

DPAM
INDOSUEZ

November 2026

# Sustainability ranking

## Emerging countries

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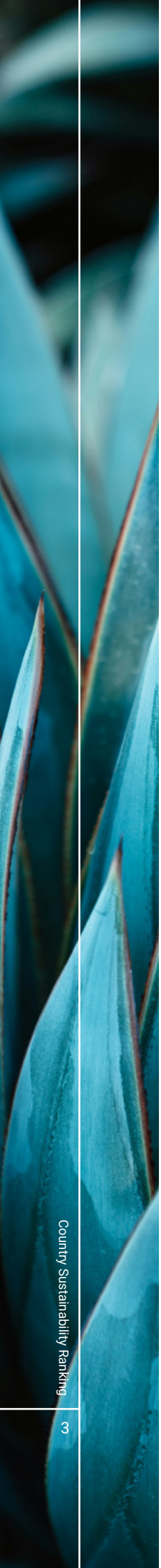
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# I. Emerging countries universe

## 1. A pioneer in sustainability analysis for emerging economies

Emerging economies are generally considered to have high potential, notably due to their growing populations which tend to be younger than those of their OECD counterparts. Although most are not always seen as being sustainable or democratic, integrating sustainability criteria into the management of a portfolio investing in these countries provides real added value.

**Integrating sustainability factors into the analysis of emerging market issuers is compatible with and adds value to a sovereign debt portfolio.** Doing so 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. Increasingly credit rating agencies are integrating ESG related indicators in their country credit ratings highlighting that DPAM was ahead of the curve in systematically adopting this approach.

The world population currently stands at around 8.3 billion. According to United Nations statistics, this number is projected to grow to 9.5-9.7 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 environmental challenges, it entails **a challenge for the entire economy.**

The uprisings in the Middle East and large migratory movements continue to highlight the importance of the democratic process and the guarantee of civil rights and freedoms. **Inequality** within a population where high unemployment exists, in particular among youth, creates an insecure and unstable climate, which could lead to 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 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 countries incorporating their specific characteristics.**



## 2. Sustainability ranking
November 2026

The starting universe is composed of 87 countries, mainly defined by **the existence of a local or hard currency sovereign debt market.** The sustainability ranking enables the identification of 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 us 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.



## 3. A wellbeing model for countries

It is generally agreed that this decade is key for accelerating the transition and that this will determine  impact in coming decades.

Currently, the economy is not serving citizens and the planet and is showing its limits in terms of growth.

As Sandrine Dixson-Declève, Co-President of the Club of Rome, mentioned during her keynote speech at the Impact Finance Day in Belgium: we need to shift **from a GDP-based economy to an economy based on values for citizens and the planet, for a wellbeing model.**

Instead of looking at growth through the lens of GDP, she suggested we look at whether the economy finances education or good quality health for all. This is exactly what our model has done since 2007.

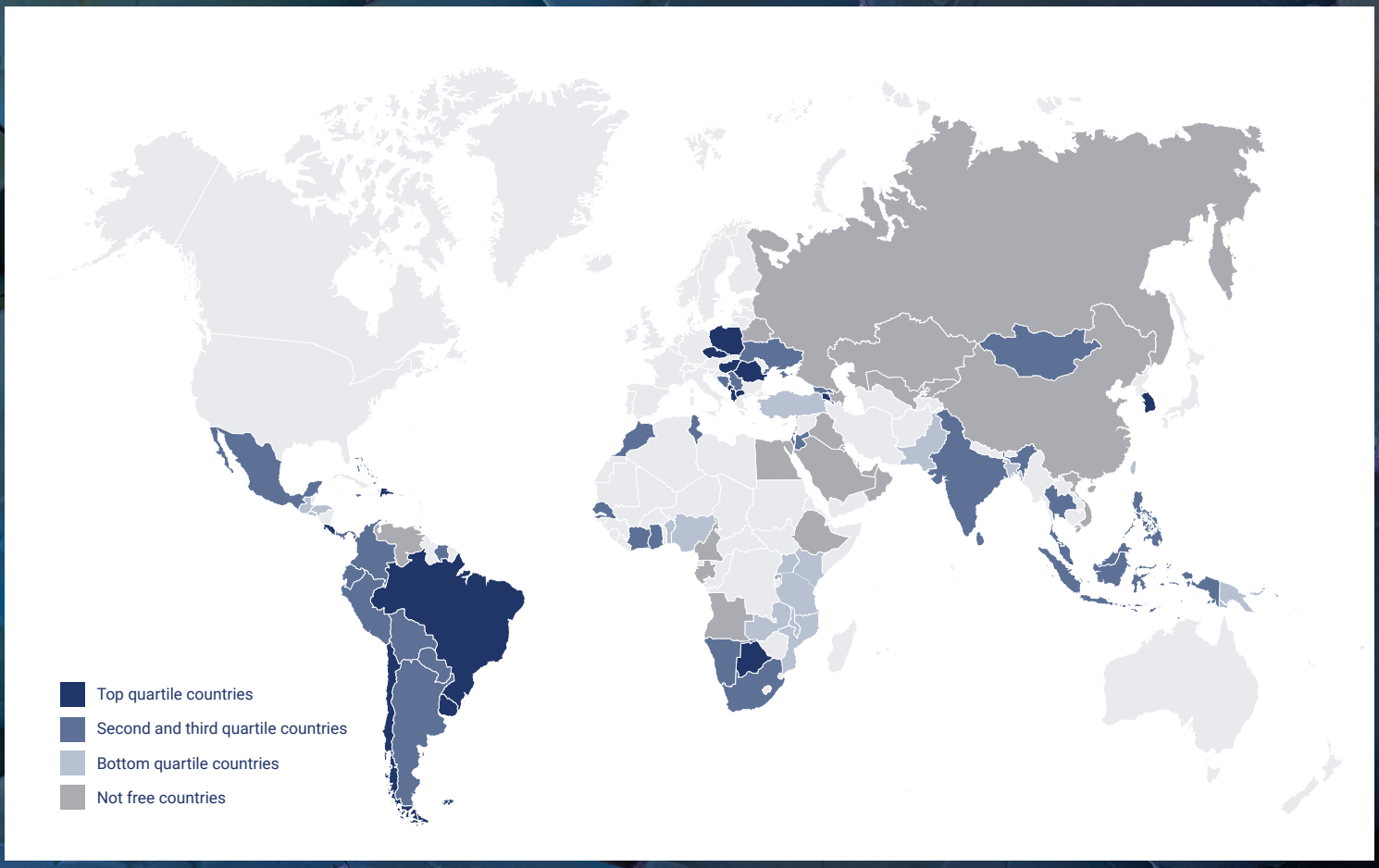
**Today we face two scenarios: either business as usual or the acceleration of the transition.**

Scientific evidence is clear on the first option: the slower the action, the worse the impact, the higher the cost and the more challenging the transition will be with severe consequences including in terms of poverty and inequality.

We can currently see in Western countries how our economic system is increasing social tensions and inequality and decreasing wellbeing. Therefore, at DPAM, we are convinced about how **meaningful** our model, articulated around challenges such as the environment, governance and democratic requirements, wellbeing/health, and education/innovation, is.

