DPAM

May 2025

Sustainability ranking

Emerging countries

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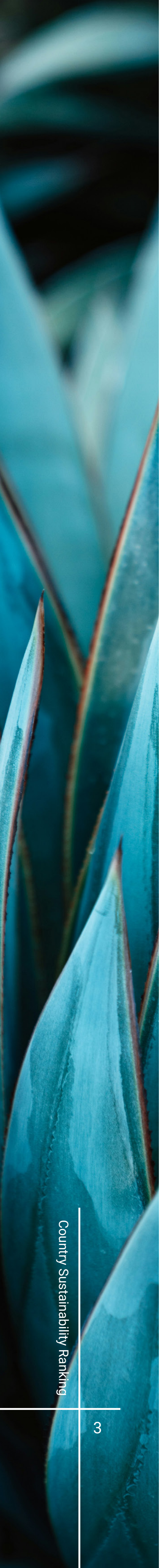


I. Emerging countries universe

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 just below 8.2 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 economy, 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
May 2025

The starting universe is composed of 85 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.

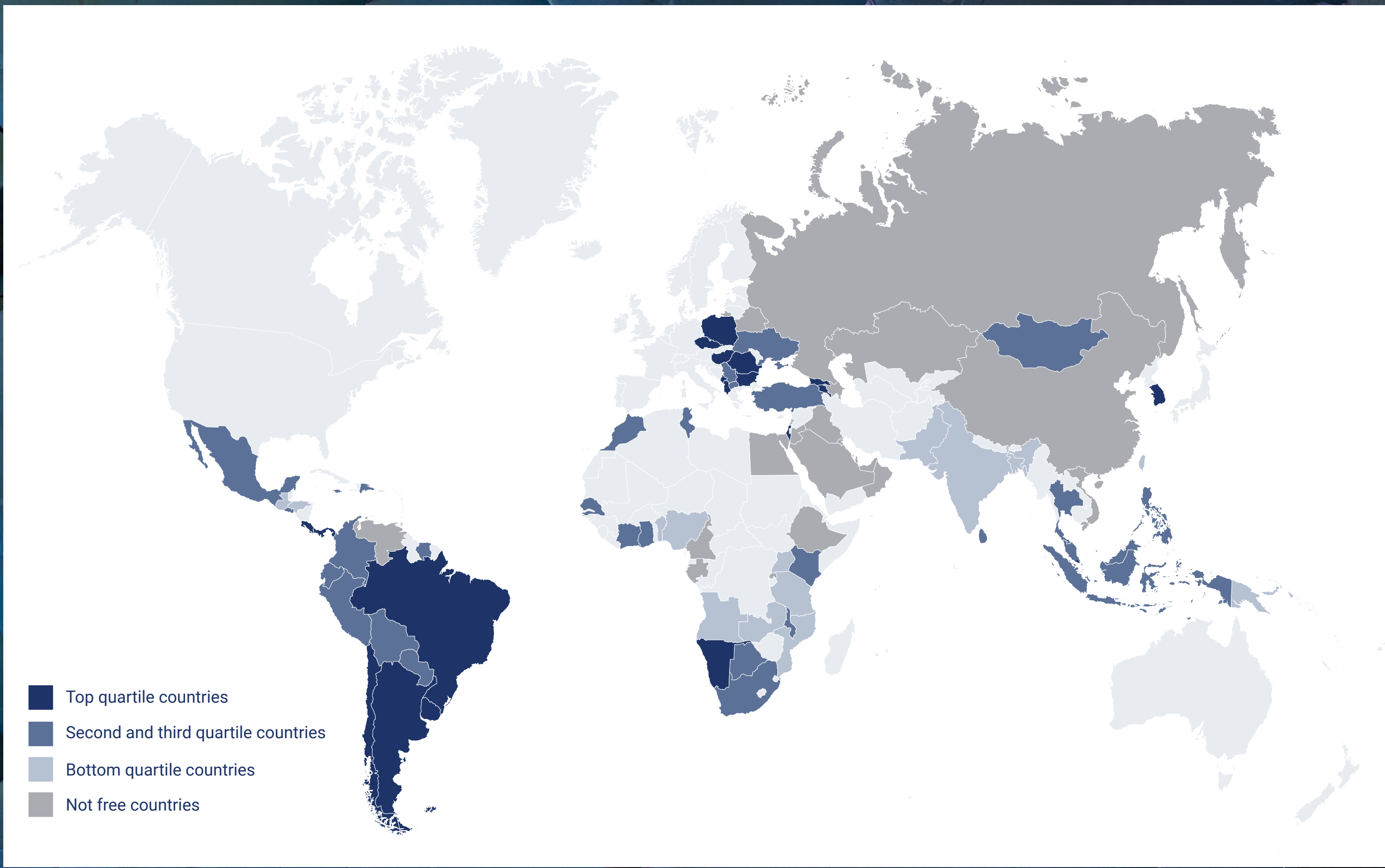
Today we face two scenarios: either business as usual or the acceleration of the transition.

