.

[1] *How Covid-19 is changing the world : a statistical perspective Volume II, CCSA*

[2] *Notably « Trade and Development report 2020 ; from global pandemic to prosperity for all : avoiding another lost decade », report by the secretariat of the UN Conference on Trade and Development, United Nations Geneva 2020*

KEY TAKEAWAYS - ILLUSTRATION MEXICO

MAIN CONCERNS

Young democracy (2000) still coping with corruption, violence, human rights issues, etc. Violence, murder and public safety are still worsening. Has led to large scale emigration. Big sustainability issue going forward.

Regarding Environment, slight improvement in air quality, but still poor. Reliance on renewables is low, and protected areas, though growing, still under 20% of the country. Also, lack of environmental ambition hurts.

ACHIEVEMENTS

Next to important concerns, the country has registered impressive progress (as shown by trend indicator in our model) and enables Mexico to reach the last seat in the first quartile of the sustainability rankings:

- Improvement in basic human needs and population
- Infant mortality rate has reduced by half in two decades
- Reduction of poverty gap
- Improvement in education level

However, we need to be prudent with the potential damage from the COVID crisis, which could have substantial impact on the country, notably extreme poverty.

DPAM and its commitment towards sustainability

DPAM considers today's global challenges as major opportunities for tomorrow. By looking at the world from a disciplined and broader perspective, our partners and investors stand to benefit from our approach and expertise. For us, being a responsible investor is not solely about offering responsible products, it is a global commitment at the company level defined by a consistent approach to sustainability.

Our commitment

Defend the basic and fundamental rights
- Human Rights, Labour Rights, Fight against Corruption and Protection of Environment

Express an opinion on controversial activities
- No financing of usual suspects
- Clear controversial activity policy & Engagement on controversial issues
- Avoid controversies that may affect reputation, long term growth and investments

Be a responsible stakeholder and promote transparency
- Bring sustainable solutions to ESG challenges
- Engage with companies, promote best practices and improvements

The mission statement of responsible investing is the cornerstone of DPAM's commitment to sustainable finance and aims at fostering a sustainable economy by unlocking long-term economic and social value. DPAM is an independent financial institution with the fiduciary duty to act in the best long-term interests of its clients. Individuals, organisations, companies and countries, all face a growing number of long-term challenges and new paradigms. That is why investors are increasingly paying attention to sustainability factors and their impact on the long term. This has all resulted in new insights in the field of financial analysis. Sustainable development is part and parcel of profitability and the ability to create long-term shareholder value.

We aim at aligning our investment activities with the broader interests of society. This predominantly involves incorporating in our decision making process key questions about the impact of our investment. DPAM turns to various independent experts specialized in environmental, social and governance matters. As a member of our scientific boards or as an invitee to our "responsible investment corners", they make an important contribution to enhancing our processes and methodologies. Sharing information and engaging with a positive yet critical mind-set endow DPAM's professionals with a sense of responsibility and prompts them to act as knowledgeable and well-informed investors.

Integrating ESG challenges with knowledge about risks and opportunities

DPAM's core business is managing assets for its clients in their sole interest, based on a financial objective that is consistent with the client's objectives and guidelines. We are convinced that ESG-issues can impact the performance of investment solutions. By identifying risks related to ESG challenges we can get a better understanding of the broader risks involved in an investment and this makes our management more proactive.

At DPAM, ESG issues are not isolated processes but are fully integrated throughout the entire investment process. This is done through engaging with companies by the investment and research teams as well as different stakeholders such as extra financial rating agencies. We refrain from "dictating" to our clients what is responsible or not, nor what is sustainable or not. However, we map all the risks and opportunities associated with a specific investment and understand how ESG factors affect our investment decisions.

PRI Principles for Responsible Investment

DPAM is signatory of the UN-PRI

Responsible ownership: making its voice heard

As a shareholder and economic actor, DPAM bears a personal social responsibility:

- Ensuring that the rights of shareholders and other stakeholders are respected. DPAM has adopted a voting policy and participates in general and extraordinary shareholders' meetings. We speak up so that the companies we invest in are managed according to best practices in terms of corporate responsibility. Our voting policy provides detail on our approach to promoting best practices in terms of corporate governance.
- Engaging in a dialogue with the companies we invest in. This means, raising key questions with investee companies and engaging with them to ensure that the rights of shareholders as well as those of other stakeholders are respected to create long term shareholder value. Our engagement program details our commitment and procedures to uphold this vision.

DPAM became a signatory to the UN Principles for Responsible Investment (PRI) in 2011. This has been an important milestone in our sustainable journey by adopting a clear and formalized responsible investment policy and by prompting us to integrate ESG in our financial analysis.

OVER A 18 YEAR TRACK RECORD
in sustainable investing

SIGNATORY OF UN-PRI SINCE 2011
Highest rating A+ for our expertise

PIONEER IN SUSTAINABLE SOVEREIGN DEBT
over EUR 2.5 bn invested

OVER EUR 12 bn IN SUSTAINABLE STRATEGIES,
across various asset classes

EXERCISE OUR VOTING RIGHTS IN 571 COMPANIES
in Europe and North America

All sustainable funds accredited with both the **INDEPENDENT LUXFLAG ESG LABEL** and the **FEBELFIN TOWARDS SUSTAINABILITY LABEL**

ACTIVELY ENGAGED IN DIALOGUE WITH OVER 170 COMPANIES
regarding corporate governance practices

Supporter of **TCFD RECOMMENDATIONS** and **SIGNATORY OF THE CLIMATE ACTION 100+**

PRI Principles for Responsible Investment

DPAM is signatory of the UN-PRI

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