Quantitative metrics and the complex challenges of modelling, both present boundaries. As a result, we constantly review our model, to ensure that it **captures the most relevant challenges accurately.**

## Figure 1. Emerging countries




Source: DPAM, November 2026

# Figure 2. Sustainable country ranking of emerging countries

| Top quartile countries | # | H2 2026 | H2 2025 |
|---|---|---|---|
| Czech Republic | 1 | 76 | 75 |
| Chile | 2 | 76 | 76 |
| Poland | 3 | 73 | 75 |
| Uruguay | 4 | 73 | 74 |
| South Korea | 5 | 73 | 72 |
| Albania | 6 | 73 | 71 |
| Hungary | 7 | 72 | 71 |
| Costa Rica | 8 | 70 | 74 |
| Montenegro | 9 | 69 | 69 |
| Singapore | 10 | 68 | 70 |
| Romania | 11 | 68 | 69 |
| Armenia | 12 | 67 | 68 |
| Macedonia | 13 | 67 | 66 |
| Brazil | 14 | 67 | 68 |
| Botswana | 15 | 66 | 64 |
| Dominican Republic | 16 | 65 | 63 |

| Second and third quartile countries | # | H2 2026 | H2 2025 |
|---|---|---|---|
| Ghana | 17 | 64 | 61 |
| Colombia | 18 | 64 | 66 |
| Jordan | 19 | 64 | 63 |
| Panama | 20 | 64 | 66 |
| Israel | 21 | 64 | 63 |
| Argentina | 22 | 63 | 65 |
| Bahamas | 23 | 62 | 65 |
| Namibia | 24 | 62 | 65 |
| Ukraine | 25 | 62 | 59 |
| Georgia | 26 | 62 | 66 |
| Serbia | 27 | 62 | 62 |
| Mexico | 28 | 61 | 63 |
| Jamaica | 29 | 61 | 60 |
| Paraguay | 30 | 61 | 63 |
| Bosnia and Herzegovina | 31 | 61 | Not liquid |
| Trinidad and Tobago | 32 | 61 | 58 |

| Second and third quartile countries | # | H2 2026 | H2 2025 |
|---|---|---|---|
| Malaysia | 33 | 60 | 64 |
| Suriname | 34 | 60 | 57 |
| Morocco | 35 | 60 | 60 |
| Sri Lanka | 36 | 59 | 61 |
| Ecuador | 37 | 59 | 62 |
| Bolivia | 38 | 59 | 60 |
| Philippines | 39 | 58 | 61 |
| South Africa | 40 | 58 | 59 |
| Peru | 41 | 58 | 60 |
| Thailand | 42 | 58 | 63 |
| Senegal | 43 | 58 | 57 |
| Tunisia | 44 | 58 | 57 |
| Mongolia | 45 | 57 | 61 |
| Côte d'Ivoire | 46 | 56 | 57 |
| Indonesia | 47 | 56 | 59 |
| India | 48 | 56 | 57 |

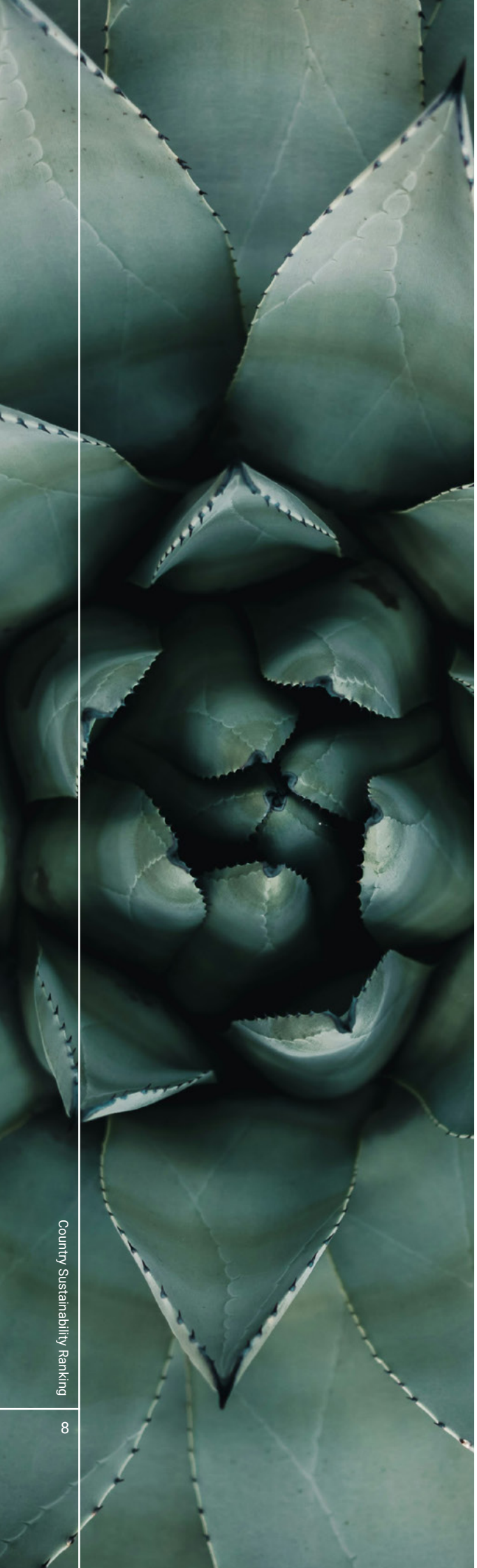
| Bottom quartile countries | # | H2 2026 | H2 2025 |
|---|---|---|---|
| El Salvador | 49 | 55 | 58 |
| Zambia | 50 | 55 | 54 |
| Guatemala | 51 | 55 | 55 |
| Kenya | 52 | 55 | 49 |
| Turkey | 53 | 54 | 57 |
| Malawi | 54 | 54 | 55 |
| Honduras | 55 | 54 | 54 |
| Tanzania | 56 | 53 | 56 |
| Benin | 57 | 53 | 55 |
| Bangladesh | 58 | 51 | 55 |
| Lebanon | 59 | 50 | 49 |
| Mozambique | 60 | 49 | 49 |
| Papua New Guinea | 61 | 48 | 42 |
| Nigeria | 62 | 45 | 48 |
| Pakistan | 63 | 44 | 43 |
| Uganda | 64 | 44 | 45 |
| Taiwan | 65 | -100 | -100 |

| Not free countries | H2 2026 |
|---|---|
| United Arab Emirates | 60 |
| Oman | 58 |
| Qatar | 58 |
| Saudi Arabia | 57 |
| Venezuela | 54 |
| Belarus | 54 |
| Azerbaijan | 54 |
| Bahrain | 54 |
| Uzbekistan | 53 |
| Kyrgyzstan | 53 |
| Kazakhstan | 52 |
| Rwanda | 52 |
| Vietnam | 52 |
| Egypt | 51 |
| Cameroon | 47 |
| China | 47 |
| Gabon | 47 |
| Kuwait | 47 |
| Russia | 45 |
| Angola | 44 |
| Ethiopia | 43 |
| Iraq | 39 |

Top quartile countries | Second and third quartile countries | Bottom quartile countries | Not free countries

