March 2026

Sustainable & Responsible Investment Policy

Contents

I. DPAM: actively sustainable

Being a responsible investor goes beyond offering responsible products; it is a commitment at company level translated into a coherent approach. To ensure growth that benefits clients and society, we advance to thrive, aiming for long-term outperformance.

1. Who we are as a sustainable actor and investor

1.1 A responsible investor

As a responsible investor we raise key questions about the consequences of DPAM's investment activity and look beyond pure financial profit, taking into account all stakeholders when considering the consequences of an investment. DPAM professionals are encouraged to raise questions, use experts, share information and engage with a positive, yet critical, mindset.

As a shareholder representative and economic player, DPAM accepts its corporate responsibility. We manage our assets according to key governance principles, as follows:

- Sustainable investment decisions must be guided by rigorous evidence, relying on solid data rather than simplistic metrics or wishful thinking.
- Regulatory scrutiny should remain balanced and nuance, avoiding the polarisation and culture-war dynamics that distort ESG debates.
- Forward-looking scenarios should inform investor commitments while acknowledging trade-offs, diminishing returns, and the limits of sustainable investing.
- Capital should be allocated toward purposeful value creation by funding innovations that deliver long-term benefits for both stakeholders and shareholders.

Integrating sustainability in investment processes is not straightforward. The objective is that portfolio managers, analysts, and risk managers routinely apply the same processes for ESG factors as they use to assess opportunities and risks across business and financial parameters.

To uphold best practice for corporate governance and ESG, DPAM refers to various reputable sources including:

- The International Corporate Governance Network (ICGN),
- The 10 Principles of the UN Global Compact,
- The OECD guidelines for multinational enterprises,
- The Sustainable Development Goals set up by the United Nations,
- The OECD Due Diligence Guidance for Responsible Business Conduct,
- The Principles of Responsible Finance,
- The recommendations of the Task Force for Climate-related Financial Disclosure (TCFD), etc.

DPAM is committed to sustainable investing and therefore adopts a view on corporate responsibility that is consistent with the political agenda and aligned with the Paris Agreement and with international standards and conventions.

This policy is the first pillar of a set of sustainable and responsible investment related policies, including our Climate Policy, our Biodiversity Policy, our Social & Human Rights Policy/Social Due Diligence Approach, our Voting Policy, Controversial Activities Policy and Engagement Policy.

1.2 Scope of the policy

The Policy is applied to public investment funds which are managed by DPAM, by designation or delegation (to the extent agreed between DPAM and the delegating management company) (the 'DPAM Funds') and to discretionary portfolio management mandates DPAM manages on behalf of institutional asset owners/investors, as agreed between DPAM and its clients. This policy is also one of DPAM's considerations when providing investment advisory services to its clients. It describes the sustainable approaches we adopt including: ESG integration, best-in-class, sustainability themes and norms-screening, for example that DPAM can apply to all asset classes. DPAM is convinced about sustainable and responsible investment and this has been ingrained in our approach, since 2001. Non-public funds for which DPAM acts as management company may also apply this policy to the extent foreseen in the offering document.

1.3 Objectives of the policy

This policy has two principal sections:

1. **DPAM as a sustainable actor, investor & partner**

The first part describes how DPAM incorporates sustainability throughout its organisation and investment processes. It explains DPAM's participation in global initiatives to advance sustainable finance and details its role as a responsible investor, with over two decades of experience in ESG practices, such as screening, engagement and impact investing. The section also outlines DPAM's investment philosophy, the process for identifying and integrating sustainability risks and opportunities and ESG factors, and how its strategies - including ESG integration, transition investing, sustainable investing, and impact investing - aim to maximise positive societal outcomes while minimising adverse effects. The section concludes by highlighting DPAM's commitment as a sustainable partner, prioritising transparency, disclosure and the sharing of knowledge.

2. **Regulatory requirements and disclosure**

The second part addresses the regulatory disclosures required under applicable rules. It clarifies DPAM's approach to investments that have environmental or social characteristics, as well as those with sustainable objectives, in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR, Regulation 2019/2088).

2. How are we organised?

Governance

A clear governance structure is in place to implement ESG oversight and our active ownership approach.

2.1 Governance/strategy: ESG board oversight

- Governance validation, strategy formulation, key objectives, pragmatic action plans, implementation trajectory and monitoring process. ESG assessment becomes part of the DPAM Risk Committee and the DPAM Board agenda
- Identification of ESG risks and opportunities
- Validation by the Board

2.2 Research & investment process

ESG integration is embedded across the entire research and investment process, with ESG factors systematically incorporated into issuer-level and sector-level analysis. An integrated approach ensures that ESG considerations directly inform investment decisions throughout the full value chain.

2.3 Risk management

ESG risks dashboard of the Risk Committee to ensure a global overview and monitoring of the sustainability profiles of all investments and the E/S/G risks of all investments of the company.

DPAM's Board of Directors responsible for the ESG oversight

Source : DPAM

2.4 Compliance

The compliance department ensures that appropriate procedures and governance frameworks are in place to support adherence to the investment policy, and that these are effectively implemented.

The compliance department is a 'permanent guest' of the ESG Risk Committee.

2.5 Metrics & targets

SMART metrics and targets fully aligned with the company's ambition, for example, to be an impactful sustainable actor and sustainable investor (NZAM, SFDR positioning, engagement priorities).

Following best practice promoted by the TCFD framework, DPAM ensures that sustainable investments are governed by a comprehensive framework.

2.6 Governance and steering bodies

DPAM's governance bodies, bolstered by external experts, use their expertise to make ESG research relevant. As members of DPAM's scientific boards (the Voting Advisory Board and the Country Sustainability Advisory Board) or as invitees - external experts play an important role in enhancing DPAM's processes and methodologies.

2.7 The Sustainable and Responsible Investment Steering Group (the SRI Steering Group)

This group is the initiator and guardian of DPAM's identity as active, sustainable and research-driven and its mission to be a leading responsible investor.

The SRI Steering Group oversees the implementation of DPAM's mission statement with regard to responsible investment. The SRI Steering Group is both the pioneer and the guardian of the coherence, consistency and credibility of DPAM's investment process in light of its strategic commitment to responsible investing. Its role is: (1) to promote responsible investing by embedding ESG principles across DPAM and fostering a strong culture of ESG awareness within the organisation and among external stakeholders; and (2) to strengthen responsible investment practices by developing and deepening ESG expertise both internally and externally.

It ensures transparent, consistent approaches, methodologies, products, solutions and services. The SRI Steering Group validates initiatives related to sustainable and responsible investment. As a guardian of the UNPRI, the SRI Steering Group informs and educates in-house stakeholders and raises awareness of ESG issues among all professionals at DPAM, notably the sales & marketing, research, portfolio/fund management, risk and compliance entities.

The SRI Steering Group meets every month. Decisions are taken by consensus and when a consensus cannot be reached, members are required to vote and the decision is taken by simple majority, provided 50% of the members are present. Only members of the SRI Steering Group have voting rights. In case of no majority, the Chairman has a double voting right.

2.8 ESG Risk Steering Group

The ESG Risk Steering Group meets on a quarterly basis. The Group oversees and guides the firm's approach to manage ESG related risks across its investment portfolios, business operations and corporate governance. Its primary purpose is to ensure that ESG risks are properly identified assessed, managed and integrated into investment decision making processes and corporate strategy, aligning with regulatory requirements and industry best practices.

2.9 The TCFD Steering Group

The role of this group is to comprehensively evaluate and guide the integration of climate related risks and opportunities across all investment decision-making processes, eventually serving the SRI Steering Group, including:

- to advise and execute the TCFD recommendations, in particular strategy and risk management;
- to advance the NZAM commitment and taxonomy implementation at company and investments levels; and
- to spearhead decarbonisation strategies and solutions.

2.10 The Country Sustainability Advisory Board (CSAB)

The board consists of seven voting members, including external experts and meets twice annually. The members complementary backgrounds provide expertise and knowledge for the proprietary country model, used to assess country sustainability, developed by DPAM in 2007.
The role of the CSAB is:

- To select the criteria to assess the sustainability of countries;
- To determine the weights attributed to these selected sustainability criteria;
- To critically and accurately review the model and the resulting ranking to ensure continuous improvement;
- To validate the country ranking, this may serve as an eligible investment universe for sustainable portfolios.

2.11 The Voting Advisory Board (VAB)

This board consists of external and internal members, who meet two times a year. This Board is responsible for establishing and upholding a robust framework for responsible ownership (the voting policy) and is guardian of the implementation of the highest standards of integrity and transparency in voting policy. Its role is to:

- Review the Voting Policy on a regular basis and adapt it according to legal and regulatory requirements and best practice evolutions in terms of corporate governance;
- Ensure that the Voting Policy - in particular the adopted guidelines - is applied when exercising the voting rights attaching to shares;
- Discuss practical issues that may have arisen during the ordinary and extraordinary general assembly season and define, when required, relevant guidelines for future cases;
- Decide on the voting approach to adopt when an event of a conflict of interest is raised in a meeting;
- Adopt recommendations and engage in dialogue with companies' management to promote the four principles of the Voting Policy and best practice in terms of corporate governance;
- Study ad-hoc cases which could deviate from the Voting Policy and its guidelines and give appropriate voting guidelines;
- Validate the yearly activity reports and voting processes.

DPAM - active ownership

Our active ownership approach involves our detailed processes and methodologies. These are summed up in our range of ESG related policies. These policies are meticulously aligned with current regulations and best market practice to ensure governance and accountability.

2.12 Shareholder responsibility – proxy voting

DPAM acts responsibly and taking part in shareholders' meetings is an important dimension of DPAM's social responsibility. DPAM's Voting Policy shows our vision of corporate governance within listed companies, our expectations and our approach as a responsible investor. A yearly activity report is also published.

2.13 Engagement

DPAM adopted an engagement programme in 2014. Since then, we have leveraged on our experience and knowledge to adopt the latest Engagement Policy. Please see this policy for further information on how we engage.

2.14 Conflicts of Interest Policy

DPAM has a comprehensive Conflicts of Interest Policy. DPAM ensures that the rules stipulated in this policy are enforced by Internal Audit, Risk Management and Compliance.

2.15 Controversial Activities Policy

Please read our Controversial Activities Policy to find out more about screening and exclusions.

People, resources & capabilities

At DPAM the Responsible Investment Competence Center provides a steering role at group level for ESG expertise, interacting with both internal teams and external resources.

At DPAM, our commitment to sustainability is powered by a robust ecosystem of people, resources, and expertise. The Responsible Investment Competence Center (RICC), led by our Chief Sustainable Investment Officer and backed by a dedicated team of ESG specialists, sits at the core of our responsible investment strategy. This group drives every facet of ESG integration, from shaping policy and overseeing engagement to collaborating on industry initiatives and championing best practice within and beyond our organisation.