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, May 2025

Figure 2. Sustainable country ranking of emerging countries

Top quartile countries

	#	H1 25	H1 24
Chile	1	75	72
Czech Republic	2	75	76
Uruguay	3	73	73
Poland	4	73	71
South Korea	5	72	74
Costa Rica	6	72	70
Singapore	7	71	71
Hungary	8	71	70
Bulgaria	9	70	67
Albania	10	69	67
Romania	11	68	68
Namibia*	12	67	66
Montenegro	13	67	64
Panama	14	66	65
Brazil	15	66	61
Bahamas	16	65	60
Armenia	17	65	64
Georgia	18	65	63
Israel	19	65	68

Second and third quartile countries

	#	H1 25	H1 24
Argentina	20	64	65
Thailand	21	64	63
Dominican Republic	22	64	63
Macedonia	23	63	63
Botswana	24	63	61
Malaysia	25	63	61
Colombia	26	62	59
Jordan	27	62	Excluded
Paraguay	28	62	59
Jamaica	29	62	62
Mexico	30	62	58
Peru	31	61	59
Serbia	32	61	59
Ecuador	33	61	60
Ghana	34	61	58
Philippines	35	61	57

Second and third quartile countries

	#	H1 25	H1 24
Zambia	36	60	53
Mongolia	37	60	57
Ukraine	38	59	55
Bolivia	39	59	55
Sri Lanka	40	59	57
Turkey	41	58	57
Tanzania	42	58	52
Indonesia	43	58	56
Suriname	44	58	57
Trinidad and Tobago	45	58	51
El Salvador	46	58	53
Senegal	47	58	54
Malawi	48	58	56
Morocco	49	57	53
Tunisia	50	57	56
South Africa	51	57	59

Bottom quartile countries

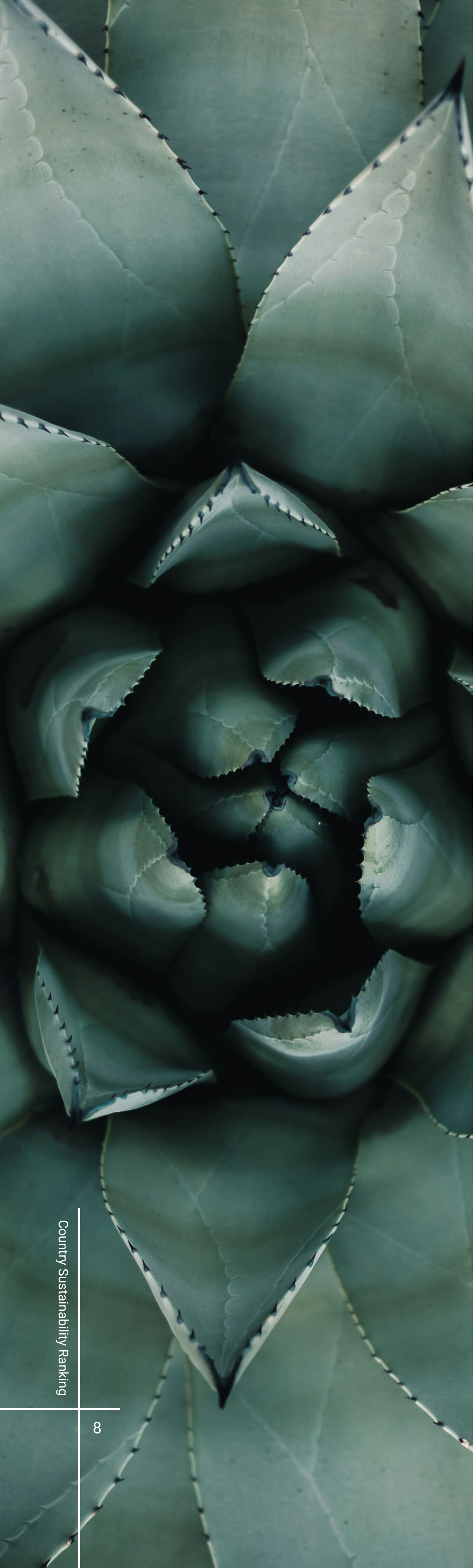
	#	H1 25	H1 24
Côte d'Ivoire	52	56	54
Kenya	53	55	56
Benin	54	55	50
India	55	55	51
Bangladesh	56	55	54
Guatemala	57	55	52
Honduras	58	54	49
Mozambique	59	49	46
Lebanon	60	48	45
Angola	61	47	41
Nigeria	62	47	40
Uganda	63	47	43
Pakistan	64	44	40
Papua New Guinea	65	43	42
Taiwan	66	-100	-100

Excluded

	H1 25
United Arab Emirates	61
Qatar	60
Kuwait	59
Oman	58
Saudi Arabia	58
Kazakhstan	56
China	56
Bahrain	55
Gabon	55
Rwanda	54
Venezuela	54
Belarus	54
Egypt	53
Vietnam	53
Azerbaijan	51
Russia	49
Cameroon	49
Ethiopia	44
Iraq	41