* Total outstanding amount of bonds below EUR 2 billion

Source: DPAM, November 2026



# II. Principles to analyse emerging countries

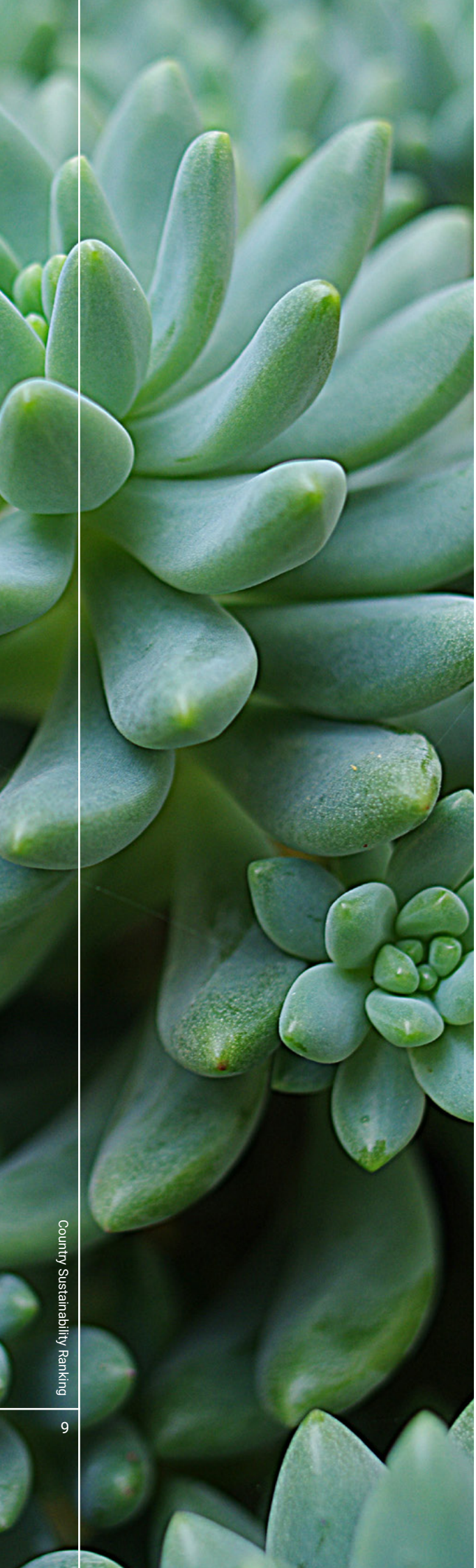
## 1. Democracy as starting point

The core of the model is democratic values. Upholding these is a moral obligation for DPAM, a convinced sustainable investor. Academic research has demonstrated the correlation 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 based on approximately twenty questions and assesses the democratic level of a country. Countries are 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. Our investment strategy linked to this sustainability ranking means that DPAM does not invest 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, Venezuela, Cameroon, and Ethiopia.

**Studies indicate a clear link between the democratic level of a country and its sustainability.** It is therefore no surprise that the majority of those countries deemed 'not free' are at the bottom of the sustainability ranking.



## 2. Sustainability: real added value

Our analysis provides important information regarding the sustainability levels of the countries that have been studied. It enables comparison between countries which have a similar level of economic development, but which differ with regard to social, ecological and corporate governance development. Making a clear and thorough analysis of a country's sustainability 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 in context.

The objective is not to exclude countries which have low sustainability scores, 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 respecting civil liberties and political rights, the freedom of the press and gender equality is a long-term process, particularly if these rights have been violated for many years. Therefore, the progress made by countries should be closely monitored.

## 3. Global coverage

The extra-financial research performed by DPAM covers countries in which investors may want to invest (38 OECD countries and 87 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 thorough 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 specific circumstances of those countries.



# III. Country sustainability

## 1. What is sustainability?

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

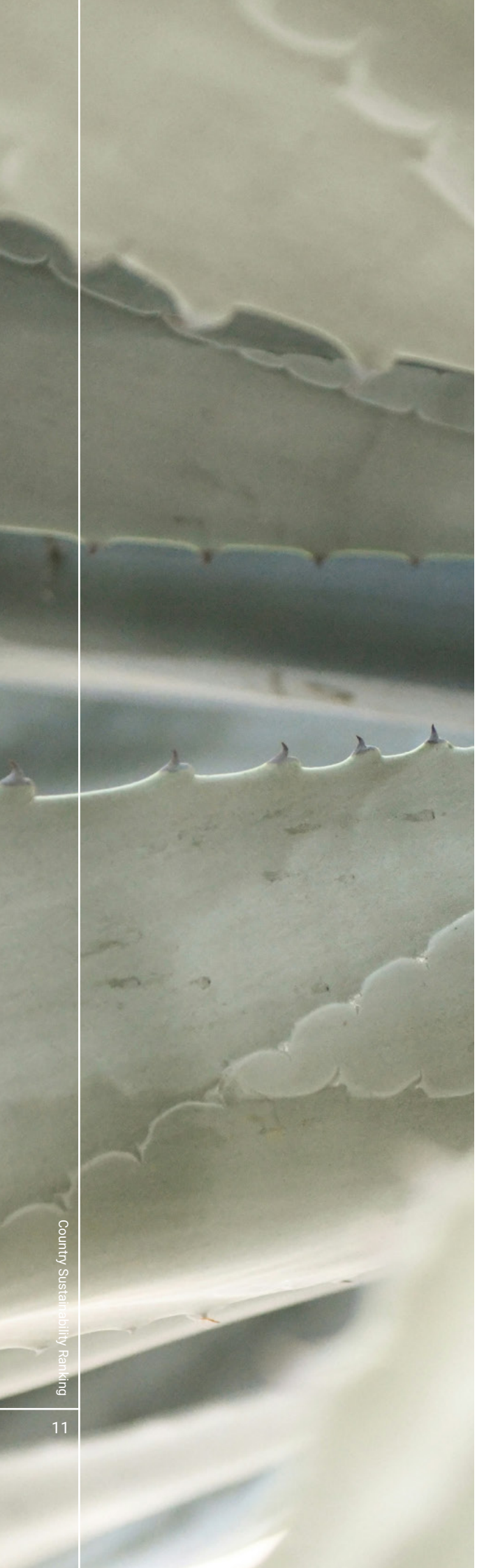
Sustainability at country level differs from sustainability at company level. **A sustainable country is committed to fully ensuring the freedom of its citizens and invests in their personal development and welfare. It respects the environment and is reliable in terms of international responsibilities and commitments. It ensures its future and invests in future generations (education and innovation).**

## 2. How to measure the sustainability of a country?

Three main approaches are used to measure the sustainability of a country:

1. **The legal approach**, with the emphasis on treaties and offences related to government actions. It should be noted however that agreement on treaties is not always fully binding and there is often no penalty where violations occur.
2. **The extreme stakeholder approach**, the problem with this approach is the importance of the number of stakeholders and parameters to be considered, giving rise to the possible dilution and irrelevance of indicators.
3. **The exclusion approach**, this consists of exclusions based on controversial activities, examples being whale hunting and deforestation.

These approaches raise the issue of the moral threshold level; this is complicated as it is a subjective question.



# IV. DPAM's country sustainability model

## 1. Key principles

Lack of information and an associated model encouraged DPAM to develop **an in-house research model in 2007**. Given the subjectivity of the issues, key principles were defined from the beginning:

**01** **Existence of an advisory board:** including 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:** we use numeric data, from reliable sources that is comparable for all countries

## 2. CSAB (Country Sustainability Advisory Board)

The role of the CSAB is:

**01** To select the sustainable criteria which fulfil the key principles and are the most relevant in the framework of the sustainability assessment of the emerging markets universe.

**02** To determine the weights attributed to each indicator.

**03** To critically and accurately review the model and the ranking to ensure continuous improvement.

**04** To validate the ranking of the developed economies.

The CSAB consists of seven voting members, four external experts. The complementary background of the members provides a high level of expertise and knowledge of the issues 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**