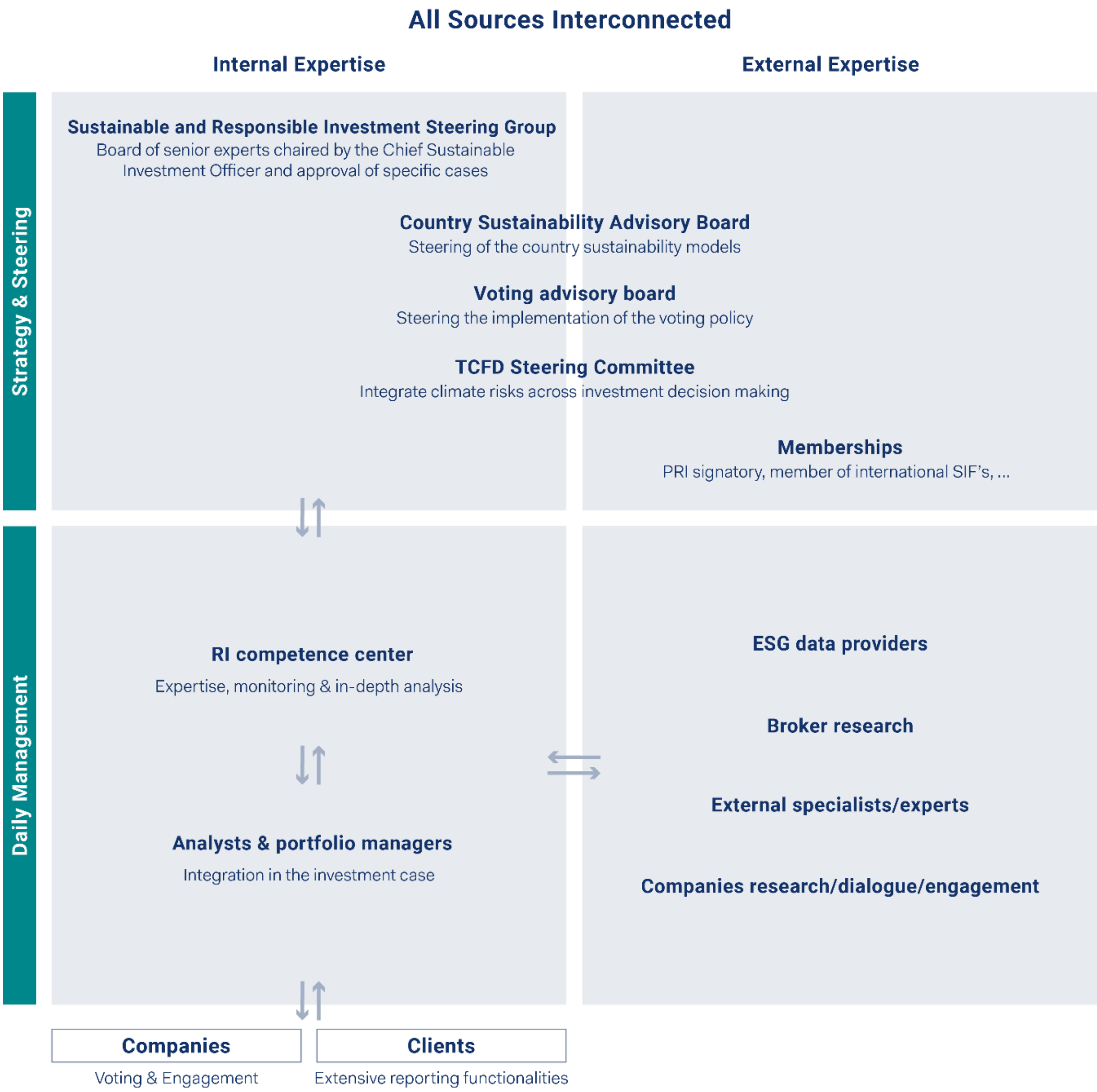
Our model is built on seamless collaboration: ESG specialists work hand-in-hand with research and portfolio management teams across all asset classes. Together, they embed responsible investment indicators into every investment decision, ensuring ESG considerations are not an add-on, but a fundamental part of our analytical framework. Sector analysts and buy-side teams partner with the RICC to identify material sustainability drivers, assess companies through a dual lens, and ensure every recommendation is informed by rigorous ESG analysis. Engagement and dialogue are constant, with joint research, controversy reviews and strategy sessions fuelling a dynamic, responsive approach to sustainability.

People are at the heart of our success. ESG integration and accountability are woven into performance assessments for all staff, including a sustainability-awareness index that impacts variable compensation. Regular training, active participation in sustainability committees, and ongoing education ensure our teams remain at the forefront of responsible investment.

DPAM also leverages leading external resources to enhance our ESG intelligence. We draw on best-in-class data from providers such as Sustainalytics, MSCI ESG Research, Trucost and the CDP, supplementing our analysis with insights from international institutions, NGOs and specialised brokers. This multifaceted approach is bolstered by ongoing dialogue with external experts, ‘responsible investment corners’ and interdisciplinary working groups tackling critical topics such as the climate transition and human rights risks.

By harnessing the collective power of our people, advanced resources and collaborative culture, DPAM ensures that sustainability integration is deeply embedded, forward-looking and impactful across all aspects of our investment process.

DPAM Resources



Source: DPAM

3. Our commitment to integrate sustainability factors

At DPAM, we view sustainability factors, including ESG considerations, not as ethical add-ons but as essential information for identifying resilient, transparent, and sustainably performing businesses. Embedding ESG at the core of our investment process reflects our fiduciary duty and our role as an active participant in the value chain. In an increasingly volatile geopolitical and economic environment, ESG integration is critical to strengthening competitiveness, resilience, and supply-chain security. Companies that manage these factors effectively demonstrate stronger risk management, better access to capital, and more durable long-term growth. Sustainability is therefore a strategic imperative: credible action, transparency, and robust governance are vital to navigate rising climate, resource, and geopolitical pressures. Looking ahead, a new paradigm, rooted in energy, security, and geostrategy, will shape sustainable investment, reinforcing DPAM's commitment to delivering future-ready solutions that balance risk, return and responsibility.

3.1 Key principles for integrating sustainability in our portfolios

DPAM's commitment to sustainable and responsible investment is realised through a holistic and transversal application of ESG integration across all asset classes and stages of the investment process. Rather than simply excluding sectors deemed unsustainable, we actively support companies demonstrating leadership in the transition to a lower-carbon economy and the adoption of the best ESG practices. Our process is characterised by engaged dialogue, including direct meetings, proxy voting, and collaborative initiatives, which refines our research, encourages continuous improvement and strengthens due diligence. This dynamic, dialogue-driven approach underpins a broad offering of sustainable strategies, ranging from basic ESG integration to investments with specific sustainability goals and measurable impact, all guided by a pragmatic yet ambitious policy framework.

At DPAM we accept that we operate in a dynamic and complex environment and embrace associated investment challenges and commitments, notably because quantitative data – accurate and reliable – precedes qualitative customised research integration. A truly comprehensive understanding requires qualitative analysis, controlled for data accuracy.

ESG factor integration: integration by asset class

At DPAM the Responsible Investment Competence Center provides a steering role at group level for ESG expertise, interacting with both internal teams and external resources.

We are convinced that investing in financial instruments issued by companies and states which integrate ESG considerations into their business models or do their best to ensure the long-term welfare of their clients and citizens, expose shareholders and bondholders to fewer 'tail risks'[1].

Top-down

- ESG risks and opportunities are identified in a top-down way and integrated in asset allocation mainly through sector or sub-theme allocation.

Bottom-up

- Thanks to internal and external data and the in-depth analysis of fundamental research, bottom-up risks and opportunities are integrated by investing, by preference, in issuers who anticipate ESG risks and opportunities and which consequently constitute sustainable franchises.

[1]Tail risk is a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution. Tail risks include events that have a small probability of occurring and occur at both ends of a normal distribution curve.

The objective of ESG integrated research is to map all the risks and opportunities of an investment. It is not a filter reducing investment opportunities but rather a way to focus on the best sustainable opportunities - the objective of the financial analysis.

It is broadly agreed that the current economic, social, environmental and governance models are no longer sustainable in the long term. Technological disruptions and new paradigms in corporate governance models are changing our ecosystems and adaptation from companies and states is required.

The way that sustainability risks are integrated in the investment decision making process can differ according to asset classes and financial instruments. According to the UN PRI, it is best practise to have distinct approaches to the different asset classes which are within DPAM's portfolio management and advisory expertise.

3.2 Integration by asset class

Listed equities: ESG integration involves a rigorous, multi-step research framework combining top-down sector analysis and bottom-up company evaluation, using diverse data sources to assess both risks and opportunities across environmental, social and governance dimensions.

Corporate bonds: ESG integration is embedded within fundamental credit research and includes: the evaluation of a company's business, ESG and financial risk profiles, with a focus on underlying trends and sustainable debt instrument quality to inform bond attractiveness.

Sovereign bonds: ESG integration relies on a proprietary country model which assesses transparency, the environment, social welfare and innovation. This highlights the impact of sustainable governance on creditworthiness and government bond performance. Criteria are regularly reviewed.

3.3 The special case of ESG-labelled bonds

ESG-labelled bonds continue to gain importance in the global investment landscape. Investors seeking to integrate sustainability commitments into their portfolios or align financial goals with ESG objectives are increasingly drawn to this expanding segment of the fixed income market.

The ESG debt market consists of many different types of labelled bonds including 1) green bonds; 2) social bonds; 3) sustainability bonds; 4) sustainability-linked bonds; 5) transition bonds; and 6) blue bonds.

While there are many different labels, ESG-labelled bonds can be broadly categorised into two types:

- Activity-based (use-of-proceeds) bonds: Designed to finance projects with clear environmental and/or social benefits.
- Behaviour-based bonds: General-purpose instruments where funds are not tied to specific projects, but the bond's financial terms are linked to achieving defined sustainability performance targets (SPTs).

For all activity-based bonds, we conduct a double check, fully aligned with our active, sustainable, research framework, namely that these instruments are issued under a Green, Social or Sustainability use-of-proceeds framework and these instruments shall comply with an appropriate framework (ICMA/CBI/EU GBS/LMA)

As a general rule, DPAM's sustainable and impact strategies do not invest in companies that fail to comply with its Controversial Activities Policy. However, an important exception applies to use-of-proceeds bonds issued by companies that may not fully comply with one or more elements of this policy. Where such a bond is clearly labelled and its proceeds are exclusively allocated to activities that make a positive contribution to the energy transition and/or to the mitigation of climate change risks, the bond may nevertheless remain eligible for investment.

For specific strategies, an in-depth qualitative assessment of the bond will complement the double check of alignment with an external framework and the issuance under a use-of-proceeds framework. For DPAM it is important to formulate our own opinion on whether a green bond, for example, meets the strictest requirements, aligns with sustainable values and has a positive impact on the environment or society. This is why GSS frameworks of activity-based bonds and SLB frameworks of behaviour-based bonds are independently assessed to determine whether these meet the expected targets and ambition level.

This qualitative assessment is based on a methodology, developed by the RICC, that outlines the best market practices for ESG labelled bonds and includes the delineation of climate targets based on science-based emission reduction pathways. For these specific strategies, a bond is only considered an eligible bond if both the issuer and the framework are internally validated. Our in-house screening goes further than a simple alignment with international standards and principles, like the ICMA standards, and is carried out by ESG credit analysts.

In the analysis we also investigate alignment with the principles of materiality, intentionality and additionality.

- **Materiality**: this principle ensures that the projects are aligned with the key risks and opportunities the issuer is facing.
- **Intentionality:** issuers must be intentional about how their financed projects will create environmental benefits. Projects must therefore be ambitious and adhere to the latest internationally recognised standards.
- **Additionality:** the financed projects must present additional environmental benefit compared to a business-as-usual scenario. Key elements here are the proportion of refinancing, the look-back period and the capital expenditures.

3.4 Integration in third-party funds

To diversify, the management teams may select investment funds managed by third parties.

As with any investment, our teams pay attention to varied sustainability criteria when making their selection, including the quality and track record of the third-party fund manager, its commitment to sustainable investment, notably its policies and rules regarding sustainability factors and risks and compliance with the do not significantly harm principle. The different policies regarding ESG integration and climate risk and the engagement of the third-party fund manager are reviewed to generate a good understanding of whether and how systematically it integrates sustainability risks. Finally, at product level, the SFDR classification and the linked methodology are used as key information to assess sustainability risks globally and at product level in particular.

It is important to make a distinction between actively managed third party funds and ETF and indexing strategies, where the third parties track indices.