* Total outstanding amount of bonds below EUR 2 billion

Source: DPAM, May 2025



II. Principles to analyse emerging countries

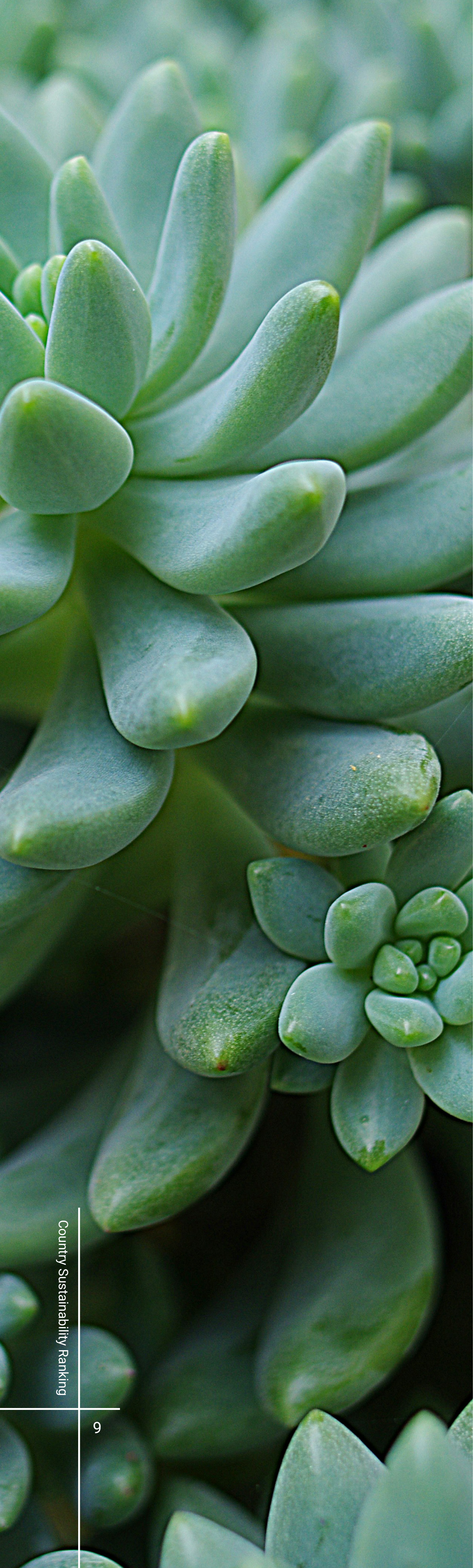
1. Democracy as starting point

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 85 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.

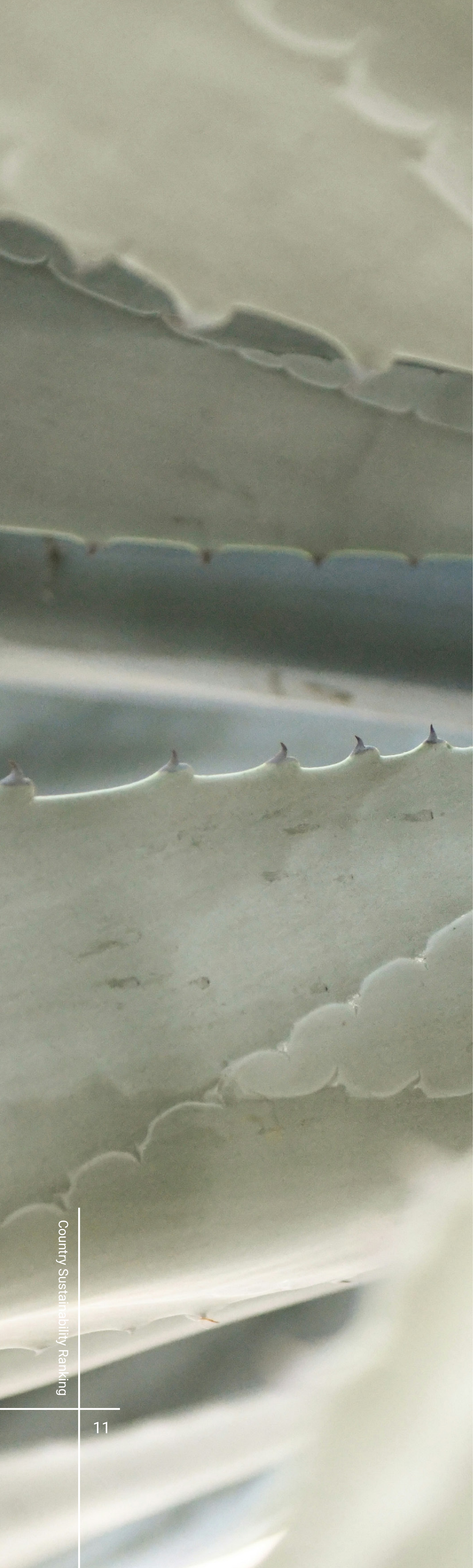
Sustainability at country level differs from sustainability at company level. **A sustainable country is committed to fully ensuring the freedom of its citizens and invests in their personal development and welfare. It respects the environment and is reliable in terms of international responsibilities 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 OECD 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
Professor at Sciences Po
(Paris) & ULB (Brussels)

Jan Schaerlaekens
Deputy at
Brussels Parliament

Tom Vandenboch
Global Director of
Programmes at VVOB

Ophélie Mortier
Chief Sustainable Investment Officer
DPAM

Ives Hup
Global Key Accounts Coordinator
DPAM

Julie Gossen
Responsible Investment Specialist,
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:

E	S	G
33%	17% / 17%	33%
Environment Energy efficiency, GHG emissions, protected area, water stress.	**Education** Literacy rate, School participation, Expenditure per student, etc. **Population, healthcare and wealth distribution** GINI-index, Unemployment, Infant mortality, Water indicators, Sanitation indicators, Health prevention, etc.	**Transparency and Democratic Values** Corruption, Press freedom, Civil liberties, Governance sub indexes, International Criminal Court , etc.