**Aleksandar Rankovic**
Researcher at IDDRI
(Institute for Sustainable Development and International Relations)

**François Gemenne**
Full Professor at HEC Paris
and Senior Researcher at FNRS
(University of Liège)

**Jan Schaerlaekens**
Deputy head of Staff Energy and Climate at the Flemish Government

**Tom Vandenbosch**
General Director at VVOB



**Ophélie Mortier**
Chief Sustainable Investment Officer

**Julie Gossen**
Responsible Investment Specialist,

**Lina Arrifi**
Responsible Investment Specialist,

**Filipe Gropelli Carvalho**
Sovereign Emerging Markets analyst

**Félicie Jonckheere**
Sovereign Developed Markets analyst

**DPAM Internal members**

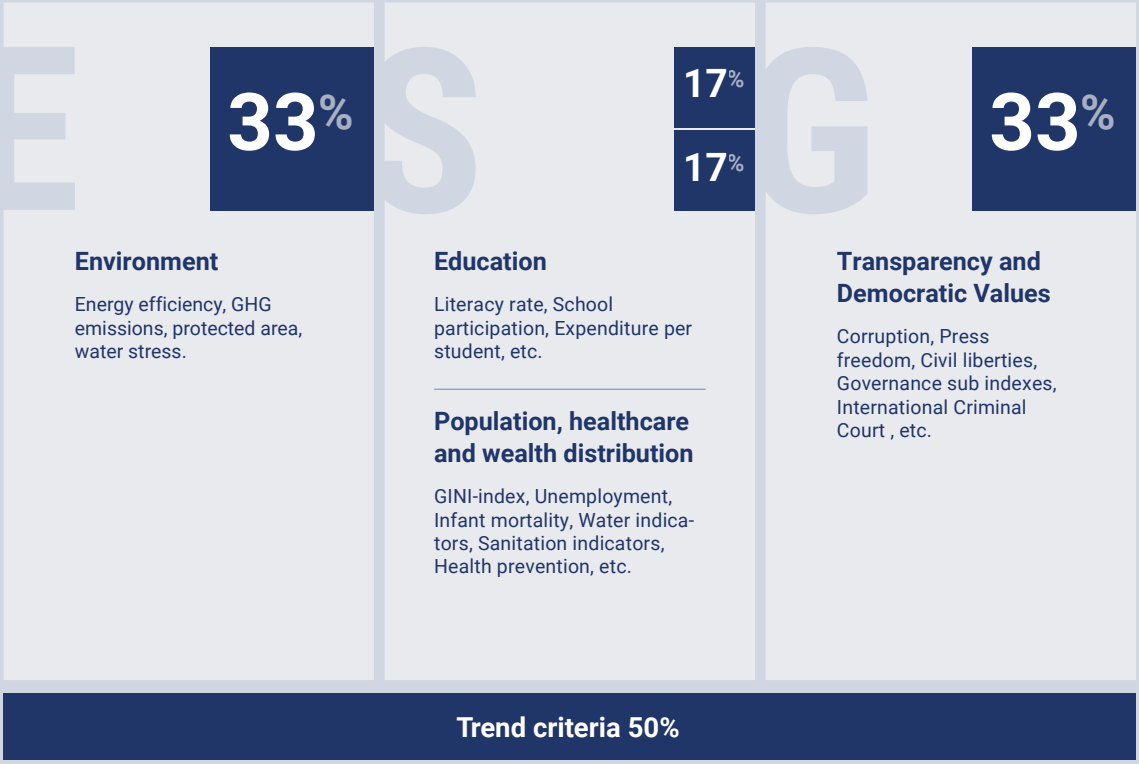


## 3. Selective and objective criteria

The framework of the sustainability model includes the capabilities governments can use to influence policy (authorities, law). 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.

## 4. Best-in-class combined with best approach

Our sustainability analysis focuses on four key ESG drivers which are all assigned a weight in the model:




Source: DPAM

Each key driver considers a variety of different criteria.

**Transparency and democratic values** takes into account: emigration, gender equality, institutions, international treaties, rights and liberties and security.

**The environment considers:** air quality and emissions, biodiversity, climate change and energy efficiency.

**Education and innovation** takes into account: equal opportunities, innovation, participation and quality.

**Population, health and wealth distribution considers:** basic human needs, demography, health and wellness, inequality and labour rights.

**Different indicators are chosen to reflect the criteria of each key driver. The model has over 50 indicators.**

Each country receives a score ranging from 0 (worst) to 100 (best) based on its relative position compared to other countries (the comparison to the difference between the maximum and the minimum).

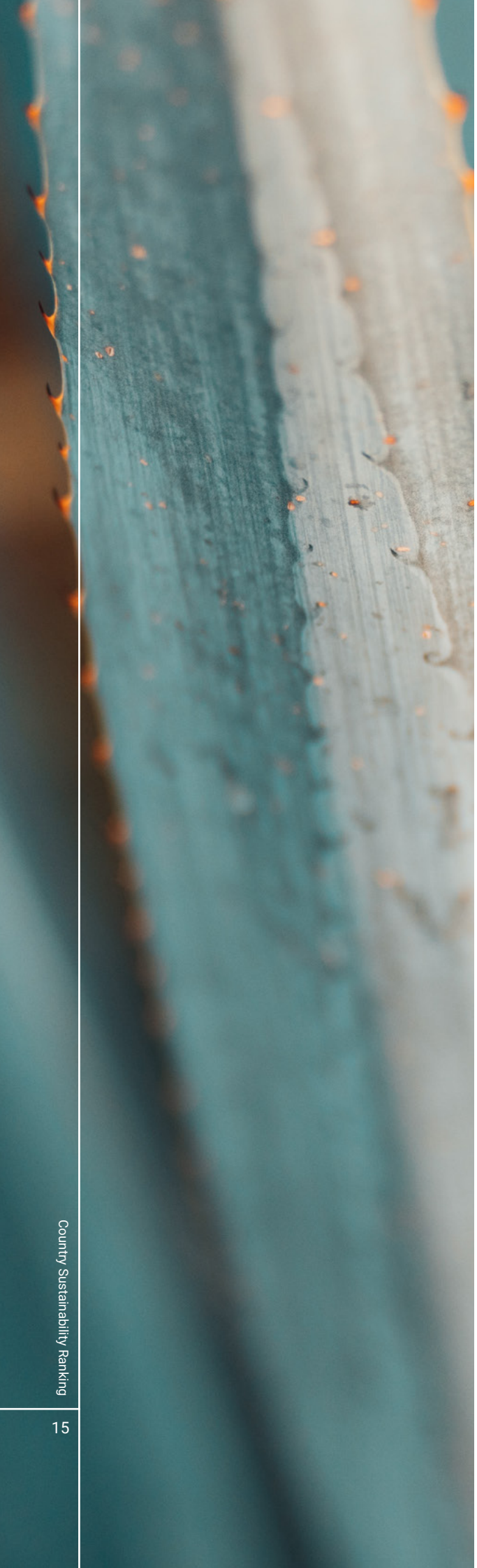
For binary criterion such as the signing of the Ottawa Convention a score of either 0 or 100 will apply.

The final score of a country is equal to the weighted average of the scores on each criterion, using the weights which are decided by the Country Sustainability Advisory Board. The final scoring is rounded up.

Progress and improvement are taken into consideration through a trend component with a 50% weight which enables us to reward countries that have just started their sustainability journey but are rapidly improving. Conversely, sustainable countries which rank well can not rely on past performance but should remain ambitious and improve over time.

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

For more information about our country model please see the **disclosure requirements**.



# V. Holistic view and engagement

The indicators used in the model take into account the **three key dimensions of sustainability (environment, social and governance)**. Each dimension is equally important, but the three are interconnected.

In recent years, we have witnessed several disruptions and even contradictions regarding governance, social concerns and environmental issues. Therefore sustainability analysis at country level has been essential in creating an integrated model.

### Governance

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

### Social

As a lack of credible and meaningful policies can impact the social stability of a country sound corporate governance is essential. At the same time, social instability weighs on the long-term growth potential and economic development of a country.

### Environment

In terms of the environment the model considers GHG intensity, air quality and biodiversity, among other criteria. The example of citizens, through NGOs, suing States for a lack of responsibility in their environmental ambition and emissions targets – is testament to the strong relationship between governance and the environment.

## 1. The model predates the Sustainable Development Goals

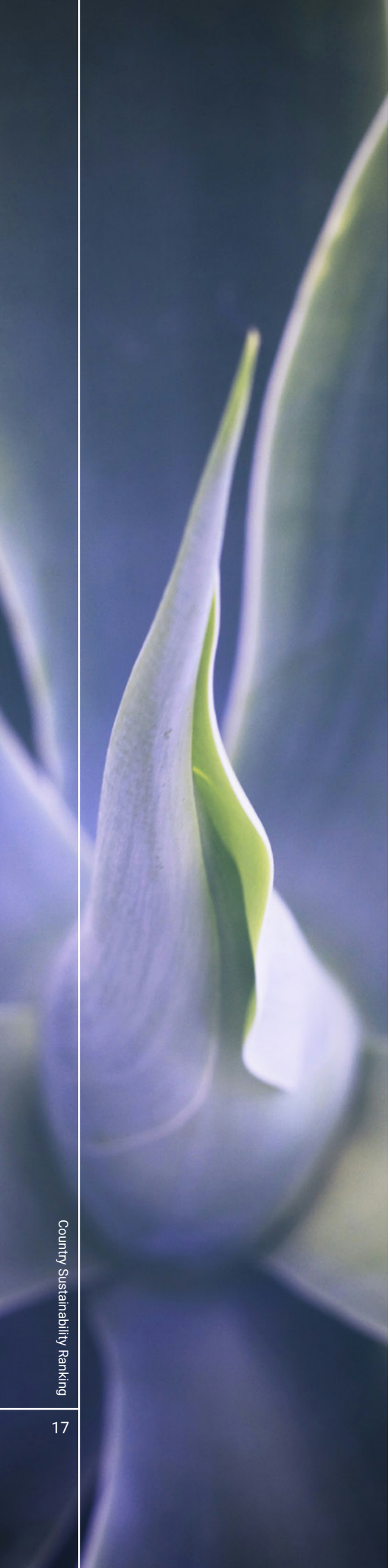
The 17 Sustainable Development Goals (SDGs), which followed on from the Millennium Development Goals, were launched by the United Nations between 2000 and 2015 and advocate for sustainable development in the economic, social and environmental domains. These goals reaffirm human rights and the intention to eradicate poverty, hunger and inequality by the end of 2030.