In order to evaluate the integration of ESG in actively managed third-party funds, each fund is screened on an annual base on its holdings. This way, for each fund, all holdings are checked in a consistent manner and according to DPAM's rules and definitions on sustainable instruments. Depending on the outcome of the screening, a fund's SFDR classification might be revisited. When an underlying fund does not meet the criteria on sustainable investment put forward by DPAM (min 80% of E/S promoted for article 8 funds or min 50% of sustainable investments for Art 8+) the fund is reclassified and considered as an article 6 fund according to the SFDR. A tolerance of 5% is maintained in order to acknowledge that sustainability definitions might vary across managers. Nevertheless, an engagement discussion will be conducted in case of reclassification.

For ETFs and indexing strategies, we use a different method to ensure proper adherence to ESG principles. As the funds often track an index, carrying out an active engagement with the asset manager is not possible, as it won't change its holdings. To ensure that DPAM's ESG angle remains when investing in indexing strategies and ETFs, we developed a more quantitative approach to screening these products. DPAM uses data from an external data provider to understand these third-party funds' exposure to controversial activities. These figures are calculated for managed products globally using Morningstar's portfolio holdings' database. Additional information on this approach can be found in the Sustainability Policy of Degroof Petercam.

On top of this, principle adverse indicators (PAI) are evaluated at fund level too.

First of all, there is an engaged discussion with the third-party funds' managers in case of exposure to excluded activities/issuers as specified by our controversial activities policy according to the SFDR level category.

If the engagement is positive i.e., there is an agreement on exiting the controversial issuer, the third-party fund can be considered as article 8 SFDR.

If the engagement is not concluding, the third-party fund will not be considered as an article 8 SFDR despite its classification as such.

Beyond aligning with the exclusions defined by the controversial activities policy, DPAM checks the sustainable instrument threshold and PAI integration at the fund level as well.

Based on this check, the fund might be reclassified as article 6 (if it does not meet the exclusion rules) or article 8 (if it does not meet the threshold of SI 50%).

The review is annual and dependent on the transparency of the individual lines and on the European ESG Template.

3.5 Integration in impact investing in private equity

Management teams may select private equity linked to impact investing or projects. Due to the nature of such assets, DPAM believes that the integration of ESG factors is intrinsic to the securities. Please refer to the above description of third-party funds for the integration of ESG factors.

Sustainability from the risk perspective

Sustainability risks are covered by the ESG Risk Committee. In addition, the ESG risk dashboard is presented to the quarterly risk committee, which reports to the Board of Directors.

The ESG risk dashboard focuses on sustainable investments and their ESG profile assessment (1) and on ESG risks (2)

(1) DPAM's approach to sustainability risks centres on comprehensive environmental and climate risk management. The firm utilises a dashboard—developed through its TCFD group—to evaluate risks such as fossil fuel exposure, stranded asset risks, physical climate risk scenarios, and climate transition risks. For fossil fuels, DPAM monitors both financial and reputational exposure across multiple indicators to ensure a holistic perspective. Physical climate risks are assessed using three scenarios linked to seven different risk estimates, aggregated from asset-level data to overall issuer scores provided by external sources. Transition risks are monitored using carbon pricing risk exposure, specifically tracking 'carbon cost as a percentage of EBITDA' under different scenarios, with a preference for more stringent measures in response to market developments.

- To ensure proactive management, DPAM has established warning thresholds and escalation steps based on these risk indicators. TCFD assessments at the investee level trigger escalation processes, relying on analyst and portfolio manager insights. Mitigation measures are systematically evaluated, including science-based target commitments, EU Taxonomy alignment, and internal TCFD assessment coverage. The dashboard also incorporates target credibility scores, GHG emissions trends, and investee targets to flag potential concerns and enable risk mitigation. Financed emissions data is included to provide an overview of each issuer's contribution to DPAM's total financed emissions, supporting informed decision making.
- Social and governance risks are addressed through controversy analysis focused on supply chain, societal and community impact, customer and employee relations, public policy, governance, and business ethics. Severe controversies are tracked and discussed quarterly by the DPAM Risk Committee. Since late 2023, DPAM has enhanced its social risk evaluation by incorporating human rights considerations, as detailed in its Social Due Diligence Approach.

3.6 ESG profile assessment

To assess the sustainable quality of DPAM's investments, DPAM refers to a proprietary classification model, which synthesises in one single metric the results of the different ESG filters and analyses namely:

- compliance with the Global Standards, notably the ten principles of the UN Global Compact;
- involvement in ESG controversies (from non-existent to the most severe ones);
- the ESG risk rating (management score).

As a result, five company profiles are identified: laggard, subpar, follower, explorer and champion, as defined in the table below:

Laggards	Laggards are companies that do not respect the minimum fundamental values. These are companies that are classified as non-compliant with the Global Standards or that have been found to be implicated in the most severe ESG controversies (level 5 on a scale of 1 to 5). These profiles are forbidden in article 8 and article 9 products.
Subpars	Subpars are companies that have an ESG risk management score that is situated in the fourth (worst) quartile of their industry or that are facing serious allegations of controversial behaviour (level 4 on a scale of 1 to 5). Both classifications are treated equally as severe controversies reveal information about the effectiveness of a company's potentially high ESG score and linked policies and programmes.
Followers	Followers are companies with a below average ESG risk management score (situated in the third quartile of their industry) but that do not face serious allegations of controversial behaviour (maximum level 3 on a scale of 1 to 5).
Explorers	Explorers are either: 1) companies with a good ESG profile (ESG risk management score between the 50th and 75th percentile of their category) that do not face any severe allegations of controversial behaviour (level lower than 4 on a scale of 1 to 5); or 2) companies with a superior ESG profile (ESG risk management score between the 75th and 100th percentile of their category) but which face moderate allegations of controversial behaviour (level 3 on a scale of 1 to 5).
Champions	Champions are companies with a superior ESG profile (ESG risk management score between the 75th and 100th percentile of their category) and which do not face any moderate or severe allegations of controversial behaviour (below level 3 on a scale of 1 to 5).

4. DPAM: leading the way as a sustainable partner

DPAM is committed to being a trusted, sustainable partner for its clients by championing transparency and robust ESG disclosure. Through regular reporting, thorough audits, and the open sharing of methodologies and policies, DPAM sets high standards for accountability. The firm further strengthens client relationships by educating stakeholders via its blog and annual sustainability conference, and insists on elevated disclosure standards from the companies it invests in.

II. Regulatory disclosures

1. Sustainability risks

A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment, as specified in sectoral legislation, in Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU, (EU) 2016/97, (EU) 2016/2341, or delegated acts and regulatory technical standards adopted pursuant to them.

1.1. Sustainability risks are closely connected with the ESG factors DPAM has defined and are integrated at the asset level

For DPAM, sustainability risks go beyond the SFDR defined PAI and are integrated from inception and at each step of the investment process within the research teams.

Different supporting screening tools[2], described, in detail, in the ‘Methodology’ section enable us to integrate sustainability risks in investment decisions and risk management.

DPAM uses ESG data provided by extra-financial rating agencies (MSCI-ESG, Sustainalytics and Trucost, for example) and complements them with any other external sources deemed relevant as well as DPAM's internal ESG research.

It is also important to mention that in case of data not available for an issuer, DPAM may use data from a similar issuer within the same entity.

For more information on our environmental risks integration, please refer to our Climate Policy and our Biodiversity Policy.

For more information on how we tackle social and human risks, please refer to our Social Due Diligence Approach.

[2] Norms screening, controversies screenings, best in class.

1.2. The specific case of government bonds – environmental and social risks in depth fundamental analysis of countries

The PAI are intrinsically linked to DPAM's commitment to reduce the negative impact of its investments by avoiding activities or behaviours that may significantly undermine sustainable and inclusive growth. This commitment is embedded in the research and investment process, from inception.

Please see our priority PAIs for government bonds below.

1.3. Statement on the priorities to integrate the Principal Adverse Impact indicators (PAI)

	Principle Adverse Indicators – priorities - environment
GHG Emissions	The 6 mandatory PAI are systematically integrated in the TCFD analysis of the issuers that contribute the most to a portfolio's carbon intensity. Based on qualitative and quantitative analysis, the PAI levels could lead to engaged dialogues, engagements or negative investment recommendations[3].
Water	Water consumption is also part of the TCFD analysis and depending on the assessment, could lead to engaged dialogues, engagements or negative investment recommendations.
Waste	The hazardous waste ratio is included in ESG fundamental research and will lead to engaged dialogues with issuers when the indicator is material for the activity
Biodiversity	The biodiversity footprint is included in ESG fundamental research and will lead to engaged dialogues with issuers when the indicator is material for the activity. Furthermore, the assessment of the contribution to the Sustainable Development Goals 14 and 15, which are related to biodiversity, ensures systematic integration of this theme in the impact assessment of our portfolios.

[3] Please refer to our engagement policy for the escalation process according to engaged dialogues (improvement of research) and engagements (formal engagements with escalation process).

Principle Adverse Indicators – priorities	
Exposure to controversial weapons	In Belgium, the so-called Mahoux law forbids the direct and indirect financing of unconventional weapons (landmines, cluster munitions, depleted uranium).
Violation of UN Global Compact principles and OECD Guidelines for multinational enterprises	Norms screening, the first step for all our investment processes, is based on the 10 principles of the Global Compact. The in-depth assessment of controversies related to the following matters: social, employee, human rights, anti-corruption and anti-bribery is also articulated around these key fundamental rights.
Board gender diversity	An adequate board is a key point of our voting policy and we consider gender, culture, experience and expertise diversity. We systematically vote against any proposal contrary to this principle.
Unadjusted gender pay gap	The criterion is included in ESG fundamental research and will lead to engaged dialogue with issuers when the indicator is material for the activity.

The specific case of government bonds:

Principle Adverse Indicators – priorities – environment	
GHG Emissions	This PAI is integrated in the proprietary country model developed by DPAM and has an impact on the country's score.

Principle Adverse Indicators – priorities - social	
Social violations	The countries which do not meet minimum democratic requirements are excluded. The respect for civil liberties and political rights, the respect for human rights, the level of violence within the country, the commitment to major labour conventions, the issue of equal opportunities and the distribution of wealth are all indicators which could be related to social violations and are integrated in the proprietary model. These can therefore have an impact on the country's score.

1.4. Sustainability risks and potential impact on financial performance of products

The approach described above is applied by DPAM in the management of the funds for which it acts as designated management company and the discretionary portfolio management mandates. For these financial products the Sustainable Finance Disclosure Requirement obliges DPAM to assess the likely impact of sustainability risks on the returns of a financial product. As a result, we conduct the following assessment:

Classification of the product as per SFDR	Likely impact of sustainability risk on the returns of the financial product	Rationale
Financial products which do not qualify as either ‘article 8’ or ‘article 9’ (so-called ‘Other products’)	High	Sustainability risk is considered material, as sustainability aspects are not systematically part of the fund's or managed portfolio’s investment selection process, with the exception of investments in companies with exposure to controversial activities such as tobacco, the manufacture, use or possession of antipersonnel mines, cluster munitions, and depleted uranium ammunition and armour which are automatically excluded. The impact of adverse sustainability events may lead to material sustainability risks which could have negative effects on the performance of the product.
Financial products which promote, among other characteristics, environmental and/or social characteristics in accordance with article 8 SFDR with no partial investment in sustainable investments (‘Article 8 products’)	Moderate	The sustainability aspect is taken into account in the investment selection and screening process of the fund or managed portfolio, with environmental and/or social aspects being highlighted. The sustainability risk remains, however, as the integration of compliance with these rules is strongly advised but not binding for investment decisions, with the exception of normative screening on the Global Standards and negative screening on the severity of controversies that issuers may face. The impact of adverse sustainability events may lead to material sustainability risks which could have negative effects on the performance of the product.
Financial products with sustainable investment as their objective in accordance with article 9 SFDR (‘Article 9 products’) and article 8 SFDR products with partial investment in sustainable investments.	Low	Sustainability considerations are an inherent part of the fund's or managed portfolio’s investment process, with the product emphasising a partially sustainable objective. Potential sustainability risks are therefore mitigated by the sustainability screening and exclusion filters that are applied to the investment universe of the product.

