

Disclosure Requirements

---

# Country Sustainability Model

# Minimum disclosures to the public

---

In accordance with Article 23 of [Regulation EU 2024/3005](#), ESG rating providers shall, at a minimum, disclose to the public on their website and through the European single access point (ESAP) the following:

---

**(a) an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered;**

The methodology of the country sustainability model is based on three principles: existence of an advisory board, criteria selected on which the country can have influence through decisions and comparability and objectivity.

The methodology is an aggregated score based on a best-in-class approach. The aggregation refers to four pillars:

1. **Transparency and democratic values**
2. **Environment**
3. **Population, wealth distribution and health**
4. **Education and innovation.**

The sustainability screening is characterised using criteria governments can use to influence their policy (government, authorities, law), avoiding criteria which are linked to the geography or population density of the country. The model is quantitative, tracking the current performance of a country.

The methodology is mainly based on realised and reported statistics; it is therefore mainly backward-looking. The most up to date data are used according to availability.

---

**(b) the industry classification used;**

Not applicable: the methodology focuses on ESG scores for countries; it aims to assist investing in instruments issued by countries.

---

**(c) an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates;**

The data are exclusively numeric data from reliable sources and publicly available.

Our model is dedicated to achieving the highest level of objectivity, underpinned by statistical data, in assessing a country's sustainability.

The primary data sources include government databases alongside international governmental agencies such as the International Energy Agency, the World Bank, the International Monetary Fund, the United Nations Development Program, and the US Central Intelligence Agency. This data is further enhanced by insights from leading non-governmental organisations, including Freedom House, Transparency International, and the World Economic Forum as well as reputable universities, private institutions and NGOs.

The data sources are not in the scope of the above-mentioned Regulation and Directive and are public ones issued mainly by recognised international institutions such as the World Bank, OECD Statistics, WHO, etc. All sources used are listed exhaustively in the bi-annual report disclosed on our website ([www.dpaminvestments.com](http://www.dpaminvestments.com)).

The model is updated twice a year but most of the data comes from annual statistics.

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.

In case of absent data, two rules are to be applied.

- 1. Firstly, minimum 50% of the weighted data must be available for any country; below this threshold the country is automatically ranked in the bottom due to a lack of relevant data to assess its sustainability.**
- 2. Secondly, in case of missing data, this can be replaced with the average score the country has achieved in the same driver provided that a minimum of 30% of the weighted data is achieved in each of the five sustainability drivers (i.e., transparency, education, economics, population and environment). In this case, the average score is calculated on the available data for the same driver. Below this 30% minimum threshold, the country receives a zero score for missing data.**

Each criterion gets an assigned weight and each country receives a score ranging from 0 (worst) to 100 (best) based on its relative position compared to other countries (comparison to the difference between the maximum and the minimum). For binary criteria (such as, for example, death penalty, signing international treaties) a score of either 0 or 100 will apply.

The final and overall score of a country is equal to the weighted average of the scores on each indicator, using the weights which are decided by the Country Sustainability Advisory Board (CSAB) (for more information on this board, please refer to our Sustainable & Responsible Investment Policy, p.6). The final scoring is rounded up to avoid an excessively unstable universe as decimals are statistically irrelevant.

---

## (d) the ownership structure of the ESG rating provider

The country sustainability model is a proprietary research model used to assess the ESG credentials of 125 countries, twice a year. DPAM is not an ESG rating provider.

DPAM is a Belgian asset management company fully owned by Bank Degroof Petercam SA.

Since June 2024, DPAM has been part of the Indosuez Group, following the acquisition of its parent company, Bank Degroof Petercam, by CA Indosuez SA (a subsidiary of the Crédit Agricole Group). As of today, CA Indosuez holds 79.28% of the shares in Bank Degroof Petercam, making it the principal shareholder.

---

**(e) information on whether and how the rating methodologies are based on scientific evidence;**

The model is validated by the Country Sustainability Advisory Board (CSAB), and the majority of members are external experts in their area. The diverse and complementary expertise of the board members ensures a high level of insight and knowledge, supporting the creation of a robust and relevant sustainability framework. These experts are recognised in their expertise (biodiversity, climate, education) and work in academic research. The composition of the CSAB is detailed in each country report, published twice annually and reflects potential changes in case of modification of the CSAB composition.

Several data and criteria of the model are based on scientific evidence and from recognised sources. All sources used are listed exhaustively in the bi-annual report disclosed on our website ([www.dpaminvestments.com](http://www.dpaminvestments.com)).

---

**(f) information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality;**

The double materiality principle is particularly difficult to assess at country level.

The model does not pretend to systematically assess the double dimensions.