The 17 SDGs have been adopted by nearly 200 countries. They present a unique opportunity to channel more investment towards major environmental and social challenges.

DPAM is proud of its pioneering sustainability model that predates the SDGs. The SDGs are much more than a different framework for communicating our ESG and sustainable investment philosophy. We review the country model, taking into account the SDGs, to increase its relevance and to better integrate these objectives in our investment decisions.



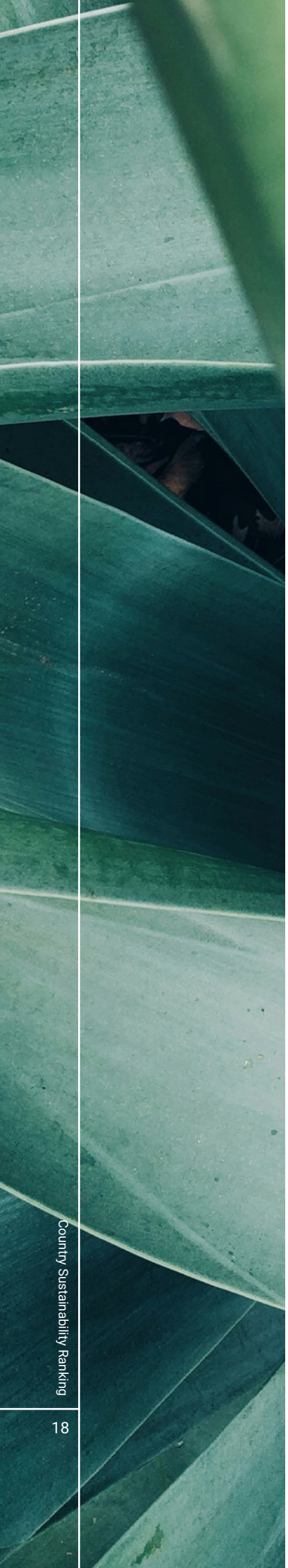

Source: DPAM



# VI. International and engagement

## 1. Sources are internationally recognised

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, the World Bank, the International Monetary Fund, the United Nations Development Programme and the US Central Intelligence Agency. Data are complemented by information drawn from leading non-governmental organisations such as Freedom House, Transparency International and the World Economic Forum.



## 2. Engaging with countries as sovereign bond holders

Dialogue with the stakeholders is at the heart of our fundamental research and investment process. Engaging in dialogue is a means to fine-tune fundamental research-driven investment decisions and to spread best practice and innovative solutions to ESG challenges.

**DPAM uses engagement as a due diligence process, integrated in our commitment to be active, sustainable and research driven.**

Engaging with sovereigns allows us to actively contribute to the promotion of responsible governance and sustainable development and DPAM is convinced of the important role **sovereign bonds** play as a means of financing the transition to a low carbon economy.

An engagement is meaningful as soon as it has an impact, for example, when it leads to change and progress. However, we use a different approach when engaging with countries than when engaging with companies. **Engagement with sovereign bond issuers is based on dialogue** for mutual learning and it therefore aims to provide an exchange of information and best practice.

**The dialogue is structured according to a multi-step process** that progresses from awareness raising to focusing on the Paris Agreement's strategy and commitments. Our primary objective is to raise awareness among governments about the importance of ESG integration, including in sovereign bond investments.

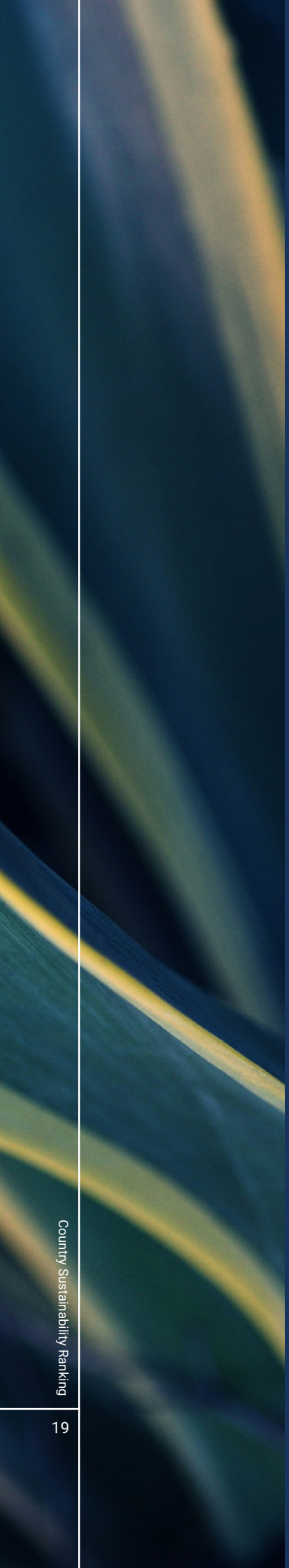
**ESG factors provide a robust view on a country's risk profile, shedding light on how countries are managing environmental challenges, social inequalities and governance structures.**

1. In the first phase of an engagement our role is to **emphasise that investors consider ESG criteria** in their investment decisions to indirectly encourage the adoption of policies that foster sustainable development.
2. In the second phase, **we introduce DPAM's proprietary country model.** We explain how it works, what DPAM learns from it and in particular we discuss the scorecards DPAM produces for each of the countries eligible for investment. In this way, we highlight countries strengths and areas for attention, while gathering their feedback for a mutual exchange of information.
3. The third phase of engagement focuses on **the importance of green finance** and the country's potential in financing the transition. We highlight DPAM's expectations regarding the use of the proceeds from bonds and share our expectations on the qualities of or improvements possible to green finance frameworks.

Finally, we have an exchange about **a country's alignment with the Paris Agreement** and its ambition to reach Net Zero by 2050. Almost all countries have committed to achieve carbon neutrality by 2050, however it is important to assess the credibility of their claims and their pathway to reach this target.

The discussion about credible paths to alignment with the goals of the Paris Agreement is key for DPAM as a signatory of the Net Zero Asset Managers Initiative. Although sovereign bonds are typically out of the scope of such initiatives, we remain convinced of the importance of this asset class and therefore seek its alignment with our commitments.

For more information about how we engage with countries and examples, please see our **Engagement Policy** and **Engagement Activity Report**.



# VII. Country Focus: The Philippines

The Philippines' sovereign sustainability profile is better than its headline vulnerabilities suggest, but less robust than its democratic credentials alone imply.

Our internal score of 58.48 places it second among five regional peers, behind Malaysia at 60.43 but narrowly ahead of Thailand at 58.23; Indonesia scores 55.76 and Vietnam 51.87. Political rights and civil liberties lift the Philippines above most regional peers, while low per-capita emissions and female primary completion provide additional support. Important long-duration liabilities remain: weak institutional integrity, relatively poor learning and health outcomes, limited renewable deployment and biodiversity pressures.

