

The cover features a dark blue vertical bar on the left side. The background is a close-up photograph of green fern leaves. The text is white and centered.

% DPAM
INDOSUEZ

2026

DPAM
Climate Policy
& Net Zero
Transition
Plan

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A close-up photograph of a green fern frond, showing the intricate details of the leaflets and the central stem. The frond is positioned in the upper right quadrant of the frame, with the rest of the background being a soft, out-of-focus green.

I. Executive summary

Summary

This Climate Policy outlines DPAM's approach to integrating climate-related considerations into asset management across our different asset classes (listed equities, credit and government bonds). Our policy also serves as Net Zero Transition Plan and is grounded in internationally recognised frameworks, including the GFANZ Net-Zero Transition Plan and the Task Force on Climate-related Financial Disclosures (TCFD), reflecting a commitment to addressing climate risks and capturing opportunities, with a focus on scope 3 emissions (financed emissions). The monitoring and management of DPAM's operational emissions (scope 1 & 2) takes place at Group level, detailed [here](#).

The policy emphasises our commitment to achieving net-zero emissions by 2050 and our focus on transparent reporting. It includes a robust governance structure and makes clear how we integrate climate considerations into investment processes, decision-making and active ownership, all from a double materiality perspective. We leverage on both external and internal tools, such as our issuer TCFD-aligned assessment tool and entity climate dashboard, to monitor progress, assess climate-related risks and align portfolios with 1.5°C pathways.

In addition to risk management, we are committed to fostering collaboration through engagement with clients, investee companies, regulators and industry initiatives like CDP, Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC). This policy reinforces our responsibility to integrate climate into all aspects of investment practice, ensuring we meet our fiduciary duty and seize the opportunities of the transition to a low-carbon economy.

Our goal is to support an effective transition to a low-carbon economy while meeting stakeholder and regulatory expectations, ultimately aiming to finance reduced emissions (i.e. financing companies that are actively reducing their emissions) rather than reduce financed emissions (i.e. reducing financing to carbon intensive companies).



II. Introduction



Introduction

The structure of this document reflects the Glasgow Financial Alliance for Net Zero (GFANZ) Financial Institution Net-Zero Transition Plan framework, designed to provide clear and actionable guidance for achieving net-zero emissions. As such, the Climate Policy is organised as follows:

- **Foundations:** This section outlines our objectives, roles and governance structures to support a systematic approach to achieving net-zero goals and managing climate-related investment risks. Responsibilities are clearly defined to ensure accountability at all levels.
- **Implementation strategy:** Here, we describe how climate considerations are integrated into our investment processes, decision-making frameworks and policies and the creation of climate-focused financial products and tools.
- **Engagement strategy:** This section emphasises the focus on DPAM acting in a wider-ecosystem and the importance of partnerships, corporate engagement and advocacy to achieve a broader, systemic impact on climate action.
- **Metrics and targets:** We detail the metrics used to monitor exposure, measure progress, set targets and ensure transparent reporting to stakeholders.
- **Continuous improvement:** This final section outlines our commitment to refining practices, staying responsive to new developments and continuously improving our climate policies, as outlined by GFANZ and the Task Force on Climate-Related Financial Disclosures (TCFD).

This structure ensures alignment with leading climate frameworks, transparency in our actions and measurable impact.

III.

Foundations



[Objectives and priorities >](#)



[Roles and responsibilities >](#)



Objectives and priorities

Our commitment to the TCFD and the Net Zero Asset Managers initiative (NZAMi) underscores the need for integrating climate-related goals into our investment practices. As a long-term responsible investor, we acknowledge our unique position in contributing to the fight against climate change and in supporting the global transition to a low-carbon economy, while fully realising that we operate in a complex ecosystem. Yet, we are committed to aligning portfolios with net-zero pathways by 2050 and advancing climate resilience through rigorous risk management, while respecting all legal duties and regulations. For more information on our NZAM commitment please see section VI.

Since 2018, we have embraced the TCFD recommendations, enhancing decision-making and improving disclosure practices. With the objective of integrating climate change risks and opportunities into our investment processes at issuer, portfolio and entity level, we assess their potential impact on our investments and the influence of our investments on climate change.

We are dedicated to helping our clients integrate climate considerations into their own strategies and in assisting them to set or meet their climate objectives. Through tailored reporting and climate-focused financial products, we aim to support those clients who have set their own net-zero goals, ensuring alignment with their climate-related values.



Our specific goals include:

- **Aligning our portfolios with net-zero pathways by 2050**, with interim targets and monitoring focusing on decarbonisation of portfolios (asset selection and management) and active ownership. Both elements aim to 'finance reduced emissions' rather than 'reduce financed emissions', that is, financing companies that are actively reducing their emissions rather than reducing financing to carbon intensive companies.
- **Enhancing climate resilience** by identifying and managing climate-related risks across all asset classes, via internal and external tools at issuer, portfolio or entity level.
- **Capitalising on green transition opportunities** through targeted investments and specific climate investment solutions.
- **Empowering clients** to integrate climate elements aligned with their investment convictions and assist in setting or meeting their own climate objectives.
- **Fostering collaboration** with stakeholders and industry initiatives, ensuring fiduciary responsibility and supporting the transition to a low-carbon economy in the investor ecosystem.

Risk management practices (including scenario analysis) identify the needs for transition plans, and help achieve net-zero goals



Note that we consider our NZAM commitment to be aligned with fiduciary duties, compliant with competition law and supported by broader economic and financial underpinnings. Planetary risks (physical events) lead to economic risks through physical damage, productivity losses and policy interventions. These, in turn, result in financial risks, impacting asset values, credit markets, litigation risks and financial stability. More information can be found in the final chapter of this Policy, VIII, 'DPAM positioning on the Net Zero exodus'.



Roles and responsibilities

A well-defined governance structure is critical to the successful implementation of our climate strategy. Clear roles and responsibilities across the organisation ensure accountability and effective oversight of our climate integration actions, our net-zero commitments and other climate-related initiatives.