Regarding third-party funds, DPAM will rely on the SFDR classification of the fund to assess the likely impact of the sustainability risks on its return, according to the following table:

Classification of the third-party fund as per SFDR	Likely impact of sustainability risk on the returns of the third-party fund	Rationale
Other products	High	Sustainability risk is considered material, as sustainability aspects are not systematically part of the fund's investment selection process, as per the fund's documents. The potential ESG related research and integration does not present a binding element on the portfolio construction and the fund is not subject to specific exclusions except those that are legally binding. The impact of adverse sustainability events is likely to lead to material sustainability risks which could have negative effects on the performance of the fund.
Article 8 products	Moderate	The sustainability aspect is taken into account in the investment selection and screening process of the fund, as per the fund's documents, with environmental and/or social aspects being highlighted. The portfolio construction is subject at least to ESG integration completed by exclusions and/or ESG-related investment guidelines, which helps to reduce partially the sustainability risks. These risks remain however as investment guidelines do not necessarily go further in terms of ESG analysis. The impact of adverse sustainability events is likely to lead to material sustainability risks which could have negative effects on the performance of the fund.
Article 8 SFDR products with partial investment in sustainable investments and Article 9 products	Low	Sustainability considerations are an inherent part of the fund's investment process, with the fund emphasising a partially sustainable objective. Potential sustainability risks are therefore mitigated by sustainability screening and/or constraints and/or exclusion filters that are applied to the investment universe of the fund.

2. Methodology and investment process for investment funds

DPAM has developed a methodology and an investment process, over the last 20 years, for sustainable and responsible investments.

2.1 This investment process progresses through different steps and is aligned with the threefold objective on sustainable investing to:

- Defend basic and fundamental rights;
- Refrain from financing activities and behaviour which might affect the reputation of medium-and long-term investments;
- Promote best ESG practice and find solutions for ESG challenges.

The first two objectives are aligned with our willingness to reduce the negative externalities of all our investments, in line with the philosophy of the do not significantly harm principle of the SFDR regulation.

The third objective is aligned with the strategies pursuing a partially sustainable objective and seeking ESG impact.

The three-fold objective is implemented through a disciplined investment process, which is shown below. Each step is described in depth in the next chapter.

We adopt a strict and rigorous approach through the whole investment process and combine different ESG approaches such as norms screening, negative screening, positive screening, best-in-class, engagement and sustainability themes. This process ensures that:

- the minimum social and governance safeguards can be systematically ensured;
- the principal adverse indicators, through a rigorous fundamental analysis, are taken into account;
- the do not significantly harm principle is applied to sustainable instruments and portfolios; and
- the goal to provide impact through sustainable objectives, environmental and/or social, is captured.

ESG approach by SFDR article

Source : DPAM

Let's go through each individual step of the methodology:

Step 1: ESG integration

As a signatory to the UN's Principles for Responsible Investing (PRI) in 2011, our investment approach places responsible investment, ESG integration, and stewardship principles at the heart of our decision-making process. After signing the PRI, we committed to integrating ESG factors across all investment processes.

Step 2: Active ownership

We pledged to be a responsible shareholder by prioritising voting and engagement. Our Voting Policy and our Engagement Policy clearly define our corporate governance and expectations in terms of a responsible licence of operating, for the issuers we invest in.

Step 3: Basic negative screening

In addition, there are certain activities that we do not finance for any actively managed financial product. These exclusions are outlined in our Controversial Activities Policy, which details the thresholds and rules for exclusion.

Step 4: Normative screening

Companies are assessed against internationally recognised Global Standards, including the UN Global Compact, ILO instruments, OECD Guidelines and other key conventions and treaties. This process ensures companies defend human and labour rights, prevent corruption, and protect the environment. ESG rating agencies evaluate compliance with these principles, and companies are classified as compliant, on a watch list, or non-compliant.

Investment funds under Article 8 and Article 9 cannot invest in non-compliant issuers.

Step 5: Negative screening on behaviour

This step involves assessing companies' actual behaviour, focusing on incidents and controversies that may violate fundamental rights. The severity of these controversies is measured by national and international legislation, as well as international ESG standards. Controversy ratings from providers like Sustainalytics are used, which track ESG-related incidents across thousands of news sources daily. This helps identify companies whose activities or behaviour could significantly harm sustainable and inclusive growth.

Our approach to controversy review is grounded in the principle of financial materiality, recognising that issues such as fines, litigation, sales reduction, and reputational harm can directly impact investment eligibility and performance. We conduct ongoing, dynamic assessments of controversies to proactively identify and anticipate material developments, ensuring that our investment universe remains aligned with our sustainability objectives. Controversies are systematically evaluated and prioritised according to severity, using insights from a range of external providers, news headlines and observed trends in controversy levels. High-priority controversies are escalated and debated within the SRI Steering Group using a structured template, while lower-priority issues are monitored and addressed as appropriate. This prioritisation and escalation framework ensures that severe controversies result in immediate review and, where necessary, the exclusion of issuers from eligible investment universes, thereby safeguarding our portfolios against significant ESG risks and supporting robust, transparent decision-making processes.

Investment funds under Article 8 and Article 9 cannot invest in the most severe controversial issuers.

Step 6: Extensive negative screening

This involves the exclusions we apply to activities which are controversial, as outlined in our Controversial Activities Policy and aligned with the ESMA guidelines on funds names.

Step 7: Positive Screening – Best In class

DPAM promotes ESG best practice through quantitative screening based on external ESG scores or, through proprietary scorecards.

With respect to the quantitative screening of companies, DPAM relies on ESG-scores calculated by our extra-financial research providers, which have developed specific scoring models for each relevant sub-sector of companies (peer group). For each peer group, there is an assessment of the key risks associated with the business activity and the management of these risks by the issuer (management). Each issuer receives a score between 0 and 100 that can be compared with other companies within each peer group. The higher the score, the better the ESG profile of the issuers.

When the coverage is weak or research not relevant, DPAM might use proprietary scorecards.

These scorecards allow qualitative assessment of material sustainability factors, especially for thematic strategies, smaller companies, and issuers with limited disclosure. They evaluate three dimensions - sustainable impact, governance, and key ESG risks - using targeted KPIs developed jointly by ESG specialists, analysts, and portfolio managers. Companies falling into the bottom 20% on critical ESG risks or governance issues trigger engagement, with investment eligibility depending on the company’s willingness to address shortcomings; softer engagement is encouraged when only one or two risks fall below thresholds.

Corporate governance

E.G. Board independence, share classess, board diversity.

Key environmental social and governance risks for the company

Risks are identified based on the company's activities, subindustry, and geographical focus.

Impact assessment

The impact generated by the company through the products and services offered.

Step 8: Sustainability Themes

Identification of sustainable instruments through a revenue-aligned approach

A sustainable financial investment pursues an environmental and/or social objective. An investment is considered to have an environmental and/or social objective if pursuing an environmental objective linked to the six objectives set out in the Taxonomy or if it contributes to one of the UN's Sustainable Development Goals (SDGs). The SDGs have become a reference framework for all economic actors and have been adopted worldwide.

DPAM will consider an instrument as sustainable if it complies with one of the following four options:

- **Use-of-proceeds** instrument aligned with the reference standards: a use of proceeds instrument is recognised as such and therefore as a sustainable instrument provided it is fully aligned with the International Capital Markets Association principles and the DPAM monitoring methodology;
- **Taxonomy aligned** instrument: taxonomy alignment is calculated based on the technical screening criteria defined by the EU Taxonomy for the eligible activities of the issuer. To be considered as an instrument aligned with Taxonomy, alignment must be above 10%.
- **Environmental objective** as defined by the framework of UN SDG's. Several SDG's can be grouped together as being explicitly linked to the Environment: SDGs 6,7,9,11,12,13,14,15. The issuer must have a net positive contribution to these environmental objectives, on average, to be considered as an instrument with an environmental objective.
- **Social objective** as defined by the framework of UN SDG's. Several SDG's can be grouped together as explicitly linked to social factors: SDGs 1,2,3,4,5,8,10,16,17. The issuer must have a net positive contribution to these social objectives, on average, to be considered as an instrument with an environmental objective.

This will enable DPAM to identify whether the investment can be considered sustainable. It is important to note that this screening comes at the end of the investment process after all minimum social and governance safeguards, principle adverse indicators, sustainability risks and DNSH principles have already been implemented. As a result, the universe will have already been reduced.

Currently, the market recognises data challenges on ESG disclosure, including impact measurement and contribution to the SDGs.

The main challenges are availability, coverage, quality, relevance, accuracy and historical data. Over the last two decades DPAM has developed several tools and methodologies in addition to knowledge and expertise to correct different biases through in-depth, fundamental, qualitative research. We believe forward looking metrics should become more popular to lead to a shift in focus from pure green companies to transition stories. Reporting in terms of CapEx alignment rather than revenue alignment is an alternative.

To correct the persisting biases in ESG research and to adopt a transition approach, DPAM uses a qualitative, fundamental approach alongside engagement with issuers. This enables us to include, in the eligible universe, issuers which are not at the front line of ESG challenges but which enable the front-line issuers to achieve their positive impact. This is why DPAM is convinced that stewardship and engaged dialogue with issuers play an important part in identifying sustainable instruments.

Impact measurement and assessment – sustainability outcomes

All investment decisions shape positive and negative outcomes in the world. The Sustainable Development Goals can act as a guide in the transition to an SDG-aligned world.

Our sustainable portfolios can create a positive, economic impact in alignment with DPAM's third commitment to promote issuers that propose solutions to ESG challenges.

The identification of ESG opportunities takes place through the whole investment process. First, DPAM identifies the value chain of the sustainability theme DPAM wants to promote (for example, when identifying the sustainable trend towards the electrification of mobility, DPAM analyses the whole value chain and identifies where to best position for long term, profitable sustainable investment). Second, we focus on the sustainable impact that each actor in the sub-theme identified can generate.

DPAM has set up three profiles for portfolios with a sustainable objective:

1. The transition portfolios

The transition portfolios share the following threefold commitment: (1) to defend fundamental rights; (2) to refrain from financing controversial activities that could affect DPAM's long-term reputation; and (3) to promote best practice and best-efforts regarding the transition.

Through this triple commitment focused on environmental and social objectives these portfolios contribute, through the majority of their investments, to a positive impact in environmental and social terms. In particular the focus is on companies related to the transition (for example, those companies that have set ambitious and credible decarbonisation targets (for example, SBTi target set, SBTi committed or CDP 1.5°C) or those energy companies and other carbon-intensive companies lacking ambitious decarbonisation targets but with whom the portfolios have active formal engagement on their energy transition).

As these funds pursue a sustainable investment objective, they aim to invest primarily in companies that provide solutions to environmental and social sustainability issues through their products and services. Active engagement on the energy transition with invested companies belonging to carbon-intensive industries ('TCFD' industries) has the goal of supporting them in the achievement of their climate targets or of encouraging them to set ambitious targets where appropriate. These goals are also at the core of the investment portfolio's construction.

2. The sustainable portfolios

The sustainable portfolios share the following threefold commitment: (1) to defend fundamental rights; (2) to refrain from financing controversial activities that could affect DPAM's long-term reputation; and (3) to promote best practice and best-efforts regarding sustainability. These portfolios seek to have a positive impact in environmental and social terms, through the majority of their investments.

These portfolios might be invested in varied areas including: access to drinking water and water purification, use of renewable energies, responsible consumption, climate change mitigation, the protection of aquatic and terrestrial biodiversity, the eradication of poverty, the fight against hunger, access to health care, access to quality education and the reduction of social inequalities. Therefore, their reference framework is the UN Sustainable Development Goals (SDGs). The SDG framework is a global initiative, adopted by all UN member states, in 2015, as part of the 2030 Agenda for Sustainable Development. It consists of 17 goals designed to address a wide range of global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice. The SDGs aim to create a better and more sustainable future for all by 2030, promoting prosperity while protecting the planet. They have become a universal reference in terms of sustainable objectives.