Trend criteria 50%

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 Fixed Income 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.

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

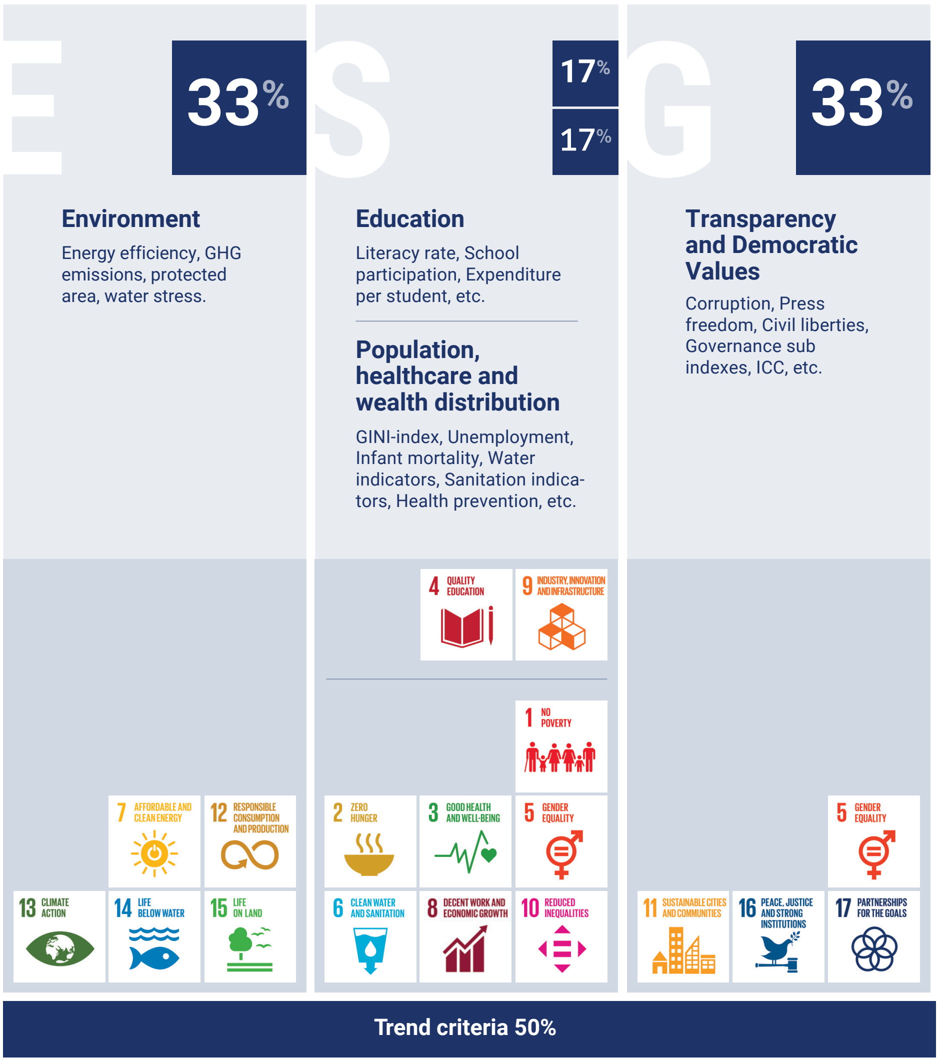
In terms of the environment the model considers GHG intensity, air quality and biodiversity, among other criteria. The example of citizens, through NGOs, suing States for a lack of responsibility in their environmental ambition and emissions targets – is testament to the strong relationship between governance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