Management Board

The Management Board retains ultimate oversight of the climate strategy and net-zero commitments. They review progress on an annual basis and approve significant policy updates or actions, ultimately guaranteeing oversight of the integration of climate risks into financial and operational decisions.



SRI Steering Group (SRI SG)

A group composed of senior investment professionals, including the CSIO and representatives from the research, portfolio management, responsible investment and strategy teams etc.

The group meets monthly to guide, validate and harmonise responsible investment processes, including climate-related policies and integration.



ESG Risk Steering Group

This group meets quarterly and oversees the firm's approach to managing all ESG-related risks, including climate risk. With input from the TCFD Steering Committee, it ensures that climate risk is appropriately identified, assessed and integrated into investment decision-making and corporate strategy in line with regulatory requirements and industry best practice.

The group plays a key role in evaluating the performance of climate-risk management tools, for example, the TCFD dashboard and ensuring that effective engagement strategies are in place.



TCFD Steering Committee

This technical/advisory committee includes various investment professionals (portfolio managers, analysts, risk management and communications representatives) who meet quarterly. They comprehensively evaluate and guide the integration of climate-related risks and opportunities across all investment processes.

Central to the discussions is following question: how can the committee provide input and/or advice to other relevant committees and stakeholders.

The committee is specifically responsible for:

- Advice on and execution of the TCFD recommendations, based on best practices and quarterly regulatory and market updates.
- Ensuring investment practices and policies are kept up to date and aligned with the NZAM commitment and frameworks like the GFANZ Net-Zero Transition Plan framework, EU Taxonomy, and Science Based Targets Initiative (SBTi).
- Driving decarbonisation strategies and assisting with commercial offerings/product development.
- Periodic review of the climate investment sphere: reviewing climate scenario analysis (outcomes) and discussing broader market trends and evolutions (regulation, market, technology, investments).
- Technical support for other committees: exploring and defining climate-related concepts, approaches and methodologies, such as the definition of transition finance, the approach to physical risk integration, (un)conventional O&G methodologies and finally implementing them across the different strategies.
- Strategic input for consultations, commitments, regulatory disclosures and evolutions.
- Oversight of climate-related engagement and stewardship initiatives, including the initiation or coordination of engagement campaigns



Responsible Investment Competence Center (RICC)

Led by the Chief Sustainable Investment Officer (CSIO) and supported by a team of ESG specialists, the RICC manages the day-to-day operation of climate integration tools, such as the climate dashboard and the TCFD-aligned assessment template.

Furthermore, they represent DPAM in climate-related industry initiatives and consultations, while also developing and executing DPAM's formal climate-related corporate engagement activities.

In addition, they are responsible for delivering regular training to portfolio managers and analysts and ensuring the continuous improvement of climate-related investment practices.



Risk management team

This team is ultimately responsible for oversight of the incorporation of climate risk metrics into the firm-wide risk framework, the development of stress-testing and scenario analysis capabilities and alignment with regulatory requirements (for example, SFDR PAI indicators).

They work closely with investment teams to ensure climate risks are properly integrated into the decision-making process.



Portfolio managers and analysts

Portfolio managers and analysts are responsible for the integration of climate risks in day-to-day research and portfolio management activities, including conducting issuer-level TCFD assessments using the proprietary TCFD-aligned assessment template (see Implementation Strategy below).

They integrate the results into investment decisions, making sure to address climate risks and opportunities within their asset classes or investment scope. When necessary, they escalate actions related to engagement, voting recommendations, or portfolio adjustments based on climate risk assessments and the climate dashboard (see further and in [DPAM's Engagement Policy](#)).

IV. Implementation strategy

To achieve meaningful progress towards net-zero goals, our implementation strategy embeds climate considerations directly into investment processes and decision-making frameworks. This section explores how we design and deploy financial products, tools and processes to support our clients and our net zero ambition.



[Policies and conditions >](#)



[Decision-making and activities \(screening, assessment, allocation\) >](#)



[Climate solutions and products >](#)



Policies and conditions

Since our climate commitment also impacts portfolio construction and investment guidelines, all climate-relevant policies and conditions are reviewed on an annual, or when necessary, ad-hoc basis. This includes:



DPAM's Controversial Activities Policy

A policy detailing the investment criteria related to several high-impact climate activities, such as power generation, thermal coal and oil & gas.

Note that the Policy is updated at least annually to align with market standards, regulation, client expectations or other material stakeholders.



DPAM's Engagement Policy

A policy covering DPAM's engagement approach, with a dedicated section on climate, targeting GHG intensive investments and defining our environmental priorities, means and escalation approach.



DPAM's Voting Policy

A policy covering DPAM's voting approach, with a dedicated section on climate, making the link with our assessment and engagement approach.

The review of these policies from a climate angle is executed by the TCFD Steering Committee, using detailed research from external sources and best practice and when needed involving a variety of relevant investment professionals, beyond the committee.



The complexity of defining ‘transition finance’

Given the evolving market landscape and ongoing regulatory developments, it is challenging to adhere to a fixed definition of transition finance. Accordingly, the following outlines our approach and vision for transition finance, rather than presenting a single, definitive interpretation.

DPAM’s definition of ‘transition finance’

Investments in companies playing a crucial role in the orderly transition towards a low-carbon economy. This encompasses:

- Investments in high emitting or high impact climate companies credibly working towards transitioning to a low-carbon business model, and for whom corporate engagement on transition planning can be a relevant part of the investment approach.
- Investments in companies offering services and solutions facilitating decarbonisation (i.e. solutions), tackling the so-called ‘scope 4’ emissions (reduced emissions), often called enablers.
- Investments in companies enhancing resilience and adaptation to physical climate risk impacts.

Relevant criteria to look at transition:

- Performance metrics, both backward and forward looking.
- Climate alignment, in addition to transition alignment.

Metrics to assess credibility include among others:

- Governance (for example, executive oversight, climate-linked remuneration)
- Strategy (for example, integrated accounting, quantification of decarbonisation levers and impact on profit and loss, implications on EU Taxonomy aligned CapEx/OpEx/revenue)
- Risk management (for example, stress testing/resilience, physical risk adaptation)
- Metrics & targets (for example, science-based target setting, progress towards targets, contribution shares, disclosures on all GHG scopes).