## Philippines -sustainability scorecard 2026

# PHILIPPINES

| | Score | Rank | Strength/Weakness |
|---|---|---|---|
| | 58.5 | 39 | |

| | Score | Rank | Strength/Weakness |
|---|---|---|---|
| **Transparency and democratic values** | **54.3%** | **43** | |
| Emigration | 44.4% | 60 | |
| Gender equality | 58.8% | 26 | |
| Institutions | 38.9% | 42 | |
| International treaties | 66.7% | 45 | |
| Rights & liberties | 58.5% | 37 | |
| Security | 75.3% | 29 | |

| | Score | Rank | Strength/Weakness |
|---|---|---|---|
| **Population, healthcare and wealth distribution** | **62.4%** | **37** | |
| Basic human needs | 68.4% | 43 | |
| Demography | 80.4% | 5 | |
| Health & wellness | 58.6% | 48 | |
| Inequality | 38.8% | 33 | |
| Labour rights | 100.0% | 1 | |

| | Score | Rank | Strength/Weakness |
|---|---|---|---|
| **Environment** | **60.4%** | **49** | |
| Air quality & emissions | 74.7% | 27 | |
| Biodiversity | 49.9% | 48 | |
| Climate change | 50.6% | 29 | |
| Energy efficiency | 78.2% | 44 | |

| | Score | Rank | Strength/Weakness |
|---|---|---|---|
| **Education / Innovation** | **59.1%** | **37** | |
| Equal opportunities | 74.4% | 15 | |
| Innovation | 60.0% | 16 | |
| Participation | 53.0% | 41 | |
| Quality | 68.8% | 38 | |

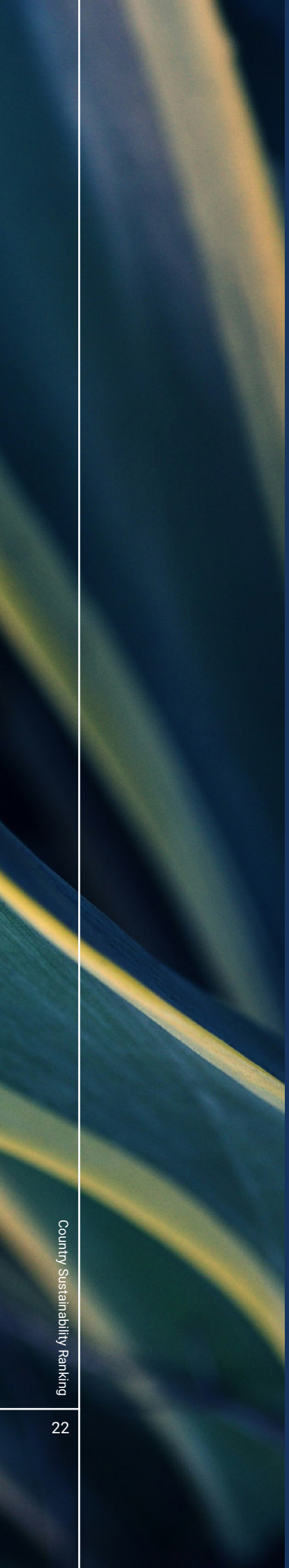
| Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
|---|---|---|---|
| 1-16 | 17-32 | 33-48 | 49-65 |

Source: DPAM

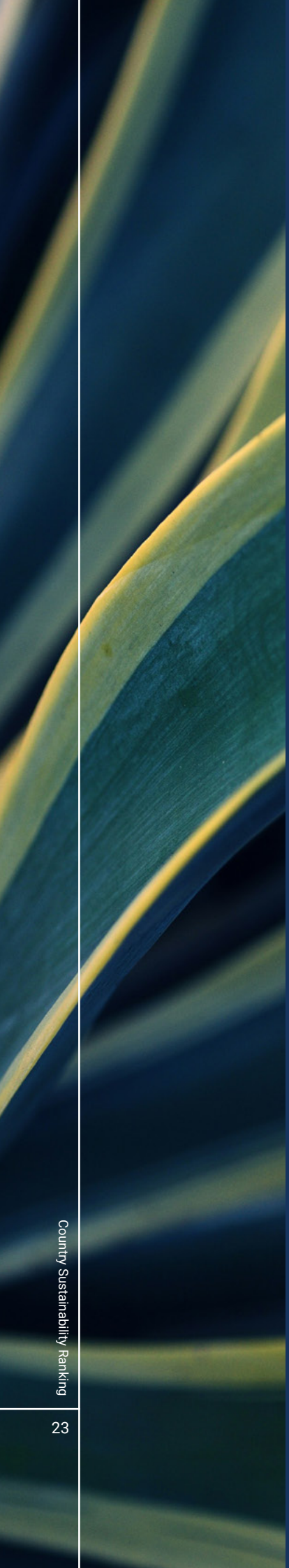
## 1. Comparison with its peers




Source: DPAM



# 02. Focus on ESG dimensions



# Environment

**Low emissions per capita limit current transition exposure, but do not yet demonstrate a successful energy transition**

Philippine fossil $CO_2$ emissions are around **1.5 tonnes per person**, materially below Malaysia, Thailand, Indonesia and Vietnam (**Our World in Data**).

This reduces near-term exposure to carbon-pricing and border-adjustment risks. However, low emissions partly reflect income and industrial structure rather than clean power, as coal remains dominant in electricity generation.

**Renewable capacity is expanding, but too slowly to remove energy-security risk**

Renewables account for roughly **30% of installed capacity but only around one-fifth of electricity generation**, while coal supplies most power. Government targets call for renewables to reach 35% of generation by 2030 and 50% by 2040 (**Philippine Department of Energy**; **IRENA**).

Faster deployment would reduce imported-fuel exposure, support the current account and limit pass-through from global energy shocks. Grid constraints, permitting and project execution are therefore central to both energy and fiscal resilience.

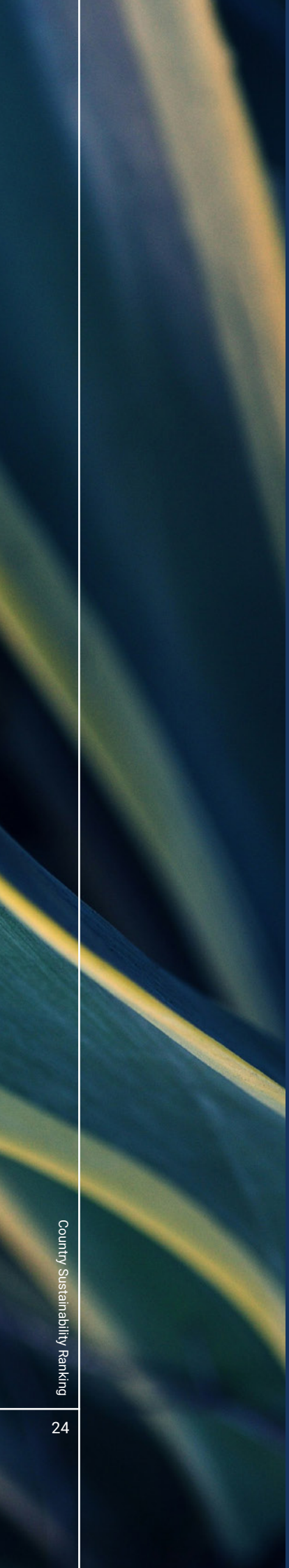
Protected-area for biodiversity coverage has expanded legally under the E-NIPAS framework, but effective financing, enforcement and marine protection remain the more meaningful tests (**Protected Planet**).

**Climate vulnerability remains the Philippines' most significant environmental risk**

The **WorldRiskIndex 2026 ranked the Philippines as the world's highest-risk country**, reflecting extreme hazard exposure combined with social and institutional vulnerability (**WorldRiskReport**).

The World Bank estimates that, without stronger action, climate damages could materially reduce output by 2040, with agriculture, infrastructure, urban areas and poorer households particularly exposed (**World Bank Philippines Country Climate and Development Report**).

Typhoons and floods raise reconstruction costs and disrupt revenue collection; drought affects crops and hydropower; heat and disease weaken labour productivity. Unlike one-off cyclical shocks, these effects compound over longer bond maturities.