As sustainable portfolios pursue a sustainable investment objective, they aim to invest primarily in companies that provide solutions to environmental and social sustainability issues through their products and services. The contribution of each investee's turnover to the UN Sustainable Development Goals is a key element in the investment decision process.

3. The impact portfolios

The impact portfolios share the threefold commitment of the sustainable and transition portfolios, specified above.

This triple commitment is fully integrated in the impact framework defined internally on the basis of the Global Impact Investing Network reference framework which covers health products and services, education-related services, water saving and access solutions, energy efficiency solutions, services enabling digitalisation, and sustainable mobility services, among other impact themes.

All companies invested in must make a significant positive contribution to the impact themes defined by DPAM, inspired by the GIIN Iris+ impact taxonomy, and included in DPAM's impact thematic framework.

The assessment of significant positive impact contribution is structured around three core dimensions:

1. **Impact Alignment Analysis:**

   Companies are evaluated on their provision of products and services that are materially and positively aligned with one or more defined impact themes. For each company, the magnitude of this positive contribution is quantified using metrics such as sales exposure, capital expenditure allocation, or other sector-relevant quantitative indicators.

2. **Detailed Impact Analysis:**

   The degree of impact is further analysed through a structured questionnaire, which examines the company’s intentionality to generate impact, the materiality of that impact within its business model, and the ability to measure this impact effectively (measurability).

3. **Impact Metrics & Monitoring:**

   Impact Key Performance Indicators (KPIs) are identified, tracked, and monitored against the company’s stated impact objectives.

Validation Process: Each company undergoes a formal review by a dedicated internal impact committee, which ensures compliance with both quantitative thresholds and qualitative justifications. This dual approach guarantees that only companies meeting stringent impact criteria are approved.

ESG Controversy and Corporate Behaviour Review: The impact committee also reviews companies for exposure to ESG controversies and evaluates their corporate responses. DPAM applies its corporate behaviour filter with greater stringency for positions within impact funds compared to mainstream, transition, or sustainable funds, ensuring that positive impact is not undermined by adverse corporate conduct.

Ongoing Oversight: Impact profiles of all portfolio companies are reviewed continuously, with annual re-validation by the impact committee. Since impact portfolios are managed with a fully sustainable investment objective, the contribution of investee companies to DPAM’s defined impact themes remains central to the investment decision-making process

2.2 The special case of private initiatives regarding labels

DPAM is conscientious to investors’ needs for transparency and better understanding of sustainable products. It is therefore attentive and open to private label initiatives which might be developed in some countries. These labels can enhance transparency, as they define their own frameworks of what can be considered a sustainable product according to specific requirements which might be different from one country to another. DPAM collaborates with two private initiatives namely the ESG Luxflag label in Luxembourg and the Towards Sustainability label in Belgium.

Depending on the funds’ strategies, the labels may lead to additional rules which must be respected for the granted label period. For further information, please refer to our Controversial activity policy, and more specifically to the section: IX. Controversial activities exclusions applying to actively managed strategies applying for the Towards Sustainability Quality Standard.

3. SFDR classification

We have over 20 years of SRI experience which allows for structured, credible SFDR alignment. Depending on the SFDR classification, DPAM's investment funds will apply the different screening steps, described above and summarised in the following chart.

ESG approach by SFDR article

Source : DPAM

The chart demonstrates how DPAM through its disciplined 9-step process integrates a variety of screening requirements in its different portfolios including: minimum social and governance safeguards, principal adverse indicator inclusion, the do not significantly harm principle and sustainable positive screening.

3.1 Promoting environmental and social characteristics

DPAM does this using the following methodologies:

- The norms-based screenings (step 4);
- The controversies and exclusions methodology (steps 5 and 6);

3.2 Sustainable investment as a contribution to environmental and/or social objectives

The contribution to environmental and/or social objectives follows different methodologies:

- The norms-based screenings (step 4);
- The controversies and exclusions methodology (steps 5 and 6).
- The positive screening through either quantitative best in class or proprietary scorecards screening (step 7)
- These investments also seek an impact through sustainable themes (step 8)

Transition funds – steps 1 to 8 being transition

The transition funds are built on the 8 above-described steps. They have a particular focus on the energy sector and the commodities sector in general. These are generally carbon-intensive sectors, which are the ones that can make the most significant contribution to the energy transition and help us to advance towards a zero-carbon world. Instead of excluding all investment in these segments, these funds will focus on energy companies with the most credible sustainability and energy transition strategies and will seek to enter engaged dialogue with them to ensure that their strategies and capital allocation are aligned with net-zero engagement and offer a credible route to achieving that goal. Our framework for dialogue with energy companies and for monitoring progress will be closely aligned with the ten principles of the CA 100+ Net Zero Benchmark, notably:

1) Governance criteria: The companies concerned will be expected to adopt a strategy aimed at reducing the negative impact of their activities and increasing their contributing activities, where appropriate.

2) A commitment to the energy transition, which can include any of the following: Having an SBTi target set well below 2°C or 1.5°C, or having a an SBTi 'Business Ambition for 1.5°C'; or allocating more than 10% of their CapEx to contributing activities on a consolidated basis while engaging with companies to disclose CapEx on an economic basis (the underlying logic is to focus on integrated energy companies that are best-in-class on this economic measure, a benchmark of 15% on an economic basis being a relevant ambition (based on the limited information currently available); or less than 15% of CapEx is spent on activities related to oil and gas and is not aimed at increasing revenues.

These funds must also limit non-conventional hydrocarbons: a maximum of 10% of 'dirty' oil and gas production (for example, fracking, oil sand, coalbed methane, extra-heavy oil); and a maximum of 10% of oil and gas production from Arctic drilling.

Sustainable funds – steps 1 to 8 being sustainability themes (SDGs)

The sustainable funds are built on the 8 above-described steps.

These focus on the SDGs which are used as a reference framework to assess the positive impact of the portfolios to finance the real economy and ESG challenges and opportunities.

Because DPAM's aim is to increase its positive net impact, the exercise includes both the positive impact and the negative effect products and services from one company might have.
For this reason, the methodology looks at:

- Revenue-impact alignment (for example the percentage of positive revenue aligned to each SDG/sustainability theme in terms of positive and negative contribution);
- Product impact intensity namely whether the impact is very positive, positive, neutral, negative or very negative.

Impact funds – steps 1 to 6 and 'impact' step 9

The Impact funds are built on the first 6 steps described above and the impact themes framework (step 9).

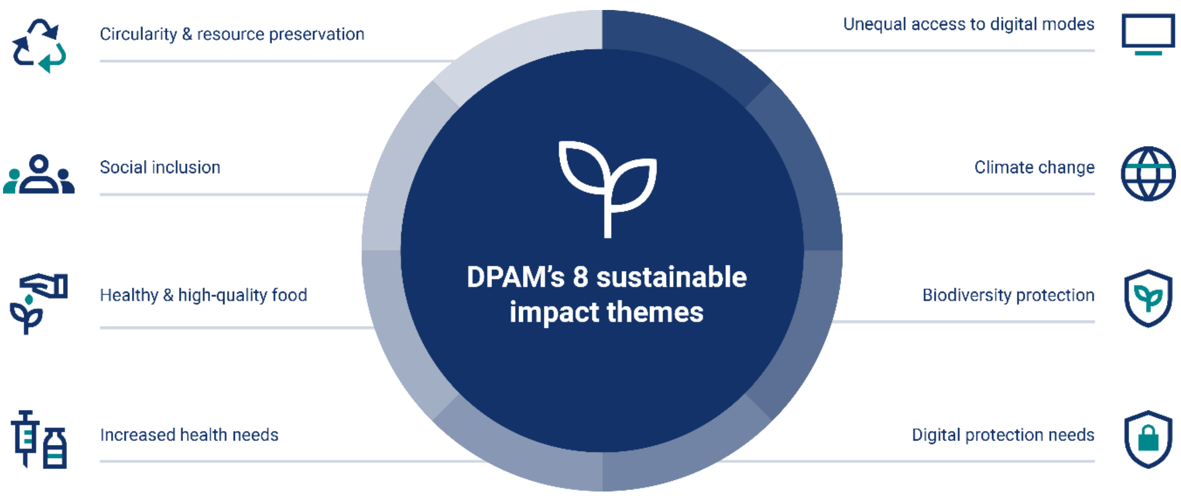
Issuers are systematically mapped using the DPAM Sustainable Impact Themes framework, which consists of eight principal impact themes and fifty-five subthemes. This framework is closely aligned with the Global Impact Investing Network (GIIN)'s IRIS metrics and thematic taxonomy. The selection and definition of themes, subthemes, and KPIs are the result of a collaborative process involving DPAM's Responsible Investment Competence Centre (RICC), sustainable portfolio managers, and fundamental analysts, with final validation by the SRI Steering Group. The framework is designed to be dynamic, enabling the integration of new themes and subthemes as market standards and sustainability priorities evolve.

For companies considered for inclusion in impact funds, the assessment of their contribution is conducted across three dimensions:

1. **Impact Alignment Analysis**: Evaluation of the extent to which the company's products and services are positively aligned with relevant impact themes and subthemes, using quantitative measures such as percentage of revenue exposure, percentage of capital expenditure (CapEx) exposure, or other pertinent metrics.
2. **Detailed Impact Analysis**: Assessment of the company's impact intentionality, the materiality of its impact, and the measurability of its outcomes.
3. **Impact Metrics & Monitoring**: Ongoing evaluation of the company's progress towards achieving its stated positive impact objectives.

All candidate companies are reviewed by the Impact Committee at least annually. The committee ensures that both formal requirements and qualitative aspects of the impact narrative are met. In addition, the impact committee reviews corporate behaviour to ensure that it does not undermine the positive impact generated through core activities. For impact strategies, DPAM applies a stricter corporate behaviour screening and maintains a lower tolerance for ESG controversies compared to mainstream, transition, or sustainable strategies.

Beyond the work of the Impact Committee, DPAM may engage external experts on an ad-hoc basis for topics relevant to impact strategies. These experts provide targeted advisory input, both from a methodological perspective (e.g., selection of impact themes, assessment methodologies) and at the sector or company level (e.g., evaluating the extent of positive impact generated by specific sectors or companies).



The Impact Committee

SRISG validates the Sustainable Impact Themes framework

List of Sustainable Impact Themes
Impact requirements for an issuer to be eligible for Impact strategies

Impact Committee
implements the Sustainable Impact Themes framework

Ensures that there is a convincing Sustainable Impact story behind each line in portfolio

Ensures that the Sustainable impact issuers are not too controversial (reputational risk)

Ensure that the issuer formally meets the quantitative impact requirements

Whitelist of Sustainable Impact Themes issuers

Applying for all DPAM Sustainable Impact Articled 9 products

Mission: a small operational committee to decide whether a given issuer can be considered a sustainable impact issuer for any DPAM Article 9 Impact strategy (= decision applying at Issuer level and for all DPAM article 9 strategies, regardless of whether they are equity, fixed income or balanced strategies).

3.3 The special case of government bonds

In the case of government bonds issued by countries, the promotion of environmental and social factors takes place in Article 8 investment funds by:

- excluding countries that do not meet minimum democratic requirements according to a methodology which is mainly based on the classifications of the International NGO Freedom House ('not free') and the Economist Intelligence Unit ('authoritarian regime');
- investing in impact bonds/use of proceeds.

Good governance criteria such as electoral processes, civil liberties and national and local democratic governance are included in the model used by the International NGO, Freedom House and the Economist Intelligence Unit.