Complementing the assessment above, engagement and voting are required within our approach to transition finance to ensure companies reach their target in a financially viable manner.

Note that we are closely monitoring SFDR 2.0 evolutions, as this includes ‘transition’ as an investment product category, detailing clear options and expectations for products, to ensure we align with the Directive, and continue our ambition, once the legislative process has been finalised.



Decision-making and activities (screening, assessment, allocation)

Climate considerations are a fundamental part of our operational strategy. We ensure that these are consistently applied across all activities to support our overall climate policy and convictions.

To guide our efforts, we rely on several external tools but also on proprietary tools such as climate screenings, our TCFD-aligned assessment template and our climate dashboard. These screenings and tools allow us to perform comprehensive climate risk assessments and monitoring at issuer, portfolio and entity level, ultimately facilitating informed investment decisions (risk mitigation and opportunity identification), assisting in our net zero transition and leveraging our power as a sustainable and responsible investment actor.

DPAM's framework for climate screening, assessment and decision making



Scope



Rationale



Tool



Informed decision-making (follow-up)

Fund level:
Top 3 financed emissions
& top 3 absolute emissions

- Net Zero Transition Plan
- Risk mitigation

TCFD aligned assessment

Portfolio manager

Entity level:
Top 30 financed
emissions

- Net Zero Transition Plan

Climate dashboard +
TCFD aligned assessment

TCFD Steering Committee

Entity level:
Top 20 NAV

- Net Zero Transition Plan
- Risk mitigation

Climate dashboard +
TCFD aligned assessment

TCFD Steering Committee

Entity level:
Top 20 ownership

- Net Zero Transition Plan
- Leverage as SRI actor

Climate dashboard +
TCFD aligned assessment

TCFD Steering Committee



Portfolio construction (investee screening)

Corporates

We follow specific climate-related exclusion criteria for high-carbon sectors or activities (see Controversial Activities Policy) and assess companies on the credibility and feasibility of their integrated climate strategies. This ensures we can invest in businesses with robust plans for a low-carbon future, ensuring both:

- climate alignment (i.e., achieving their Paris Aligned decarbonisation target); and,
- transition alignment (i.e., reaching their target in a financially viable manner).

In addition, our ESG screening tool, applied across strategies to execute ESG due diligence prior to investment decisions being taken, integrates several climate-related datapoints and fields, including EU Taxonomy and climate-related Principle Adverse Impact indicators (PAI).

Countries

DPAM has developed a proprietary model to assess the sustainability performance of countries (see [Sustainability Ranking OECD](#) and [Sustainability Ranking Emerging Markets](#)). The model is equally weighted between environmental, social and governance pillars. Within the environmental pillar, countries are evaluated on themes like air quality & emissions, energy efficiency, biodiversity and climate change. Climate-related indicators include, among others, coal consumption, use of renewable energy, fossil fuel subsidies, GHG emissions, energy intensity etc. These indicators feed into an overall sustainability score for each country, which is then used to create rankings that help define the investable universe.



Proprietary climate assessment tools (investee assessment)

Corporates

We use a TCFD-aligned assessment tool to evaluate investment risks and opportunities at a granular level. The scope has been decided carefully, to reflect both investment risks as well the relevance for our Net Zero transition plan. Therefore, for all SFDR article 8, 8 with partial investment in sustainable investments, and 9 funds, we apply the assessment template and conduct a formal evaluation for the following holdings:

- Top 3 highest emitters, based on absolute scope 1,2,3 GHG emissions, since GHG emissions are the driver behind real-world climate impact.
- Top 3 highest financed emissions, based on absolute scope 1,2,3 GHG emissions, to integrate portfolio-level accountability.

Due to inherent uncertainty linked to the transition, the primary objectives of the assessment are:

1. to assess to what extent the investee aligns with our Net Zero commitment (climate alignment)
2. to assess how its transition plan impacts its profit and loss statement, and how multiple, credible yet distinct, scenarios impact financial accounts, valuation and performance (transition alignment).

The above-mentioned elements form the basis of the assessment. Through an internally developed framework (key questions by climate and transition alignment pillar), investment professionals can assess the climate risks and opportunities exposure of the investee in scope. In addition to the pre-defined questions, as background and means of input, the assessment tool includes (1) quantitative and qualitative metrics and datapoints on transition risks, carbon footprints and climate resilience and source information from various sources, including company-specific reporting, external rankings and ratings, extra-financial data providers and internal data, and (2) a peer comparison section. In response to the rapid expansion of artificial intelligence (AI), DPAM has integrated AI into its process for assessing climate-related risks and opportunities. Building on several years of experience in defining appropriate templates, identifying best practices, focus areas and data points linked to assessing transition planning and management of investees, DPAM has developed a process that combines this expertise (and framework) with AI-driven analysis of corporate reporting. This approach enhances the efficiency of critically assessing alignment and identifying potential issues and red flags, while also allowing for quality checks. Notwithstanding the use of AI, ultimate responsibility for the assessment and its conclusions remains with the investment professional conducting the review.

The outcome of the assessment requires the investment professional to provide an opinion on the climate and transition alignment of the investee (through pre-defined outcome options), as well as to highlight information on missing data or focus areas for engagement in addition to a sentiment related opinion.

The outcome is actively discussed between portfolio managers and analysts and to ensure proper integration within the investment case and portfolio construction/positioning. In addition, the assessment and its outcome can serve other investment professionals during active stewardship activities (see Engagement Policy).

A full review of all the outcomes is discussed in the TCFD Steering Committee, during which strategic or structured actions can be discussed.

Corporates and governments

For all ESG labelled bonds, we verify alignment with international frameworks such as those set by International Capital Market Association. For certain strategies, and focusing on green and sustainability bonds, we also make use of a proprietary assessment template to determine whether those bonds have a positive impact on the environment or society. Green and sustainability frameworks and sustainability-linked bond (SLB) frameworks are independently validated by the RICC to ensure they meet expected targets and demonstrate a credible ambition level. Our analysis focuses on the principles of materiality, intentionality and additionality (see [SRI policy](#)).