1. The model predates the Sustainable Development Goals

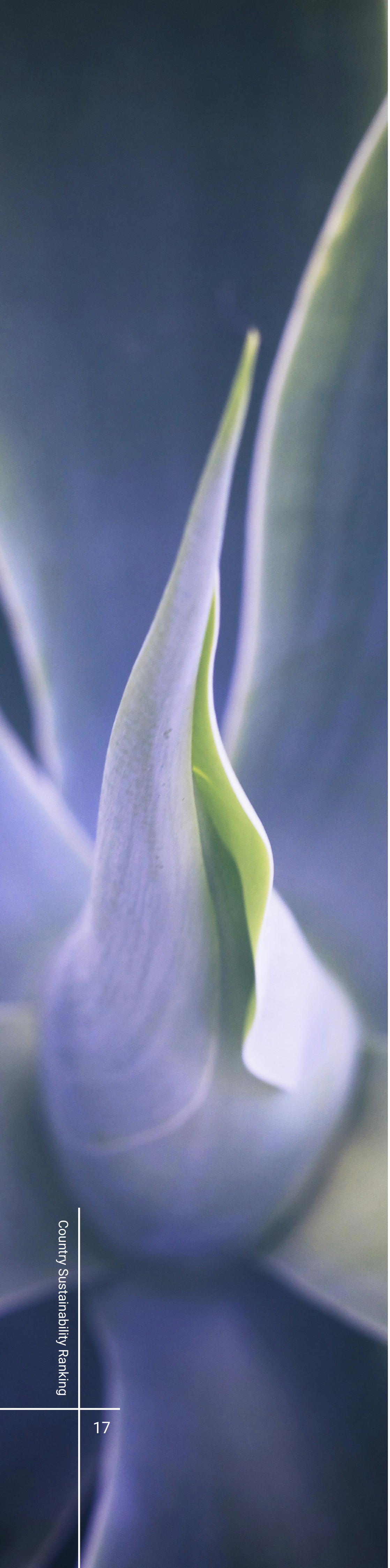
The 17 Sustainable Development Goals (SDGs), which followed on from the Millennium Development Goals, were launched by the United Nations between 2000 and 2015 and advocate for sustainable development in the economic, social and environmental domains. These goals reaffirm human rights and the intention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



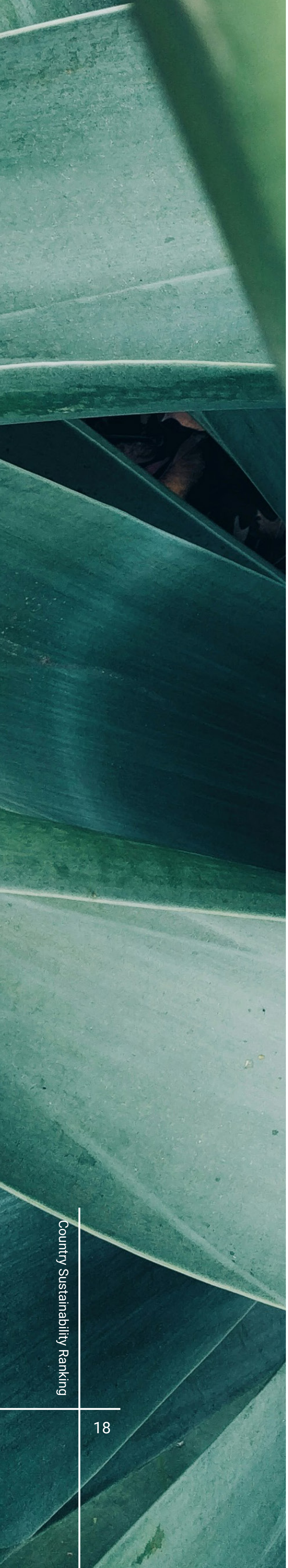
Source: DPAM



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.

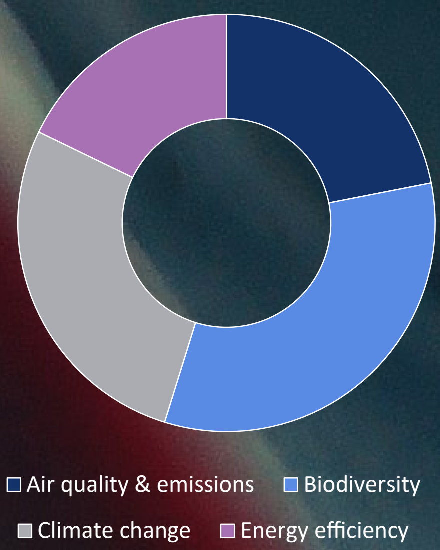
Finally, we have an exchange about **a country's alignment with the Paris Agreement** and its ambition to reach Net Zero by 2050. Almost all countries have committed to achieve carbon neutrality by 2050, however it is important to assess the credibility of their claims and their pathway to reach this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

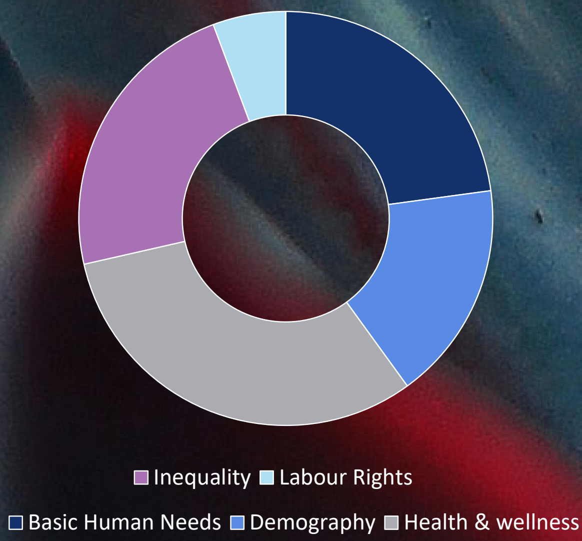
For more information about how we engage with countries and examples, please see our Engagement Policy and Engagement Activity Report.