3.4 DPAM is committed to increase the positive impact of its investment decisions or recommendations – promotion of E/S objectives

In the specific case of government bonds issued by countries, the promotion of environmental and social objectives in article 8 investment funds with a partial sustainable objective and article 9 investment funds, relies on a combination of four commitments:

- the exclusion of countries that do not meet minimum democratic requirements according to a methodology which is mainly based on the classifications of the International NGO Freedom House ('not free') and the Economist Intelligence Unit ('authoritarian regime').
- the best-in class ESG screening based on the proprietary country sustainability model to demonstrate the greatest commitment to sustainable development on governance, environmental and social issues;
- systematic engaged dialogue with the issuers in which the portfolio is invested; and
- priority given to impact instruments such as green and sustainable bonds as described above, where possible (see 'the special case of ESG-labelled bonds' in section 3.3).

Therefore, the sustainable objective aims for:

- a higher democratic profile for the portfolio than for the portfolio's reference universe[4].
- a lower greenhouse gas (GHG) emissions intensity for the portfolio than for the portfolio's reference universe [5].

3.5 Methodology to identify the environmental and social objective of government bonds

A country is deemed to satisfy a Sustainable Investment Objective if it either satisfies the Environmental Investment Objective or the Social Investment Objective (defined in this section).

The starting point for this analysis is the DPAM proprietary country model, which can be split into E, S and G components (please refer to the details on the model in 'Integration in sovereign bonds' above):

- Environment; the environmental component of the model;
- Social: population, healthcare, wealth distribution, education and innovation components of the model;
- Governance: transparency and democratic values components of the model.

Using the scores for the E and S components, separate sub-rankings can be made for these components.

Analysis of environmental investment objectives allows us to score the environmental component using the DPAM proprietary country model. Countries are then ranked using this environmental score. A country is deemed to satisfy the environmental objective if it does not belong to the bottom quartile in the environmental ranking (rounding up the number of eligible countries).

Analysis of social investment objectives allows us to score the social component using the DPAM proprietary country model. Countries are then ranked using this social score. A country is deemed to satisfy the social objective if it does not belong to the bottom quartile in this social ranking (rounding up the number of eligible countries).

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[4] The democratic profile is measured by a weighted average democratic score of the invested countries compared to the weighted average democratic score of the portfolio's reference universe

[5] The GHG emissions intensity is measured according to the PAI described in the SFDR regulatory technical standards (for example, the GHG emissions of the invested countries compared with the GHG emissions intensity of the portfolio's reference universe as defined by regulatory technical standards).

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{The\ country's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i\,(€M)}\right)$$

4. How the PAI are taken into account

4.1 How Principal Adverse Impact indicators are taken into account in the investment process

Whether the principal adverse impacts (PAI's) are defined as negative, material or potentially material depends on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by DPAM.

These are intrinsically linked to our willingness to reduce the negative impact of our investments, which is ingrained in the whole research and investment process, from inception.

First, the environmental PAI's, and more particularly those related to greenhouse gas emissions and energy performance are analysed and monitored at the issuer level[6] and at the portfolio level.

Second, the social PAI's are systematically screened through the three-step, research and investment process as follows:

1. global standards compliance filter: the global standards compliance filter is articulated around human rights, labour rights and prevention of the corruption. exclusion filter for companies involved in controversial activities; and
2. exclusion filter for companies involved in major ESG controversies screening.

The integration of PAI's into the investment process is done with a primary focus **on understanding the importance** of the indicators in terms of **risk and time horizon**. The objective is to balance these risks and their evolution with our expectations in terms of risk and ESG profiles of the products.

The prioritisation of PAI's depends on several elements: the availability of data, its quality and coverage and its importance in terms of sustainability risk.

For this reason, the integration of the topics covered by the PAIs includes, on the one hand, **public quantitative** data from the company and/or specialised companies and, on the other hand, **qualitative assessments** by analysts specialised in the sector, particularly based on their dialogues with the companies they cover.

Once the PAI's have been calculated, beyond their absolute level, the most important thing is to understand their origin and to take the necessary actions to influence them in the right direction. Thus, **dialogue, engagement and voting** can be important levers for change.

Environmental PAI's such as carbon emissions, greenhouse gas emissions, waste or water consumption, are among the topics for engagement, whether collaborative or individual.

The same applies to social PAIs such as human rights and employee rights via collaborative or individual initiatives.

These topics remain in the minority on the agenda of shareholder meetings on which we, as shareholders, can vote. However, we do not hesitate to use this lever to put pressure on companies by voting against certain agenda items, to, in general, support ESG resolutions or to express our dissatisfaction with the board of directors as an overall result. Our voting policy outlines the approach taken on ESG resolutions and shareholder resolutions.

Following the different rules clearly defined in the policies for each step of the investment process (normative screening, controversy exclusion, controversy analysis and possible engagement, voting policy, engagement policy) **an escalation and decision process** exists which may ultimately lead to disinvestment in the issuer.

[6] through notably all our research set up in the framework of the TCFD recommendations

Please see below how the different PAI’s are integrated in the investment steps of the portfolio construction.

It is important to underline the challenges that accessibility and quality of data represent for the PAI. It is unanimously recognised that not all companies report on these indicators; that the measures may not be standard and/or may be left to the discretion of the company in relation to their materiality and methodology. Therefore, for DPAM it remains essential that metrics disclosed on a best-efforts basis, are complemented by a qualitative analysis, capable of putting the figures into perspective and the same is valid for the conclusions drawn in terms of investment decisions. We are a strong believer in engagement and dialogue to enable all stakeholders to improve this situation in order to achieve the objectives of the EU regulation, for example, reorienting financial flows towards inclusive and sustainable growth and fighting against short termism and greenwashing.

4.2 How are Principal Adverse Impact indicators taken into account in the investment process – the special case of government bonds

The principal adverse impact indicators (PAI’s) are intrinsically linked to DPAM's commitment to reduce the negative impact of its investments by avoiding activities or behaviours that may significantly undermine sustainable and inclusive growth. This commitment is embedded throughout the research and investment process, from inception.

The first PAI relevant for government bonds (and countries as issuers) is related to environmental issues and focuses on the greenhouse gas emission intensity of the countries invested in. This indicator is an integral part of the country sustainability model developed by DPAM for its sovereign bond investments. It is therefore included in the country sustainability score and can influence the country sustainability score positively or negatively depending on its level and evolution relative to other issuing countries.

The second PAI relevant for government bonds (and countries as issuers) is related to social issues and focuses on social violations. Our country sustainability model looks at several indicators such as respect for civil liberties and political rights, respect for human rights and the level of violence within the country, commitment to major labour conventions, equal opportunities and distribution of wealth, for example. These indicators are included in the country's sustainability score and can influence it positively or negatively depending on its level and evolution in relation to other issuing countries. The results of the country sustainability scores are eventually discussed with the countries concerned according to DPAM's Engagement Policy.

PAI	Environmental				Social			
Methodology	**GHG emissions**	**Carbon Footprint**	**Biodiversity**	**Water**	**OECD social safeguards**	**Gender pay gap**	**Board gender diversity**	**Labour injuries**
Specific integration analysis	TCFD	TCFD	TNFD	TCFD	Social DD			
Norms screening	✓	✓	✓	✓	✓	indirectly	indirectly	✓
Controversies	✓	✓	✓	✓	✓	indirectly	indirectly	✓
Extensive screening	✓	✓	✓	indirectly	✓	indirectly	indirectly	✓
ES characteristics promotion	✓	✓	indirectly	indirectly	✓	indirectly	indirectly	✓
Voting	✓	✓			✓	✓	✓	✓
Engagement	✓	✓	indirectly	indirectly	✓	✓	✓	✓

Please refer to our PAI statement for the whole list of PAI integrated in our processes.

In terms of priorities, the above table shows how some indicators are particularly material and therefore integrated through the whole portfolio construction namely:

- GHG emissions and the carbon footprint on the environmental side
- Social safeguards and the employees safety and security on the social side.

5. How the DNSH principle is guaranteed

5.1 How is the Do Not Significantly Harm (DNSH) principle guaranteed for investment funds?

The DNSH principle is considered through all steps of the investment decision process.

This principle can be ensured through tools other than negative screenings. Positive screening, based on the best -in-class approach and/or ESG scorecards also covers the DNSH principle as best practice and best efforts regarding ESG sustainability risks are promoted.

Our objective is twofold: first, to mitigate the tail risks by excluding the companies with the lowest ESG profiles, and second, to encourage not only ESG leaders but also companies that are improving their ESG profiles and are making significant progress. The worst performers in each sector (the threshold depends Seon the strategy) are excluded from the investment universe.

Throughout this process, DPAM aims at the most comprehensive level of sustainability risk and opportunity integration.

The weaknesses and areas for improvement regarding ESG data, approaches and methodologies are well known but despite this we aim at the highest level of impact and seek opportunities to finance ESG challenges.

DPAM therefore applies the DNSH principle for its transition, sustainable and impact investment funds namely:

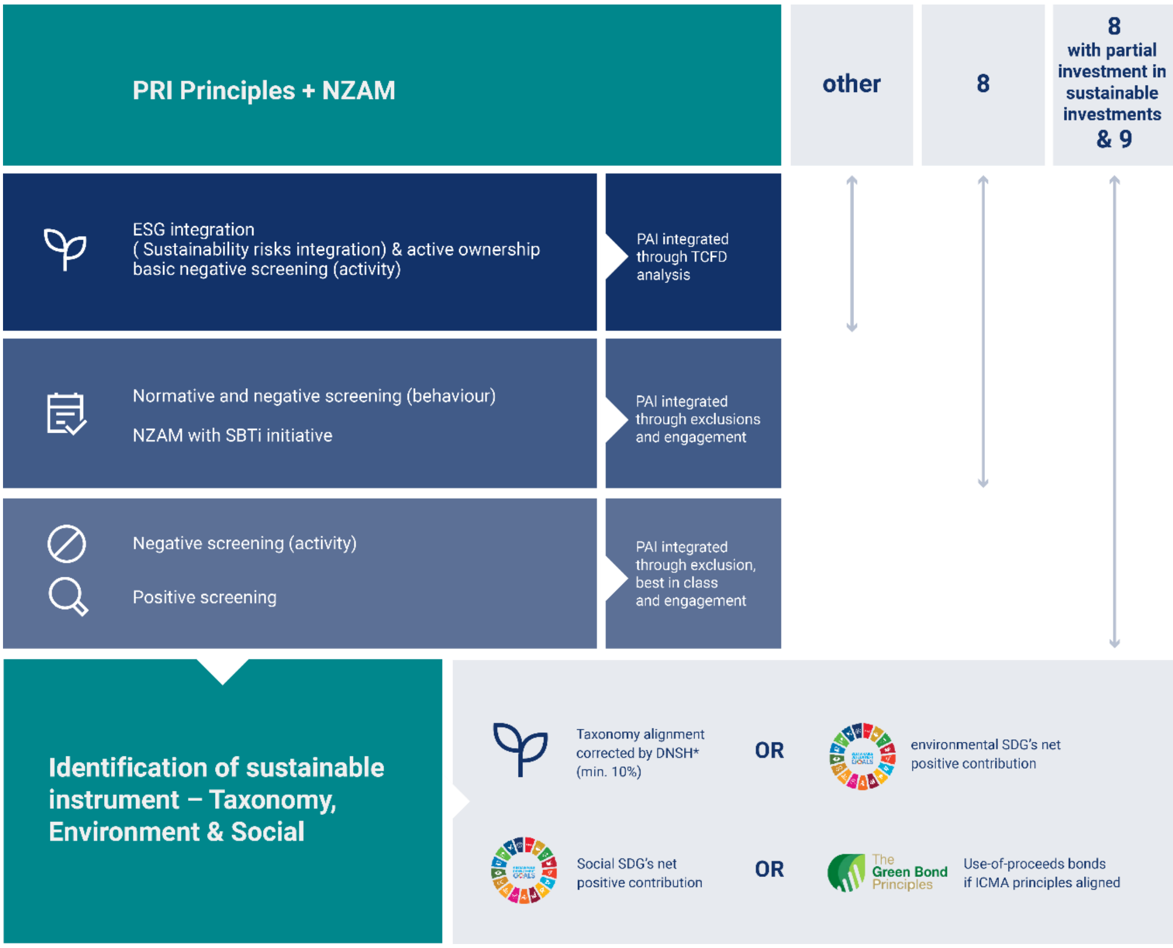
- For the transition and sustainable investment funds which promote E/S characteristics, with a partial sustainable objective, a minimum of 20% of issuers in these portfolios must contribute positively to all the 17 SDG’s (net contribution), unless otherwise provided in the prospectus.
- For the sustainable investment funds which promote E/S objectives entirely a minimum of 50% of issuers in the portfolio must contribute positively to all 17 SDG’s (net contribution) and have a net positive contribution at the aggregate level of the portfolio.
- For the impact investment funds which promote E/S objectives entirely, these must have a net positive contribution to all 17 SDG’s (net contribution) at the aggregate level of the portfolio.