For green bonds in particular, we conduct an in-depth analysis of the financed projects to benchmark eligibility criteria against internationally recognised standards based on the latest science (like the EU taxonomy and its technical screening criteria, for example).

TCFD aligned assessment template to enhance research and portfolio management

Research

- Facilitating integration in fundamental research by assessing/quantifying intangible climate risks

Portfolio Management

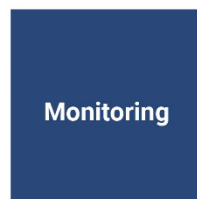
- Enhance integration in portfolio management by focusing on top emitters, while ensuring compliance with portfolio KPIs, MiFID II, broader stakeholders.



- Regulation (carbon tax, EU ETS, etc.)
- Market (end client, suppliers, etc.)*
- Technology (competition)
- Reputation/legal (litigation)
- Physical (operations, supply chain)



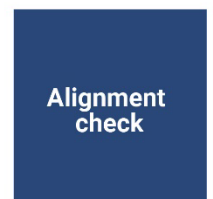
(for investees & portfolios)



- Assess top emitters via TCFD-aligned climate assessments
- Hotspots for climate transition risks
 - Focus for portfolio level targets



Climate risks properly managed?
Competition risk vs. peers?
Requirement to engage?



- Climate alignment
- Emissions reducing?
 - External validation?
 - Supply chain included?
 - etc.
- Transition alignment
- Decarbonisation plan setup?
 - Capital aligned?
 - Decarbonisation levers quantified and disclosed?
 - Technological or market risks?
 - etc.

Financially viable/achievable?
Impact on P&L and cash flow?
Technological or market risk?
Reputational or litigation risk?



Active portfolio monitoring

Corporates

We regularly update emissions metrics, monitor exposure to taxonomy-aligned investments, and analyse the financed emissions and emissions intensity of our portfolios to stay on track with climate targets. Portfolio managers and analysts have access to a PowerBI dashboard allowing them to monitor portfolio progress towards their climate-related KPIs such as GHG intensity or the NZAM commitment.

Countries

Similarly, as for corporates, portfolio managers have access to a PowerBI dashboard allowing them to monitor portfolio progress towards their climate-related KPIs, such as GHG intensity.

Climate dashboard (entity-level monitoring)

Our climate dashboard, applied at entity level, is central to evaluating progress against our net-zero commitment, via the monitoring of emissions trends and progress against net-zero targets and identifying areas for improvement across investment portfolios (asset allocation).

It includes data on sector exposure, financed emissions, GHG trend, physical risk data, EU taxonomy alignment and alignment with science-based targets (SBT). Furthermore, it allows us to monitor and assess exposure to carbon intensive and/or high impact climate sectors. In addition, the dashboard also helps us to conduct scenario analyses to assess the resilience of portfolios to various climate pathways. This helps us make proactive adjustments to mitigate transition and physical risks. This data is fed to our Risk Committee and covers physical risk data (under 3 scenarios), fossil fuel exposure data, and carbon earnings at risk data (under 3 scenarios), in addition to EU taxonomy data, SBT information and data concerning internal assessment coverage.

The dashboard is being further enhanced by integrating the alignment status of our major investments in each of the high impact climate sectors.

In addition, some other enhancements are being explored, including scenario analysis and stress testing. This will allow us to:

1. Assess the achievability and resilience of our transition plan and review the implications of assumptions and dependencies within our transition plan.
2. Update capital market assumptions and asset-level risk/return expectations.
3. Integrate climate risks within our existing risk management framework.

These tools and processes help ensure that our investments integrate our Net Zero commitment, and broader climate risks into our overall investment decision making process, allowing actions and contingency planning when needed.



Climate solutions and products

DPAM offers a range of climate-focused investment solutions designed to support the transition to a low-carbon economy in different ways and to meet different client needs and objectives

More information on DPAM's products and solutions can be found on our [Fund Website](#).



Green bonds and climate-focused debt

In several of our fixed income investment solutions, we prioritise investments in green and sustainability bonds, whenever these are aligned with international frameworks and best practice, funding projects like renewable energy and climate-resilient infrastructure.

We also have experience in the setup and management of dedicated climate-focused fixed income products. Their objective is dual. Channelling investment towards issuers (corporate and sovereign) that are committed to tackling climate change and seizing opportunities associated with the transition, while at the same time creating an unbiased and robust bond portfolio that can weather various market conditions for investors.



Sustainable funds

Our sustainable fund offering incorporates climate change in several ways, from screening criteria (see [Controversial Activities Policy](#)) and assessments to portfolio level monitoring of climate metrics and the setting of climate-related targets or KPIs.



Transition funds

In addition to sustainable funds, we invest in companies in transition and have experience in the setup and management of dedicated transition-focused investment strategies. The focus of these solutions goes beyond screenings and assessments and also entails specific climate-focused engagement with investee companies.

The draft Sustainable Finance Disclosure Regulation (SFDR) 2.0 covers 'transition' as an investment product category, detailing clear options and expectations for products. The evolution of the revision is closely monitored by our investment professionals to ensure we align with the Directive, once the legislative process has been finalised.



Tailored climate solutions

We can provide customisable investment strategies based on client-specific climate goals, beliefs or conviction, whether that's aligning with Science-Based Targets for net-zero goals, investing in companies or countries in transition, reducing exposure to high-carbon sectors, integrating GHG emissions constraints or capitalising on low-carbon and green technologies. More information on existing solutions offered to clients can be requested on demand.

This also includes the development of specific portfolio screening and modelling tools, such as an internally developed Paris Aligned Benchmarking portfolio optimisation tool. This is a multi-level tool, allowing for alignment with specific regulatory requirements and assessment of individual issuers on climate-related metrics, while also aggregating holdings at portfolio level to monitor performance and model portfolio construction.

In addition to the development and management of customisable investment strategies, we developed expertise in offering customised climate reporting, covering a wide range of metrics and datapoints (intensity, exposure, GHG performance attribution, etc.).