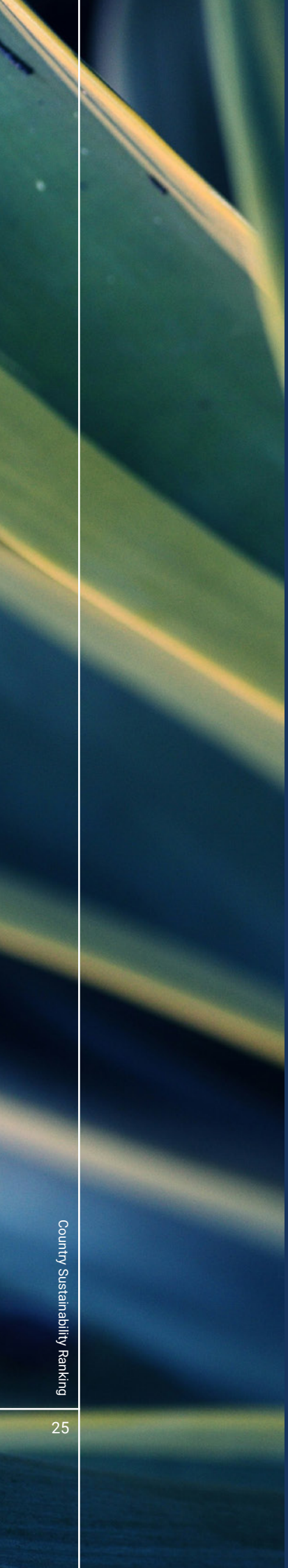
# Population, Health, Wealth

**Health outcomes have improved over time but remain weak relative to peers**

Life expectancy fell sharply during the pandemic and stood at roughly **70 years in the latest World Bank series**, below Malaysia, Thailand and Vietnam and not yet clearly back to its pre-pandemic trajectory (**World Bank**).

Infant mortality has declined from approximately 27–29 deaths per 1,000 live births around 2000 to about 20–21 deaths per 1,000 live births in recent data, but remains materially above Malaysia, Thailand and Vietnam (**World Bank**).

Preventive care, immunisation, nutrition and geographically unequal access remain high-return intervention areas. Weak health outcomes reduce labour-force participation and household savings while raising recurrent spending needs, limiting fiscal flexibility when climate shocks require emergency expenditure.



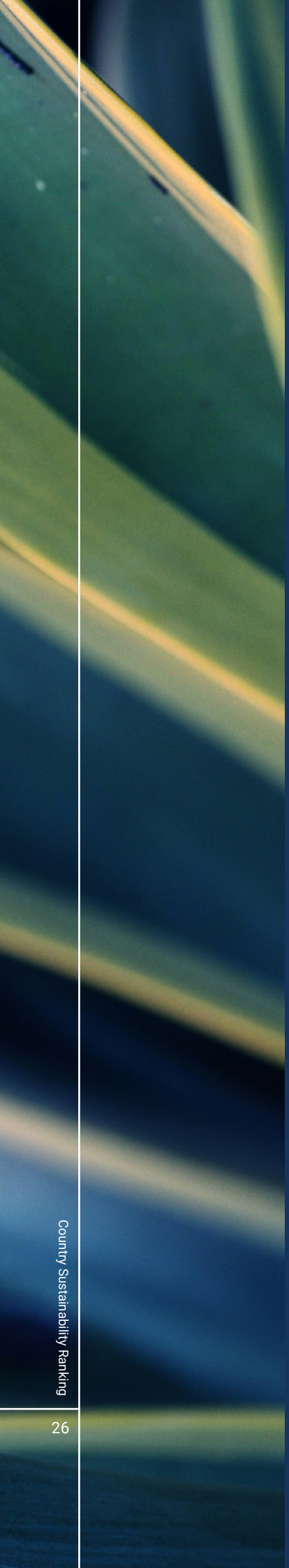
# Education

**Education access is stronger than education quality**

Girls' primary completion remains high and generally exceeds that of boys, supporting gender access and contributing positively to the social score. By contrast, functional literacy, learning quality and continued participation remain weaknesses. The 2024 Functional Literacy, Education and Mass Media Survey found high basic literacy but functional literacy of only around seven in ten; methodological changes limit direct comparison with the previous survey (**Philippine Statistics Authority**).

In PISA 2025, the Philippines achieved its strongest results since first participating in 2018, scoring 371 in mathematics, 367 in reading and 373 in science. Nevertheless, only 21% of students reached at least Level 2 proficiency in mathematics, 31% in reading and 32% in science, up from 16%, 24% and 23% in 2022, but well below OECD averages of 65%, 69% and 74% (**OECD, PISA 2025**).

Out-of-school risk remains concentrated among poorer households, older secondary-age children and remote communities. These education gaps constrain human capital, productivity, formal employment, digitalisation and future tax capacity, while requiring better-targeted public expenditure.



# Governance

**Democratic rights remain the clearest relative advantage**

Freedom House classifies the Philippines as 'Partly Free'. Competitive elections, active civil society and formal checks and balances distinguish it from more restricted regional systems such as Vietnam and Thailand, supporting disclosure, scrutiny and policy correction (**Freedom House**). That said, this relative democratic strength should not be interpreted as low political risk, as political polarisation and uncertainty around the 2028 electoral cycle remain material.

However, democratic openness has not translated into equally strong institutional capacity. Institutional integrity is the largest weighted deficit and directly affects fiscal-adjustment quality: the World Justice Project places the Philippines in the lower half of its Rule of Law Index, while the country scored 32/100 in the 2025 Corruption Perceptions Index, ranking 120th of 180 countries (**World Justice Project**; **Transparency International**).

The Philippines therefore combines relatively greater political voice with weaknesses in procurement integrity, enforcement consistency and administrative effectiveness. The central issue is not simply the deficit level, but how effectively public money is converted into infrastructure, health, education and climate resilience.

**Press freedom is a relative strength that is improving further**

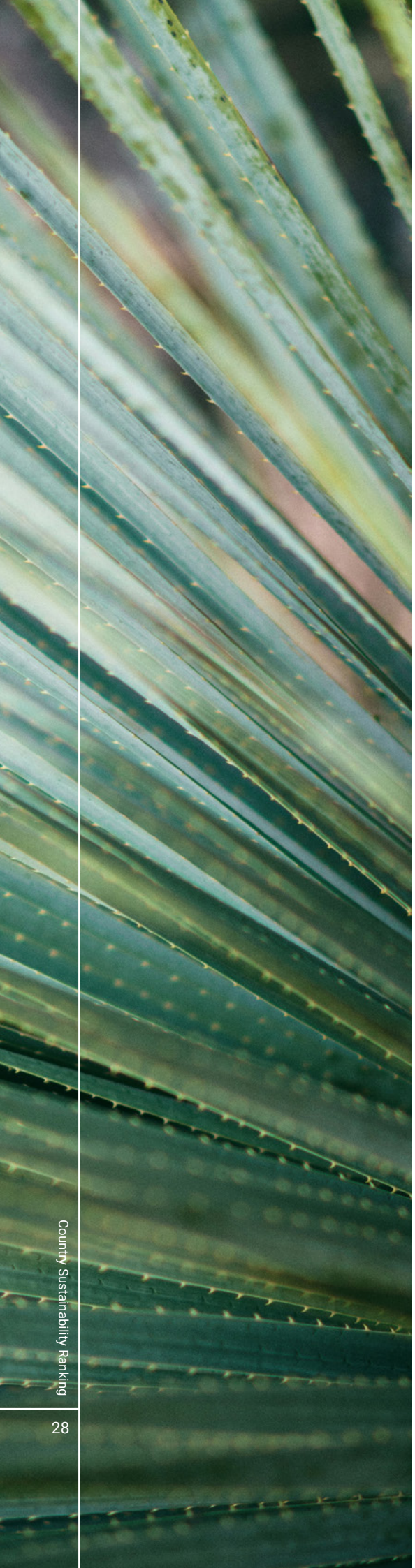
The Philippines improved to 114th of 180 in the 2026 Reporters Without Borders index, from 134th in 2024, although conditions remain challenging. A more plural media landscape strengthens controversy detection: scrutiny around the flood-control scandal prompted tighter controls while highlighting risks in project selection, execution and the delivery of intended resilience benefits (**Reporters Without Borders**).