5.2 How is the Do Not Significantly Harm (DNSH) principle guaranteed – the special case of government bonds

The portfolios invested in government bonds issued by countries consider the principal negative environmental and social impacts (hereafter ‘PAIs’) listed in Table 1 of Annex I of the Delegated Regulation (EU) 2022/1288 that are applicable to investments in sovereign or supranational issuers.

Please refer to the explanation in section 4.1 on ‘how are Principal Adverse Impact indicators taken into account in the investment process’.

Government bonds issued by countries are not in the scope of the EU Taxonomy. Therefore, these instruments do not have to comply with the DNSH principle as stated in this regulation.



Regarding the impact investment funds, the DNSH principle is included in the impact themes framework defined by DPAM based on the Global Impact Investing Network framework.

6. Methodology and investment process for mandates

DPAM is transparent regarding sustainability - relevant aspects in relation to MIFID for clients

For mandates, we incorporate the DNSH principle and the Principle Adverse Impact indicators. We tailor our investment methodologies to clients' sustainability preferences.

6.1 DPAM is committed to offer investment methodologies meeting the suitability-related expectations of its clients

According to MIFID II, DPAM must collect the sustainability preference of its clients. Such preferences for sustainable instruments can be expressed by:

- Minimum alignment with the EU taxonomy
- Minimum sustainable investments as defined by the SFDR;
- The consideration of Principal Adverse Impact indicators.

DPAM builds the portfolio according to the specified requirements stipulated by the client in its MiFID profile. DPAM applies the sustainability preferences of the client at portfolio level. Clients may refer to DPAM's MiFID II Information Brochure, specifically to section 5.2.2., for more information on how DPAM will determine the portfolios' classification according to the SFDR based on the sustainability preferences expressed by the clients.

The investment methodologies applied by DPAM to build the portfolio depend on whether the portfolio is invested in funds and/or in direct lines.

When the portfolio is invested in investment funds managed by DPAM, please refer to section 3 'SFDR classification' and section 3.3 'The special case of government bonds' which explains the methodologies applied by DPAM to its own funds, for both corporate and government bond strategies. To the extent the portfolio also invests in funds managed by third party providers, DPAM relies on the pre-contractual disclosures made in the prospectus of the fund regarding its commitments on taxonomy alignment and sustainable investments to meet the client's requirements.

When the portfolio invests in direct lines, to determine whether an investment in equities and/or corporate bonds is eligible to meet the client's minimum proportion of sustainable investments, DPAM assesses whether the instrument complies with one of the following four criteria: use-of-proceeds; taxonomy alignment; environmental objective and social objective, as set out in section 2.1, step 8, 'Identification of sustainable instruments through a revenue aligned approach'.

The taxonomy alignment definition, set out in section 2.1, step 8, 'Identification of sustainable instruments through a revenue aligned approach' explains how DPAM determines whether a corporate instrument is aligned with the EU taxonomy and therefore whether it is eligible to meet the minimum proportion of taxonomy-aligned investments requested by the client.

Regarding government bond strategies, DPAM meets the proportion of sustainable investments requested by the client by investing in DPAM funds qualifying as article 8 and/or 9 under the SFDR. As at the date of this policy, the EU taxonomy does not apply to government bonds as the EU has not yet defined a methodology to calculate the taxonomy-alignment of government activities. Therefore, such instruments are not eligible to meet the minimum proportion of taxonomy-alignment requested by the client.

6.2 How are Principal Adverse Impact indicators taken into account in the investment process of mandates

For investments in direct lines or investment funds managed by DPAM, please refer to 'How Principal Adverse Impact indicators are taken into account in the investment process' at section 4.1. For investments in investment funds managed by DPAM, PAI are taken into account at the level of the DPAM funds.

In case of investment in Third Party investment funds, the PAI will be those formally approved by the relevant regulatory authorities as stipulated in the pre-agreement disclosure.

6.3 How is the DNSH principle guaranteed?

For investments in direct lines or investment funds managed by DPAM, please refer to 'How is the Do Not Significantly Harm principle guaranteed' at section 5.1.

For investments in investment funds managed by DPAM, compliance with the DNSH principle is ensured at the level of the DPAM funds, you may refer to the same sections.

III. ESG Memberships

ESG Memberships / Affiliations / Signatories	Key Areas of Focus	Priorities	Start Date
	Organisations – Memberships SUSTAINABLE ACTOR		
UN PRI	DPAM joined the UN Principles for Responsible Investment in 2011 to foster the integration of ESG factors in the investment process. Over the last 8 years, DPAM has achieved strong performance scores in its assessment report, which is based on signatories' self-reported information. DPAM is a member of the Global Policy Research Group. Please read more about the PRI's 2025 reporting framework here.	ESG	2011
Member of LuxFLAG	Luxflag brings together a community of organisations committed to shaping the future of sustainable finance. https://luxflag.org/en/associate-membership/	ESG	2011
ALFI (LUX). France (FIR), Italy (Finanza Sostenibile) German-speaking countries (FNG), Swiss Sustainable Finance (SSF) Sustainable Finance Geneva (SFG)	National forums for Responsible investment ALFI represents the asset management industry in Luxembourg and champions mainstream, private assets and sustainable investing www.alfi.lu/en-gb/directory/member/33965 FIR is a multi-stakeholder association that promotes and develops responsible investment and best practice https://www.frenchsif.org/isr_esg/ Finanza Sostenibile is a non-profit association that encourages the inclusion of ESG criteria in financial products and processes www.finanzasostenibile.it/en/soci/degroof-petercam/ The FNG is a professional association for sustainable investment in German-speaking countries https://www.forum-ng.org/en/fng SSF is a Swiss association focusing on sustainable finance. www.sustainablefinance.ch SFG aims to catalyse the ecosystem in Geneva to adopt sustainable practices when making investment decisions https://sfgeneva.org/	ESG	2003, 2010, 2023
BEAMA (Belgian Asset Manager Association)	BEAMA's mission is to represent, promote and develop the asset management industry in Belgium, it also provides a label process. https://www.beama.be/	ESG	2015
EFAMA (European Asset Managers Association)	EFAMA is a pan European organisation representing the European investment management industry to policymakers and international public bodies. https://www.efama.org/about-us/our-members	ESG	2021

Collaborative initiatives			
Task force for Climate related financial disclosure: TCFD	The TCFD provided climate-related financial disclosure recommendations. While it has now disbanded, we continue to implement the regulations. https://www.fsb-tcfd.org/	E Scope 3 Paris alignment	2018
Climate Action 100+	This investor-led initiative engages with systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition, in line with the goals of the Paris Agreement. https://www.climateaction100.org/whos-involved/investors/page/5/	E Paris alignment	2019
FAIRR	An investor network that raises awareness of the ESG risks and opportunities caused by intensive livestock production. https://www.fairr.org/about-fairr/network-members/?search=dpam	ES Aligned with E & S priorities Food Trends	2019
CDP (Carbon Disclosure Project)	The Carbon Disclosure Project focuses on investors, companies and cities taking action to build a truly sustainable economy by measuring and understanding their environmental impact. https://www.cdp.net/en	E Carbon disclosure	2020
Investor Alliance for Human Rights	Collective action platform which supports sustainable investing that respects fundamental human rights https://investorsforhumanrights.org/members	S Human rights	2020
Finance for Biodiversity Pledge	The pledge calls on financial leaders to protect and restore biodiversity through their activities and investment decisions. https://www.financeforbiodiversity.org/signatories/	E biodiversity	9/12 /2020
Investor Statement on Facial Recognition	Led by Candriam, this initiative aims to generate insights on best practice in terms of facial recognition. The initiative could help to avoid reputational damage in case a portfolio company comes under scrutiny. A collective engagement initiative, based on the UN Guiding Principles on Business and Human Rights, the initiative aims for companies to consider the: • accuracy of their technology; • sources used in image databases and monitoring to avoid biases; • due diligence mechanisms of clients prior to using the technology; • set-up of grievance mechanisms. Read more here.	S Human rights	2021

Signatories/Supporters			
PRI Investor statement on deforestation and forest fires in the Amazon	**This is an official statement from the PRI which requests companies to redouble their efforts and demonstrate a clear commitment to eliminating deforestation within their operations and supply chains, including by:** **1. Publicly disclosing and implementing a commodity-specific no deforestation policy with quantifiable, time-bound commitments covering the entire supply chain and sourcing geographies.** **2. Assessing operations and supply chains for deforestation risk, to reduce this risk to the lowest possible level and publicly disclosing this information.** **3. Establishing a transparent monitoring and verification system for supplier compliance with the company's no deforestation policy.** **4. Reporting annually on deforestation risk exposure and management, including progress towards the company's no deforestation policy.** **Find out more here.**	E Climate change & biodiversity	2019
2021 Global Investor Statement to Governments on the Climate Crisis	**In 2021, this statement called on all governments to:** **Strengthen their NDCs for 2030 before COP26, to align with limiting warming to 1.5-degrees Celsius and to ensure a planned transition to net-zero emissions by 2050 or sooner.** **Commit to a domestic mid-century, net-zero emissions target and outline a pathway with ambitious interim targets including clear decarbonisation roadmaps for each carbon intensive sector.** **Implement domestic policies to deliver these targets, incentivise private investment in zero-emissions solutions and ensure ambitious pre-2030 action through: robust carbon pricing, the removal of fossil fuel subsidies by set deadlines, the phase out of thermal coal-based electricity generation by set deadlines in line with credible 1.5-degree Celsius temperature pathways, the avoidance of new carbon-intensive infrastructure (e.g. no new coal power plants) and the development of just transition plans for affected workers and communities.** **Ensure COVID-19 economic recovery plans support the transition to net-zero emissions and enhance resilience. This includes facilitating investment in zero-emissions energy and transport infrastructure, avoiding public investment in new carbon-intensive infrastructure and requiring carbon-intensive companies that receive government support to enact climate change transition plans consistent with the Paris Agreement.** **Commit to implementing mandatory climate risk disclosure requirements aligned with the TCFD recommendations, ensuring comprehensive disclosures that are consistent, comparable, and decision-useful.** **Find out more here.**	E Paris alignment	2021
Follow This	**Follow This is a group of over 8,000 green shareholders in oil and gas companies.** **The Follow This Climate Resolutions support oil and gas companies to set Paris-consistent targets for all emissions, including Scope 3 (product emissions).** **Find out more here.**	E (climate change)	2021