Enabling investments

We also invest in companies enabling decarbonisation, such as those working on low-carbon technologies and energy transition solutions, supporting industries evolving towards a low-carbon model. Our climate screenings, research & knowledge sharing and dedicated tools allow for opportunity identification and the mitigation of risks, such as greenwashing risk, when investing in green solutions.

V.

Engagement strategy

Collaboration and engagement are critical to driving systemic change, like the transition to a low-carbon economy. This section outlines how we work with clients, investee companies and other stakeholders such as policymakers, academics and industry coalitions to advocate for and implement an enabling environment or ecosystem for robust climate strategies.



[Engagement with clients and stakeholders >](#)



[\(Corporate\) engagement and active ownership >](#)



[Public and government engagement >](#)



Engagement with clients and stakeholders

Engagement with and communication to clients and stakeholders is central to driving meaningful climate action.



Client communication & disclosure

We prioritise transparency by regularly updating clients on our climate integration efforts, progress on net-zero goals and the alignment of their portfolios with climate objectives.

Furthermore, over the years, we have enhanced and are committed to continue enhancing fund and mandate reporting from a climate angle (see Metrics & Targets).



Client support

We work closely with clients to help them integrate climate considerations into their investment strategies. This includes assisting them in setting their own climate goals or convictions and achieving alignment with global climate targets.



Collaborations and partnerships

We actively participate in industry coalitions, such as the [Net Zero Asset Managers Initiative](#) (NZAM), [CDP, the Institutional Investor Group on Climate Change](#) (IIGCC), and [Climate Action 100+](#) (CA100+), to collaborate on climate strategies and enhance industry standards (via working groups, collaborative corporate engagements, consultations, etc.). This collective approach helps amplify our impact on the global transition to a low-carbon economy and ensures climate risks are properly integrated and accounted for by the investment community.

DPAM takes an active role in several corporate engagement programs, such as the Net Zero Engagement initiative, CA100+ Corporate Engagement Program, or working groups focusing on Proxy Voting, Stewardship, Governance, and Accounting.

Market dynamics, scientific and technological developments, and regulatory/policy evolutions make it hard to accurately assess the transition readiness of our investees. Hence, research and information exchange with NGOs and specific research entities forms an integral part of our climate research and engagement approach. A list of entities we consult and/or work with can be delivered on demand.

We also work with research entities and academics to deepen our knowledge. For example, DPAM collaborates with the University of Liège, to create a Paris Performance Ranking, a ranking that tracks nations' progress to meeting the commitments of the Paris Agreement (see [PPR website](#)). This composite ranking, which offers a unique and in-depth view of global climate action progress, is based on six central topics: current emissions, projected emissions, net zero target, means of implementation and multilateral transparency. While sovereign bonds fall outside the scope of our NZAM commitment, we seek to drive a decline in emissions and are convinced that sovereign investments should contribute to this goal.

This engagement is key to fostering a shared commitment to climate action and ensuring that our efforts contribute to wider systemic change in the investment community.



(Corporate) engagement and active
ownership



Corporate engagement

To better reflect the importance of climate risks and the role of asset managers in transitioning to a low-carbon economy, we view corporate engagement and active ownership as essential. Consequently, we actively engage with investee companies to ensure their strategies:

- align with the goals of the Paris Agreement; and,
- include credible & feasible transition plans (ambition, action and accountability).

Where necessary, in line with our escalation policy, we use proxy voting to hold companies accountable, particularly on climate-related issues, ensuring they meet our expectations for transparency, risk management, and emission reduction commitments. Our approach to engagement (incl. escalation) and voting is guided by DPAM's Voting Policy and Engagement Policy, which include detailed climate-related guidelines.

The Engagement Policy specifies our climate priorities, as described above, focusing on science-based target setting and corporate climate transition planning. Both priorities align with our Net Zero commitment. The disclosure requirements aim to **ensure we receive sufficient insight into the climate alignment and transition alignment/readiness of corporates, as these requirements impact the financials of corporates directly or indirectly through demand and supply dynamics.**

Engagement priorities are defined through the monitoring of different tools and lists:

- Climate dashboard (entity level):
 - Top 30 financed emissions
 - Top 20 NAV and ownership.
- TCFD-aligned assessments of top 3 emitters (absolute emissions) and top 3 financed emissions of all SFDR article 8, 8 with partial investment in sustainable investments, and 9 funds.
- Collaborative engagement focus lists (for example, CA100+ benchmark, IIGCC Net Zero Engagement Initiative, CDP Non-Disclosure Campaign, etc.).

Within those lists and tools, companies are assessed on their ambition (target setting), action (emissions trend) and accountability (oversight, integrated reporting, remuneration). In the 2026 review cycle, a formal outcome on climate alignment and transition alignment is defined:

Climate Alignment:

- Aligned (science-based targets or equivalents, transition plan, disclosure, aligned CapEx, no carbon lock-in, GHG reduction, oversight and remuneration): leading and strong performance.
- Aligning (science-based targets or equivalents, transition plan, disclosure): moderate/developing performance.
- Committed to aligning (long term target): weak/lagging performance.
- Not aligned: poor/insufficient performance.

Transition Alignment:

- Resilient
- Low risk
- Managed risk
- Elevated risk
- High risk

Following a review of those lists, and discussions within or action through the TCFD Steering Committee, target companies are identified for engagement, either individually or through collaborative engagement initiatives. For the latter, we focus on initiatives led by recognised organisations, institutions or research entities, including CA100+, IIGCC and CDP.

The engagement framework consists of a variety of escalation approaches, ranging from formal letters, collaborative outreach and public letters to pre-declaration of voting intentions, AGM statements, climate-driven voting, shareholder proposals and post-voting letters.

For more information on climate-related engagement, please see [DPAM Engagement Policy](#).



Proxy voting

Similarly to the Engagement Policy, the Voting Policy outlines criteria for supporting or opposing resolutions related to climate strategies, either put on the agenda by management (incl. so-called 'say-on-climate' proposals) or filed by shareholders. But it goes a bit further. Effective corporate management requires transparent reporting of material ESG risks. Proper, integrated ESG disclosures enable investors to assess potential impacts, fulfilling our fiduciary duty to incorporate ESG considerations into investment decisions. Therefore, we expect companies to clearly identify and report material ESG and climate risks in their annual disclosures (incl. assessment, monitoring and mitigation), ensuring consistency between identified risks and financial reporting.