VI. Thematic content

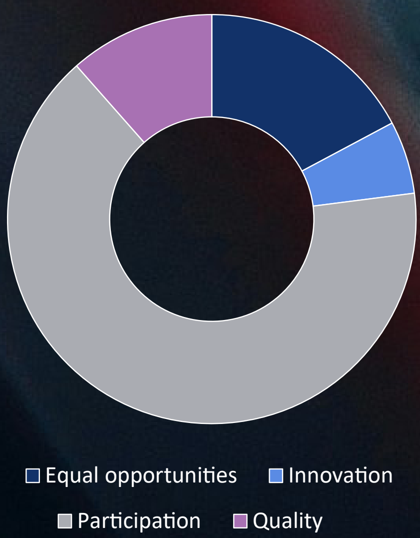
Environment



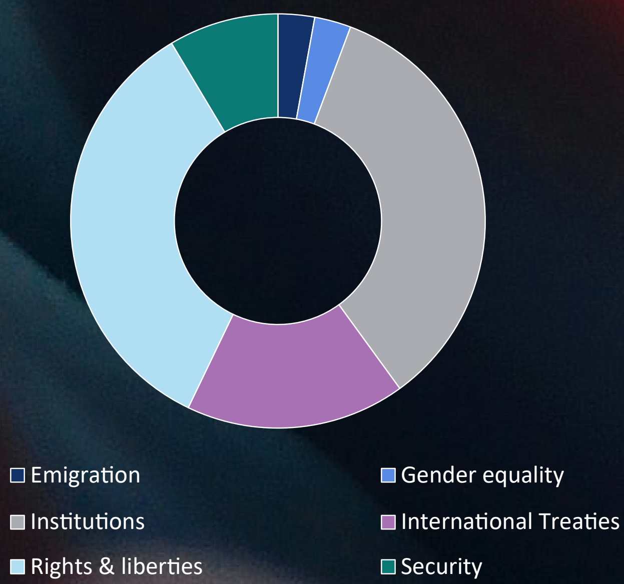
Population



Education



Transparency



Environment - a focus on the Paris Agreement

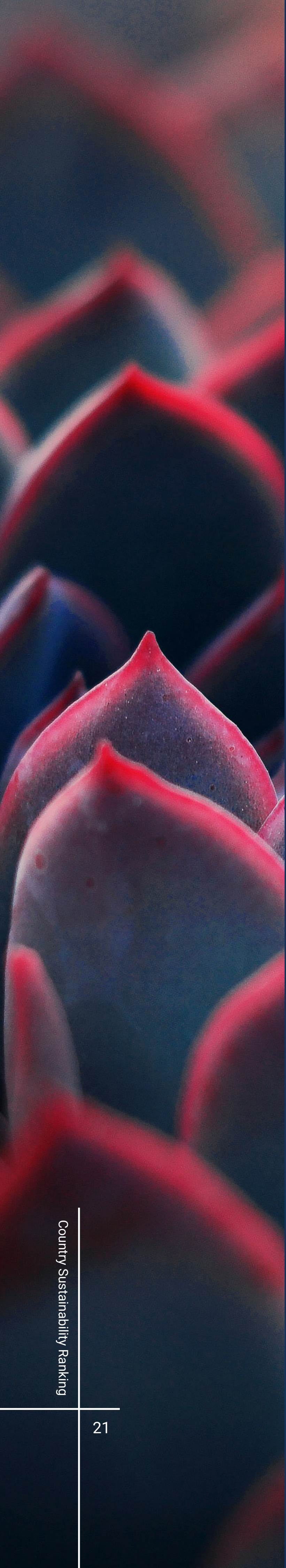
The Paris Agreement, adopted in 2015 by nearly all countries, aims to limit global warming to well below 2°C, ideally to 1.5°C, through nationally determined contributions, transparent reporting, and regular updates of national climate plans. While the agreement sets no binding emission reduction quotas, it establishes a common framework for climate action, emphasising ambition, accountability, and support for developing nations.

A new indicator reflecting multilateral climate ambition

The Paris Agreement previously did not differentiate countries in our model, as nearly all nations—except Iran, Libya, and Yemen—had signed it. However, the United States' exit reignited debate around whether formal participation should be factored into our assessment of a country's climate ambition in addition to other indicators like fossil fuel subsidies, share of renewable energy, energy efficiency and coal consumption among others. As signing the agreement is a strong signal of collective commitment to climate action, the CSAB decided to reintroduce a binary indicator reflecting whether a country has formally signed and remains in the Paris Agreement.

Why does it matter?

As the world's largest historical emitter and second-largest current emitter, the United States plays a critical role in international climate efforts. Its withdrawal from the Paris Agreement under the Trump administration marked a significant setback for global climate governance, signaling a shift toward fossil fuel expansion and undermining multilateral momentum. This withdrawal highlights the fragility of international commitments and raises concerns that other countries might follow and exit the Paris Agreement as well.



Social - population, healthcare and wealth distribution

Healthcare

Access to quality healthcare is universally recognised as a cornerstone of human development and social well-being. It directly influences life expectancy, economic productivity, and societal resilience. A well-functioning healthcare system not only improves individual outcomes but also enhances a country's ability to respond to demographic, social, and economic challenges.