---

**(g) the ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks;**

The model relies on four pillars, which are regrouped into the three usual dimensions: Environment, Social & Governance.

- **Environment:** The environmental dimension.
- **Social:** Regrouping the dimension of 'population, health & wealth distribution' and the dimension of future generation 'education and innovation'.
- **Governance:** The dimension of 'transparency & democratic values'

There is therefore a score at each level: from the four pillars, from the three dimensions and aggregated at the country level.

Transition risks are part of the environmental dimension.

---

---

**(h) in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33% for the E factor, 33% for the S factor, 33% for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category;**

Indeed, the three dimensions are equally weighted in the aggregated ESG rating: 33% by dimension.

Regarding the social dimension, the 33% is equally split between the pillar 'population, healthcare and wealth distribution' and the pillar 'education/innovation'.

---

**(i) within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU;**

The topics covered in each pillar are disclosed in the bi-annual report (available on our website, [www.dpaminvestments.com](http://www.dpaminvestments.com)).

Several topics correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU, particularly in the environmental dimension such as climate change, pollution, water and marine resources, biodiversity, resource use.

For governance factors, these are adapted to a country context, which is slightly different than a company context. The governance factors include topics such as corruption.

For social factors, the same is valid: topics like labour rights are covered but others related to health or education are also included in the pillar.

---

**(j) information on whether the rating is expressed in absolute or relative value;**

The rating is expressed in relative value as the whole model is based on a best-in-class approach: the performance on each criterion is measured relative to the performance of the other countries on the same criterion.

---

**(k) where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence;**

There is no use of artificial intelligence in data collection nor in the rating process.

---

**(l) general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model;**

Not applicable. The country sustainability model is part of our research and used for internal

---

purposes only. This model is not intended for external sale or free distribution.

**(m) any limitation in data sources and methodologies used for the construction of ESG ratings;**

Several limitations can be identified in relation to DPAM's methodology linked to the availability and quality of information from different external sources.

The main limitation is the frequency of updates. Most of the data is based on annual statistics, which might have different frequency of updates according to the countries.

Secondly, the data are not necessarily audited. We can observe some volatility in the disclosed data over the years.

The third limitation can be linked to bias in assessing governance or other social information from a western viewpoint when the external data can include qualitative assessment.

Finally, the relevance of the criteria used for evaluation: the use of relative global standards does not always make it possible to capture the particularities and truly material issues applicable to certain local contexts.

---

**(n) the main risks of conflicts of interest and the steps taken to mitigate them;**

Not applicable

---

**(o) if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements;**

The environmental dimension includes the Paris Agreement.

However international agreements are limited in the model as the retained approach is not based on a legal approach.

---

**(p) if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements;**

The social and governance dimensions include a limited number of relevant international agreements, as the retained approach is not based on a legal approach. The main ones are the Ottawa Treaty and the Treaty on the Non-Proliferation of Nuclear Weapons.

---

**(q) any limitation on the information available to ESG rating providers.**

Not applicable; limitations from the sources used are mentioned under point (m).

---

## Contact Details



<https://www.dpaminvestments.com>



[/company/dpam](https://www.linkedin.com/company/dpam)



[dpam@degroofpetercam.com](mailto:dpam@degroofpetercam.com)



<https://www.dpaminvestments.com/blog>

## Disclaimer

Degroof Petercam Asset Management SA/NV (DPAM) | rue Guimard 18, 1040 Brussels, Belgium | RPM/RPR Brussels | TVA BE 0886 223 2761

Investing incurs risks. Past performance does not predict future returns.

All rights remain with DPAM, who is the author of the present document. Unauthorized storage, use or distribution is prohibited. Although this document and its content were prepared with due care and are based on sources and/or third party data providers which DPAM deems reliable, they are provided without any warranty of any kind and without guarantee of correctness, completeness, reliability, timeliness, availability, merchantability, or fitness for a particular purpose. All opinions and estimates are a reflection of the situation at issuance and may change without notice. Changed market circumstance may invalidate statements in this document.

The provided information herein must be considered as having a general nature and does not, under any circumstances, intend to be tailored to your personal situation. Its content does not represent investment advice, nor does it constitute an offer, solicitation, recommendation or invitation to buy, sell, subscribe to or execute any other transaction with financial instruments. This document is not aimed to investors from a jurisdiction where such an offer, solicitation, recommendation or invitation would be illegal. Neither does this document constitute independent or objective investment research or financial analysis or other form of general recommendation on transaction in financial instruments as referred to under Article 2, 2°, 5 of the law of 25 October 2016 relating to the access to the provision of investment services and the status and supervision of portfolio management companies and investment advisors.