Building on our TCFD-aligned climate risk approach and the escalation tactics disclosed in our Engagement Policy, we have defined a targeted voting escalation framework. Using internal assessments and our climate dashboard, we evaluate investee performance on:

- Climate risk management and alignment;
- Integrated accounting practices;
- Executive oversight and accountability; and,
- Remuneration linked to climate objectives.

Voting rights empower investors to demand climate accountability and assess readiness, ensuring the long-term resilience of their portfolios. Based on the evaluations described above, case-by-case escalation actions include supporting shareholder proposals, voting against management proposals, or abstaining where proposals lack adequate climate risk considerations. For more information on climate-related voting, please see [DPAM Voting Policy](#).

By actively influencing corporate behaviour, we try to ensure that the companies we invest in contribute meaningfully to net-zero goals and/or demonstrate proper accountability in addressing climate risks.



Sovereign engagement

DPAM has established a structured framework to engage as a bondholder of sovereign debt (see [Engagement Policy](#)). Through engaged dialogues with national debt management agencies and/or policy makers, we aim to exchange on best practices related to sustainable development. A key component of these discussions is DPAM's proprietary country sustainability model, which provides an opportunity to discuss the country's strengths and weaknesses, fostering mutual learning. The climate-related performance of the country is addressed through its performance on the different underlying indicators. Furthermore, DPAM engages sovereign issuers on:

- the role of sustainable finance instruments in supporting the transition to a low-carbon, inclusive, and resilient economy.
- the sovereign's alignment with the objectives of the Paris Agreement and the credibility of its decarbonisation pathway.

In addition, DPAM participates in collaborative engagement initiatives, and is a member of the [Emerging Markets Investors Alliance \(EMIA\)](#), a not-for-profit organisation that enables institutional emerging market investors to support good governance and promote the sustainable development of the governments and companies in which they invest. DPAM is actively participating in three working groups: The Sovereign Decarbonization Program, The Enhanced Labeled Bonds Program and the Human Capital & Gender Equity (HCGE) Program. In addition, DPAM is also part of UN PRI's Collaborative Sovereign Engagement on Climate focusing on Canada.

For more information on climate-related engagement linked to sovereigns, please see DPAM's [Engagement Policy](#) and [Engagement Activity Report](#).



Public and government engagement

Engaging with policymakers and the public is essential to driving systemic change and supporting the global transition to a low-carbon economy.



Advocacy for strong climate policies

We actively advocate for robust climate regulations, policies and strategies that align with the goals of the Paris Agreement and facilitate the transition to net-zero emissions.

We advocate for strong climate policies when engaging in industry coalitions, consultations and initiatives, such as PRI, CA100+, IIGCC and NZAM, promoting best practices and influencing climate policy at an industry or global level.

For more information on climate-related engagement activity linked to climate policies, please see DPAM's [Engagement Policy](#).



Collaboration with policymakers

By contributing to policy consultations and working groups, such as those organised by the [Belgian Asset Managers Association \(BEAMA\)](#) and the [European Fund and Asset Management Association \(EFAMA\)](#), we aim to support the creation of industry standards that guide both financial institutions and governments in achieving climate goals in a financially viable, reasonable manner.

In addition, voting rights empower investors to demand climate accountability and assess readiness, ensuring the long-term resilience of investment portfolios. However, this should be supported by the regulatory and legal systems out there, which is not always the case. Hence, we engage with industry initiatives to enhance shareholder rights linked to climate integration.

Through these efforts, we work towards creating an environment or ecosystem where strong, consistent climate policies and actions are aligned amongst stakeholders and eventually can drive long-term investment and climate resilience.



VI. Metrics and targets

Accurate measurement and transparent reporting are vital to ensure accountability and track progress toward net-zero commitments. This section details the approach towards the key metrics and targets we use to guide and evaluate our climate strategy.



[Portfolio-level commitments >](#)



[Transparency and reporting >](#)



Portfolio-level commitments

DPAM made a commitment to [NZAM](#), which is further translated into portfolio-level commitments with the aim of ensuring progress towards net-zero emissions. This commitment results in:

- KPI setting and disclosures at entity and portfolio level.
- Providing clients with appropriate climate-related disclosures and solutions.
- Active stewardship activities aligned with the commitment, including corporate engagement, engagement with key actors in the investment system and policy advocacy.



Targets

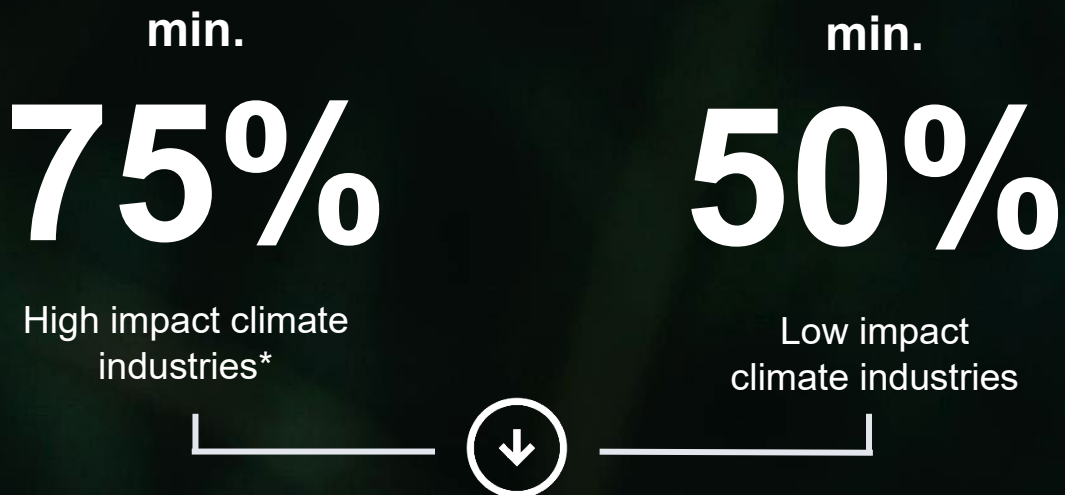
We are dedicated to achieving net-zero emissions across portfolios by 2050, with interim milestones to assess progress. As such, DPAM's validated Net Zero Commitment emphasises the science-based targets portfolio coverage approach, integrating the commitments and the temperature alignment of investees, supported by active ownership (engagement and voting).