Within the framework of the social component of our model, healthcare is positioned as a foundational enabler for broader social progress. It builds upon basic human needs and reinforces other dimensions such as education, labour participation, and gender equality.

Maternal mortality: an indicator added to our model

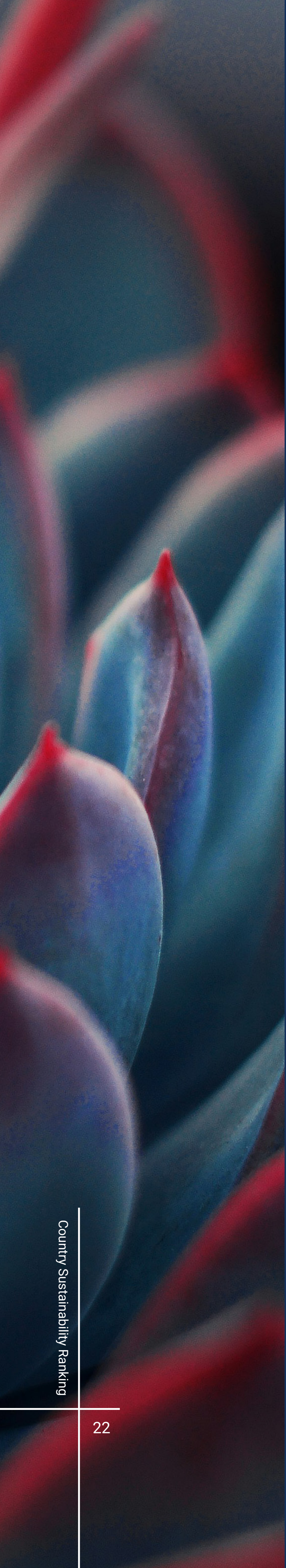
Maternal mortality is a critical indicator for evaluating both women's health status and the performance of national health systems. The United Nations' Sustainable Development Goal 3 calls for a reduction of the global maternal mortality ratio to less than 70 deaths per 100,000 live births by 2030 — a benchmark that reflects both health system effectiveness and broader societal development.

Complications during pregnancy and childbirth remain a leading cause of death and disability for women of reproductive age, particularly in developing and emerging economies. According to the World Health Organization, most maternal deaths are preventable with timely access to quality care before, during, and after childbirth — highlighting the importance of trained health professionals, adequate infrastructure, and access to essential medicines and services.

Why does it matter?

Maternal mortality serves as a proxy for systemic health capacity: it encapsulates the availability of emergency obstetric services, the robustness of primary care networks, and the degree of social and gender equity within a country. Its reduction has been one of the key achievements in global health over the past two decades — with a global decline of approximately 40% between 2000 and 2017 (WHO, UNICEF, UNFPA). However, recent trends show a reversal, with maternal mortality rising in some regions due to conflict, weakened health systems and inequalities in access.

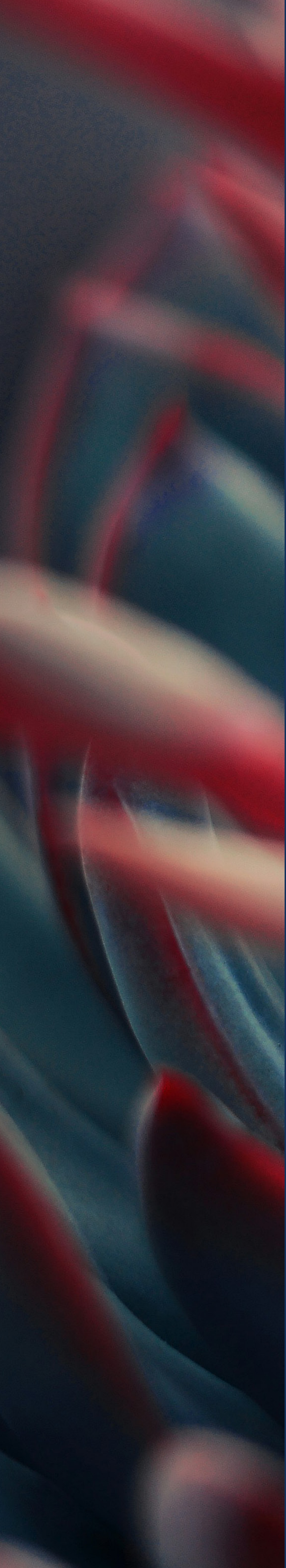
Including maternal mortality as a core indicator in the model provides insight into the resilience, equity, and accessibility of a country's healthcare system. It also aligns the model with globally recognised targets, supports gender-focused analysis, and strengthens the ability to assess long-term development risk from a health perspective.



Social - education

Education

Education is a key driver of social and economic development. In our model, it builds upon basic human needs and underpins long-term resilience by expanding opportunity, improving social mobility, and supporting inclusive growth.