## Bottom Line

**The Philippines total score is defensible: democratic rights, active civil society and improving press scrutiny, together with strong female primary completion and low per-capita emissions, offset, without eliminating weak institutional integrity, human-capital gaps, slow renewable deployment and exceptional climate vulnerability.**

**Closing the gap with Malaysia requires stronger outcomes: greater institutional integrity and more effective procurement and execution; better functional literacy and learning; improved preventive healthcare and access; faster renewable deployment; and more effective biodiversity protection and climate-resilience investment.**

**These structural gaps justify caution on longer maturities: weak conversion of public spending into productive and resilient assets, human-capital and health deficits, continued coal and imported-energy exposure, and exceptional physical-climate vulnerability weigh on fiscal resilience. They can also amplify external-account and currency pressures through higher energy imports, reconstruction needs and climate-related disruptions, supporting a higher term premium.**



# Reference sources

Amnesty International

Center for Global Development

Energy Institute

Freedom House

Global Forest Watch

Global Safety Net

Internal Macro team

International Criminal Court

Notre Dame Global Adaptation Initiative

OECD

OECD Stats

Plasteax

Reporters Without Borders

S&P Global

Transparency International

United Nations Climate Change

United Nations Development Programme - Human Development Reports

United Nations Digital Library

United Nations Food and Agriculture Organization Aquastat

United Nations Food and Agriculture Organization Stat

United Nations High Commissioner for Refugees

United Nations Office for Disarmament Affairs

United Nations Peacekeeping

United Nations SDG Indicators Platform

United Nations Treaty Collection

World Bank

World Economic Forum

World Prison Brief



# VIII. Commitment to Sustainability

**DPAM is committed to being a sustainable actor, investor and partner.** We seek to advance to thrive, ensuring growth that benefits clients, stakeholders and society as a whole. We believe that being a responsible investor goes beyond offering sustainable and responsible products; it is a global commitment at company level translated into a coherent approach.

**DPAM is committed to act as a sustainable and responsible market participant. Our engagement is threefold:**

**Defend basic and fundamental rights**
Human rights, labour rights, fight corruption and protect the environment

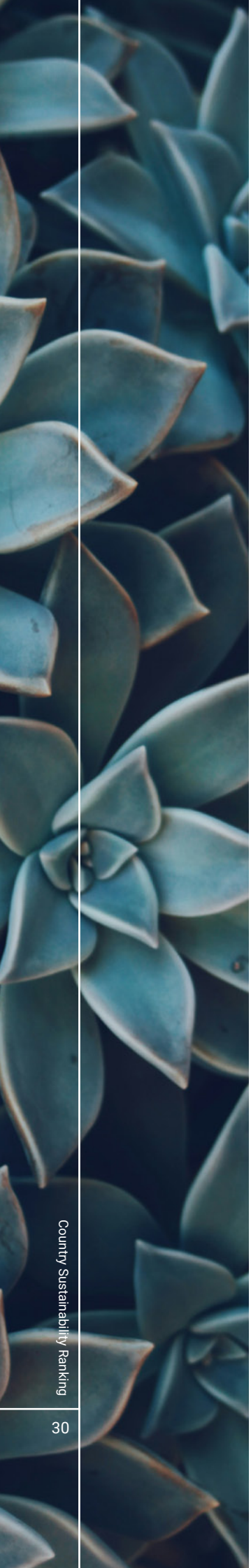
**Express an opinion on controversial activities**

- No financing of the usual suspects
- Clear controversial activity policy and engagement on controversial issues
- Avoid controversies that may affect reputation, long term growth and investments

**Be a responsible stakeholder and promote transparency**

- Find sustainable solutions to ESG challenges
- Engage with issuers, promote best practice and improvements

We are convinced of the risk/return optimisation that comes with the i**ntegration of Environmental, Social Governance (ESG) criteria**. We see sustainability challenges as risks and opportunities and we use ESG criteria to assess them in our investment decisions. As a result we define the ESG factors priorities and targets that are material for us. We are committed to the European Commission's 2030-2050 program for sustainable and inclusive growth.



## 1. Member & signatory

To affirm our commitment to long-term sustainable financial management, we are a signatory to various organisations. These all advocate responsible investment and offer insights into ESG challenges and opportunities.

**We are part of two key initiatives on shareholder responsibility and the fight against climate change: the PRI (since 2011) and the Net Zero Asset Managers initiative (since 2022).**

We have been supporters of **the TCFD recommendations** since 2018. In addition, we joined **Climate Action 100+** in 2019. That same year, we also became a signatory of **FAIRR**, a collaborative engagement initiative which seeks to decrease the environmental impact of the food value chain by encouraging the use of sustainable proteins within food products.

As the environment and biodiversity are such urgent global concerns, we have been supporters of **the Finance for Biodiversity Pledge** since December 2020. This Pledge calls on global leaders to protect and restore biodiversity through their financial activities and investments decisions. In 2020 we also joined the **Investor Alliance for Human Rights** to support sustainable investing that respects fundamental human rights

**DPAM became a member of the Emerging Markets Investor Alliance in 2023.** This Is a not-for-profit organisation that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. The Alliance seeks to raise awareness and advocate for these issues through collaboration among investors, companies or governments, and public policy experts.

In 2023, we engaged in two collaborative initiatives: **Advance** (a stewardship initiative for human rights and social issues launched by the UN-PRI); and **IIGCC** (The Institutional Investors Group on Climate change). The Advance initiative primarily seeks change through investors' use of influence with portfolio companies. DPAM's involvement is primarily on access to research, acting as the lead investor for EDP and Acciona, and in endorsing the initiative with public policy makers. IIGCC is the European membership body for investor collaboration on climate change. Their main objective is shaping sustainable finance and climate policy, supporting market development, and guiding investors in managing climate risks and opportunities in aligning portfolios with climate goals, among others. DPAM's involvement is linked to its commitment to the **Net Zero Asset Management initiative.**

In 2023 we also joined **Spring**, the UN PRI's stewardship initiative for nature and **Nature Action 100**, a PRI led collaborative initiative to tackle nature loss and biodiversity decline.

In 2024 DPAM became an early adopter of the **Task Force on Nature-related Financial Disclosures** which aims to enable investors to integrate nature related risks in investment decisions.

We joined the World Benchmarking Alliance in 2023, this enables us to engage with companies on salient human rights issues and a passive member of the **Investor Initiative on Hazardous Chemicals** which encourages manufacturers to increase transparency and to stop producing harmful chemicals.

For more information about our memberships and affiliations please see our **Sustainable and Responsible Investment Policy.**

## 2. Conviction & commitment

Recent decades have brought many challenges and we firmly believe that **sound corporate governance, a clear understanding of current and future environmental challenges and respect for social norms** are drivers for long-term sustainable performance. This vision is integrated in our mission and value statement.

Our goal is to offer first-rate expertise and to uphold our shared values and beliefs. Environmental, Social and Governance (ESG) considerations are integrated into our value proposition, **our fundamental research and our investment processes.**

## 3. Facts & Figures

**A growing focus on sustainable investing** for over 20 years

**Pioneer in sustainable sovereign debt over EUR 6.16 bn invested**
(as of end June 2026)

**Signatory of UN-PRI since 2011**
Strong performance scores for the eighth consecutive year

**EUR 22.99 bn is compliant with SFDR Article 8 with partial investment in sustainable investments & 9 funds**
(as of end June 2026)

Exercise our voting rights **across 1257 companies** globally

**DPAM corporate AuM with SBT** (science-based target) or **1.5°C alignment stands at 63%**
(as of end June 2026)

**Active via collaborative engagements**

**257 engagement letters** sent to 220 companies in 2025



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