Our targets support our net zero transition plan, while also enhancing risk mitigation.

Although sovereign bonds are currently outside the scope of our NZAM commitment, we remain convinced that sovereign investments should contribute to the objective. Our sovereign bond funds include a KPI requiring the portfolio's GHG intensity to remain lower than the GHG intensity of the reference universe. In addition, DPAM's proprietary country sustainability model includes different climate-related indicators, which will influence each country's final sustainability score and ultimately, investment decisions.

Decarbonisation of our portfolios: interim targets

In particular, for all article 8, 8 with partial investment in sustainable investments, and 9 funds, the following minimum portfolio-level targets should be accomplished by 2030:



With SBTi validated targets or targets aligned with a 1.5 °C pathway (scope 1 & 2)

These are minimum targets at DPAM level. Individual products can have higher targets, as a result of the feasibility study which took place in 2022. We refer to the Fund ID and/or SFDR annex of the Prospectus for individual product targets.

As mentioned in the section on (corporate) engagement and active ownership, SBT setting and Paris Alignment are key elements of our engagement approach, as these are linked to our climate targets. As such a variety of escalation approaches can be applied to move towards our targets.

Article 6 funds, as well as government investments are out of scope.

Following the re-launch of the Net Zero Asset Manager's initiative, with an updated commitment statement, DPAM decided to re-iterate its commitment. More information can be found on NZAM initiative's [webpage](#).

Aligned with ESMA guidelines on sustainability-related claims, information on the website of the initiative clarifies what the commitment entails (process, reporting, verification, etc.). More information can be provided upon demand.

*'high impact climate sectors' means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council. A NACE-to-GICS mapping is based on S&P & MSCI in The EU Technical Expert Group on Sustainable Finance. (2019). Handbook of Climate Transition Benchmarks, Paris-Aligned Benchmarks and Benchmarks' ESG Disclosures.



Active ownership to drive ambition

Corporates

In addition to portfolio level targets, DPAM defined targets for engagement with issuers who are not aligned with our net zero commitment, lagging on ambition, performance or transition plan disclosures.

In scope are DPAM's financed emissions top 30, based on scope 1 and 2 emissions, while also integrating scope 3 emissions. Furthermore, we focus on DPAM's top 20 positions in terms of NAV and ownership. The engagement selection process covers a screening on TCFD aligned assessment, with special attention to:

- SBT setting and 1.5°C aligned temperature trajectory (scope 1 and 2).
- The emissions reduction trend.
- Climate and transition alignment performance.



Transparency and reporting

We are committed to measurement, monitoring and transparent reporting to track our progress toward achieving net-zero emissions across all portfolios.



Key metrics (standardised reporting)

Principle Adverse Impact indicators:

- **Emissions data:** We measure and monitor both absolute and intensity-based emissions at investee and portfolio level. Disclosures of emissions data at portfolio level are made through the Quarterly Sustainability Reports and ESG Fund Factsheets, or dedicated ESG Mandate reports.
- **Fossil fuel exposure:** We measure and monitor fossil fuel exposure at investee, portfolio and entity level.
- **Carbon-intensive sector exposure:** We monitor our exposure to high-carbon sectors and use this data to guide sector reallocation and decarbonisation strategies.

Science-based targets and Paris aligned trajectories: Progress towards science-based targets and Paris aligned trajectories is tracked at investee and portfolio level to ensure alignment with the global climate pathways needed to limit global warming to 1.5°C.

Use-of-proceeds bonds: for fixed income products, we measure and monitor the exposure to green and sustainability bonds.

EU Taxonomy: we measure and monitor EU Taxonomy exposure at investee and portfolio level. For all 6 objectives, eligibility and alignment is tracked.

At entity level, we also disclose PAI, detailing the evolution/trend, sources and a summary of the actions taken and planned to mitigate the PAI in the next reference period. The Climate Policy itself covers the actions taken to mitigate the climate-related PAIs. Disclosures can be found [here](#).



Extended metrics (customised reporting)

Over the past years, we have been building experience in dedicated climate reporting to meet the specific needs of clients. Our reporting capabilities cover a wide range of metrics and datapoints (intensity, exposure, GHG performance attribution, etc.), and even extend to actual return performance attribution with integrated ESG/climate elements (for example, ESG active return based on climate metrics such as GHG intensity or investee target status).



VII. Continuous improvement

To maintain our leadership in responsible asset management, we commit to continuously refining our climate strategies. This involves staying adaptable to new scientific findings, regulatory updates, and industry best practices. Our approach ensures that we remain effective in addressing climate risks and seizing opportunities as they evolve.



Commitment to iterative learning and enhancement



Tools and research enhancement

We will continue to expand and refine proprietary tools - such as the TCFD-aligned assessment template, the climate dashboard and other climate risk monitoring systems - to incorporate emerging data streams and (scientific/financial) insights

Leveraging on our climate journey, we are also looking at options to develop tools and the monitoring of nature-related risks, based on the [Taskforce on Nature-related Financial Disclosures](#)

Furthermore, we continue to join industry initiatives to expand, share and improve our knowledge and expertise linked to the integration of climate-related risks and opportunities in investment decision making.