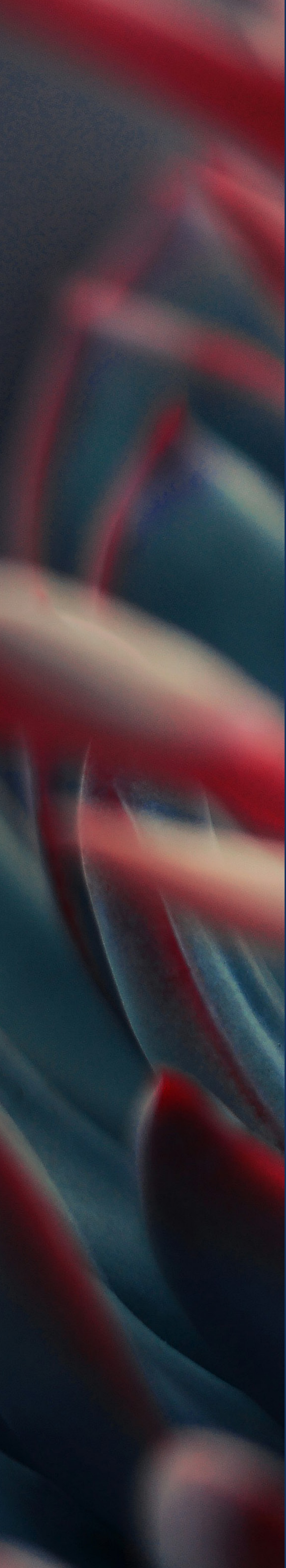


Governance - transparency and democratic values

Democratic institutions and civil liberties

Democratic governance and civil liberties are foundational elements of sustainable development and institutional resilience. Strong democratic institutions support the rule of law, enable inclusive participation, and uphold human rights, which are all key to long-term political and economic stability. Yet in 2024, global governance indicators continued to deteriorate despite a record number of elections taking place across the world. The Economist Intelligence Unit's Democracy Index marked its lowest average score since the index was established in 2006. This decline was echoed in Freedom House's 'Freedom in the World' latest report, which marked its 19th consecutive year of declining global freedom.

The latest figures from the Democracy Index show that only 45% of the world's population lived under a democratic regime, while 39% were governed by authoritarian regimes and 15% by hybrid systems. 83 countries saw a deterioration in their democracy scores, while only 37 recorded marginal improvements. However, it is important to note that the regression in the index in 2024 was not driven by the world's democracies, but rather by a further deterioration in the average scores of authoritarian regimes. This ongoing trend reinforces the pattern of such regimes becoming increasingly repressive over time.



Democratic values at the core of our country model

In this context, the continued exclusion of countries, that are classified as authoritarian regimes and not free, from our sustainability model provides added value by limiting exposure to systemic political risks and by promoting democratic values, which are at the core of our proprietary country model. Upholding these is a moral obligation for DPAM and intrinsically linked to our stance as a sustainable investor.

Why does it matter?

These indicators are essential for understanding systemic political risk, institutional strength, and a country's alignment with democratic values. Recently, authoritarian regimes have played a key role in the deterioration of global governance. Sixty countries — up from 52 a decade ago — are now classified as authoritarian, representing nearly 40% of the world's population. These regimes are characterised by suppression of opposition voices, election manipulation, state-controlled media, and erosion of judicial independence. In many of these contexts, elections were either tightly controlled or outright cancelled, with opposition barred and dissent met with violence.

Civil liberties and the integrity of the electoral process, both integrated by the Economist Intelligence Unit's and Freedom House's methodologies, have seen their steepest decline since 2008. This decline in electoral process and pluralism is especially concerning, given the unprecedented number of elections held. Indeed, 2024 was characterised as an 'election extravaganza' with around 4.2 billion people, representing more than half of the world's population, eligible to vote. However, this wave of elections did not translate into democratic progress. In fact, the average score for the category 'electoral process and pluralism' declined by 0.08 points globally. This is particularly concerning given that elections are typically moments of civic engagement and democratic renewal.

Reference sources

Amnesty International

Energy Institute

Freedom House

Global Forest Watch

Global Hunger Index

Global Safety Net

International Criminal Court

International Labour Organisation

International Monetary Fund

Notre Dame Global Adaptation Initiative

Plasteax

Reporters Without Borders

S&P Global

Social Progress Imperative

The Institute for Economics and Peace

Transparency International

Unitited Nations Development Programme – Human Development Reports

United Nations Food and Agriculture Organization Aquastat

United Nations Food and Agriculture Organization Stat

United Nations Office for Disarmament Affairs

United Nations SDG Indicators Platform

United Nations Treaty Collection

World Bank

World Health Organisation

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 is also a member of t**he Emerging Markets Investor Alliance**. 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 are also a member of the **World Benchmarking Alliance**, which 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.

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 4.8 bn invested
(as of end of December 2024)

Signatory of UN-PRI since 2011
Top rating for the seventh consecutive year

EUR 23.4 Bn is compliant with SFDR 8+ & 9 funds across various asset classes
(as of end of December 2024)

Exercise our voting rights **across 530 companies** globally

DPAM Corporate AuM with SBT (Science Based Targets) or **1.5°C Alignment stands at 71.5%**
(as of end of December 2024)

Active via collaborative engagements (CA100+, CDP, ADVANCE, Collective Impact Coalition for Ethical AI etc.)

Active dialogue with **227 companies**

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