Ranking Digital Rights (RDR)	**As investors, we are concerned with the lack of transparency and accountability in the ICT sector, affecting people's rights to privacy and freedom of expression. Through the Investor Statement on Corporate Accountability for Digital Rights, we are calling on ICT companies to commit to respect human rights by establishing comprehensive human rights policies and due diligence mechanisms, sustained and managed through robust board oversight.** **Using the 2020 Ranking Digital Rights Corporate Accountability Index (RDR Index), the Investor Statement set outs investor expectations of ICT companies in line with the evaluation and recommendations of the RDR Index. The investor statement has been initiated by the Investor Alliance for Human Rights and coordinated engagements are supported by DPAM.** **Find out more here.**	S (human rights)	2021
Net Zero Asset Manages Initiative (NZAM)	**DPAM joined the Net-Zero Asset Managers (NZAM) Initiative in April 2022. It requires asset managers to commit to support investing aligned with net zero emissions by 2050 or sooner.** **To become part of the initiative, DPAM committed to several key goals:** • **Working in partnership with asset owner clients on 'Net Zero by 2050' decarbonisation goals** • **Setting an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions** • **Reviewing these interim targets at least every five years to eventually cover 100% of AuM** • **To fulfil these commitments, DPAM will abide by the ten-point action plan of NZAM.** **Find out more here.**	E	04/2022
Institutional Investors Group on Climate Change (IIGCC)	**IIGCC is a global investor membership body that aims to help the investment community make progress to net zero.** **Find out more here.**	Climate change	12/2022
Investor Initiative on Hazardous Chemicals (IIHC)	**The initiative aims to reduce the adverse impacts of hazardous chemicals and its members' exposure to the financial risks to which they are linked. Members engage in dialogues with the world's largest publicly traded chemical companies.** **Find out more here.**	E	Q4 2023
Nature action 100	**Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.** **The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. It was conceived by a group of institutional investors known as the Launching Investor Group.** **Find out more here.**	E (biodiversity)	Q3 2023

Spring	**The initiative's objective is for investors to contribute to the goal of halting and reversing biodiversity loss by 2030. This is aligned with the goals and targets of the Kunming-Montreal Global Biodiversity Framework.** **Find out more here.**	E (Biodiversity)	Q4 2023
World Benchmarking Alliance	**The World Benchmarking Alliance is a non-profit organisation that assesses and ranks the world's most influential companies on their contribution to the Sustainable Development Goals.** **Find out more here.**	ESG	10/2023
Emerging Markets Investors Alliance	**The Emerging Markets Investors Alliance 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 support asset owners in engaging effectively with asset managers on best practices to advance good governance and sustainability in emerging markets.** **Find out more here.**	ESG	Q2 2023
Investor Policy Dialogue on Deforestation Initiative (IPDD)	**The Investor Policy Dialogue on Deforestation (IPDD) is a collaborative investor initiative set up in July 2020 to engage with public agencies and industry associations in selected countries on deforestation.** **The goal is to coordinate a public policy dialogue on halting deforestation. The IPDD seeks to ensure the long-term financial sustainability of investments in the countries they invest in by promoting sustainable land use, forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation. It will work with key stakeholders to encourage adoption and implementation of regulatory frameworks that ensure protection of natural assets and human rights.** **Find out more here.**	E (deforestation) and S (human rights)	Q1 2024
Taskforce on Nature-Related Financial Disclosures (TNFD)	**The TNFD is built on the same four pillars as the TCFD, resulting in a significant overlap to facilitate a seamless integration of nature-related aspects into existing reporting frameworks. Leveraging our current TCFD disclosures, DPAM aims to extend our reporting to cover nature-related risks and dependencies, providing stakeholders with a comprehensive understanding of our environmental impact.** **Find out more here.**	E (Biodiversity, nature and climate change)	Q1 2024
Investor Initiative on Human Rights Data (II-HRD)	**The II-HRD is a collaboration between investors, established to improve the quality of corporate human rights data from ESG data providers and proxy advisors.**	S (human rights)	2026

IV. Lexicon and abbreviations

Carbon intensity of a company	The weighted average of the carbon intensity (in tCO2e/$M revenue) measures the portfolio's exposure to high-carbon issuers on the 1 and 2 scopes. This data does not take into account the total amount of emissions generated by the company, in particular those produced downstream through the use of commercialised products and services, or upstream by suppliers (scope 3 emissions).
Carbon footprint of a portfolio	The carbon footprint of the portfolio is meant to assess the portfolio's carbon risk in the framework of the transition to a low carbon economy. In order to do so, the carbon emissions of the various issuers are calculated and reported based on their total revenue. The calculation method is based on the acknowledged methodology of the Global Greenhouse Protocol and takes into account scope 1 emissions (direct emissions resulting from sources which are the property of or are controlled by the reporting issuer) and scope 2 emissions (direct emissions relating to the energy use (electricity, heat, steam) required to be able to produce the product on offer).
Companies	Corporate, as opposed to countries, which can issue listed equities or corporate bonds.
Compliance with the UN Global Standards	Compliance with the recognized Global Standards for example The UN Global Compact, ILO instruments, OECD Multinational Enterprises (MNE) Guidelines, UNGPs and underlying conventions and treaties. The Global Standards aims to uphold four fundamental principles, to: defend human rights, defend labour rights, prevent corruption; and protect the environment. Based on specific criteria stemming from the 10 principles of the Global Compact, ESG rating agencies assess the companies' compliance with these 10 principles. The analysis identifies companies which face incidents and severe controversies resulting in violations of these fundamental rights principles. The severity of the controversies and incidents is evaluated based on national and international legislation, but also taking into account international ESG standards, such as the recommendations of the OECD for multinational companies, the conventions of the International Labour organisation and the Universal Declaration of Human Rights, for example. The assessment result can be compliant, watch list or non-compliant.
DNSH	Do Not Significantly Harm principle
ESG factors	Environmental, Social, Governance factors ESG factors are environmental, social or governance characteristics that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.

ESG impact	The ESG impact is the assessment of the contribution of the portfolio's invested positions to ESG challenges. Based on the 17 Sustainable Development Goals (SDGs), adopted in 2015 by the United Nations, DPAM classifies investments in companies which objectively offer solutions to sustainability challenges by means of their products and/or services in four major impact themes, namely climate change and stability, natural capital, fundamental needs and empowerment.
ESG risk score of a portfolio	The ESG risk score of the portfolio is the weighted average ESG risk score of the companies in the portfolio. It is calculated by taking into account all the positions in the portfolio that are covered by ESG research from Sustainalytics and their respective weights. The ESG risk score reflects the remaining material ESG risk that has not been managed by the company in an absolute manner (unmanaged risk). It includes two types of risk: management gap risks: risks that could be managed by the company through suitable initiatives but which are not yet managed by the company; unmanageable risks: risks that are inherent to a company's activities which cannot be addressed by suitable initiatives. The ESG risk scores can be classified in 5 categories: negligible risk (0-10), low risk (10-20), medium risk (20-30), high risk (30-40) and severe risk (above 40).
CSAB	Country Sustainability Advisory Board
Net positive contribution	Regarding contribution to the Sustainable Development Goals, the assessment will look at positive and the negative contributions. The net positive contribution is the difference between the negative and the positive contribution, assuming that this has to be at least positive.
NZAM	Net Zero Asset Management Initiative
PAI	The principal adverse impacts (PAI's) are defined as negative, material or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by DPAM.
Portfolios	Refer to investment funds and/or mandates managed by DPAM
RICC	Responsible Investment Competence Center
SRI Steering Group	Sustainable and Responsible Investment Steering Group

Severity of controversy exposure	A controversy is defined as an incident or scandal to which a company is exposed. These may pertain to environmental, social or governance issues. The impact and risks of these controversies are assessed based on various criteria, such as the gravity, responsibility and exceptional character of the impact, as well as the reputational and image risk. The assessment results in a categorisation that groups a company into 5 different controversy categories, according to the gravity, on a scale from 1 (not very serious) to 5 (extremely serious). The gravity is assessed by ESG rating agencies, based on impact and frequency, the transparency of the information provided by the company and its preventive and corrective measures.
SFDR Regulation	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.
SDGs	The Sustainable Development Goals are the 17 goals defined by the United Nations, which are central to the 2030 Agenda for Sustainable Development. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.
Sustainability risks	Environmental, social or governance events or conditions that, if they occur, could cause a negative material impact on the value of the investment.
TCFD	Taskforce for Climate-Financial related Disclosure
UN PRI	United Nations backed Principles for Responsible Investment: a United Nations-supported international network of investors working together to implement its six aspirational principles, often referenced as ‘the Principles’. Its goal is to understand the implications of sustainability for investors and support signatories in incorporating these issues into their investment decision-making and ownership practices. In implementing these principles, signatories contribute to the development of a more sustainable global financial system.
VAB	Voting Advisory Board

V. Summary of responsibilities

TOPIC	ESG factor integration	Sustainability risks management
Objectives	Integrate ESG factors in the whole process of portfolio construction from research to final decision-making process by identifying the material ESG indicators which could have a positive and/or negative impact on the valuation of the investments	To systematically monitor and manage environmental, social or governance events or conditions that, if they occur, could cause a negative material impact on the value of the investment
Means	• External resources through screenings, data, issuer and sectoral reports • Internal resources through fundamental in-depth research including ESG KPI's • Engaged dialogues to clarify ESG factors and to become more informed about decision making processes • TCFD assessments • ESG KPI's scorecards • Etc.	• External resources through screenings, data, issuer and sectoral reports • Internal resources through fundamental in-depth research including ESG KPI's • Engaged dialogues to clarify ESG factors and to become more informed about decision making processes • TCFD assessments • ESG KPI's scorecards • Systematic review of controversies • Systematic monitoring of compliance with the Principles of the Global Compact • Etc.
Responsibilities	• Portfolio managers • Fundamental buy-side analysts • Responsible Investment Competence Center (RICC)	• Portfolio managers • Fundamental buy-side analysts • Responsible Investment Competence Center (RICC) • SRI Steering Group • TCFD Steering Group
Control	• SRI Steering Group (ex RISG) • TCFD Steering Group • Portfolio management teams	• SRI Steering Group (ex RISG) • TCFD Steering Group • Portfolio management teams • Risk management

TOPIC	Promoting environmental and social characteristics	Promoting environmental and social objectives
Objectives	To promote environmental and social characteristics in the portfolio by defending fundamental rights, by not investing in activities and/or behavior of companies which might affect the reputation of medium or long-term investments and by integrating and promoting ESG factors and best practice.	To promote environmental and social objectives in the portfolio by defending fundamental rights, by not investing in activities and/or behavior of companies which might affect the reputation of medium or long-term investments and by optimising the positive net impact to society as a whole.
Means	• External resources through screenings, data, issuer and sectoral reports including eligible universe based on Global Compact norm screening and controversies severity negative screening • Internal resources through fundamental in-depth research including ESG KPI's • Engaged dialogues to clarify ESG factors and to become more informed about decision making processes • TCFD assessments • Systematic review of a controversy's severity • Systematic monitoring of compliance with the Principles of the Global Compact • Etc.	• External resources through screenings, data, issuer and sectoral reports including eligible universe based on Global Compact norm screening and controversies severity negative screening • Internal resources through fundamental in-depth research based on preliminary screening based on ESG scores or ESG KPI's through scorecards • Systematic review of a controversy's severity • Systematic monitoring of the compliance status with the Principles of the Global Compact • Assessment and measurement of the positive and negative impact on the 17 sustainable objectives of the United Nations • Engaged dialogue to clarify ESG concerns and to highlight the ESG impact of products and services • Individual and collaborative engagement to promote best practice and to optimise the net positive impact to society and all stakeholders
Responsibilities	• Portfolio managers • Fundamental buy-side analysts • Responsible Investment Competence Center (RICC) • SRI Steering Group • TCFD Steering Group	• Portfolio managers • Fundamental buy-side analysts • Responsible Investment Competence Center (RICC) • SRI Steering Group • TCFD Steering Group
Control	• SRI Steering Group • TCFD Steering Group • Portfolio management teams • Risk management • VAB • CSAB • Management Board	• SRI Steering Group • TCFD Steering Group • Portfolio management teams • Risk management • VAB • CSAB • Management Board

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