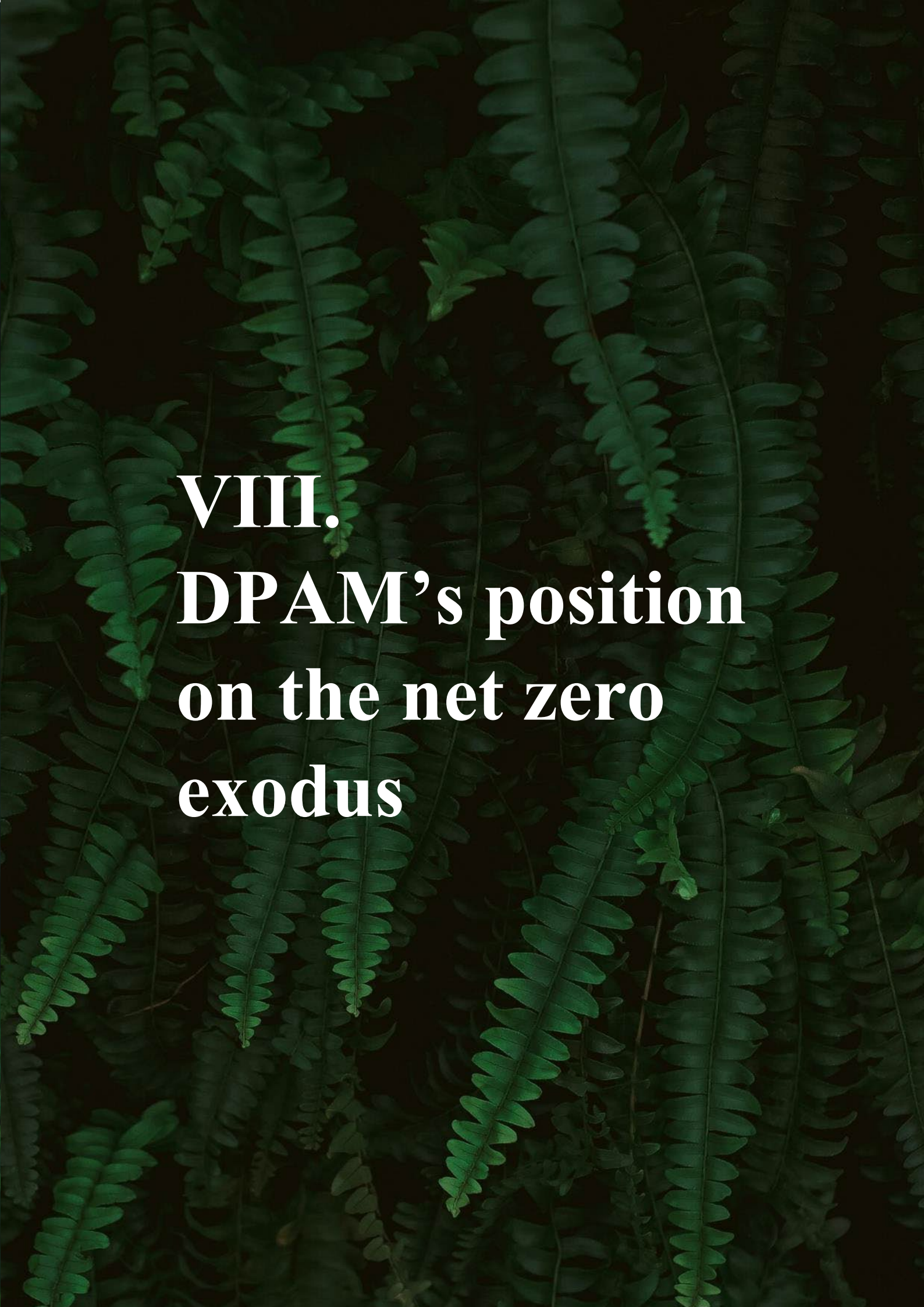
Policy updates

Our climate policies will be reviewed regularly, ensuring they reflect the latest developments in climate science, regulatory frameworks and industry best practices.



Training and education

We will continue to invest in ongoing training programs for our teams to ensure they are equipped to manage evolving climate risks and to integrate the latest climate knowledge into their decision-making.

The background of the slide is a dense, vertical arrangement of green fern fronds. The leaves are small and pointed, creating a textured, layered appearance. The lighting is soft, highlighting the natural green color of the plants against a slightly darker background.

VIII.
DPAM's position
on the net zero
exodus



DPAM's positioning

Given the US's increasingly politicised climate debate, the net-zero exodus is hardly surprising. This polarisation continues to shape climate finance, fuelling uncertainty and raising concerns about a slower transition. Criticism often centres on fiduciary duties, ideological battles, competition law and broader economic and financial underpinnings. However, once you look past the politics and focus on objective facts, these arguments are generally easy to refute.

For instance, critics argue that NZAM conflicts with fiduciary duties by prioritising climate goals over financial returns. In reality, NZAM is a long-term commitment rather than an immediate obligation. It offers flexibility for investment portfolios to transition at a reasonable pace while maintaining their fiduciary financial objectives. The framework emphasises working towards net-zero and enabling adaptive strategies that balance financial performance with decarbonisation goals. It puts the emphasis on creating a collaborative and flexible ecosystem rather than a competitive environment.

Some also claim that government policies, geopolitical changes and economic shifts make net-zero ambitions too unstable or unsuitable for a long-term commitment. While it's true that the current US administration actively opposes climate initiatives, more than 24 US states still support the Paris Agreement. This support remains strong across most jurisdictions, confirming that long-term climate objectives remain an anchor for business, investors and other stakeholders. Climate change remains a reality - investors must weigh the greater risk: short-term political shifts or a sustained, long-term transition.

Another concern is that NZAM could distort competition by forcing asset managers into similar investment strategies. However, NZAM is not a rigid framework - it encourages individual decision-making and diverse approaches to net zero. The transition to a low-carbon economy requires collaboration across industries, which NZAM encourages rather than limiting competition.

From a macroeconomic standpoint, the cost of inaction will far exceed the cost of action. Some financial research entities projected that an orderly transition could lead to a 25% net gain in global growth by 2040 compared to a disruptive or no-transition scenario (making exits from NZAM all the more ironic). The ten costliest extreme events in 2025, all exacerbated by the climate crisis, caused USD 122 billion in damage. Each caused at least USD 1 billion in damage, with the Palisades and Eaton wildfires in California alone surpassing USD 60 billion. These events not only have material financial and economic consequences but highlight the urgent need for enhanced focus on climate resilience.

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