November 2024

Sustainability ranking

Emerging countries

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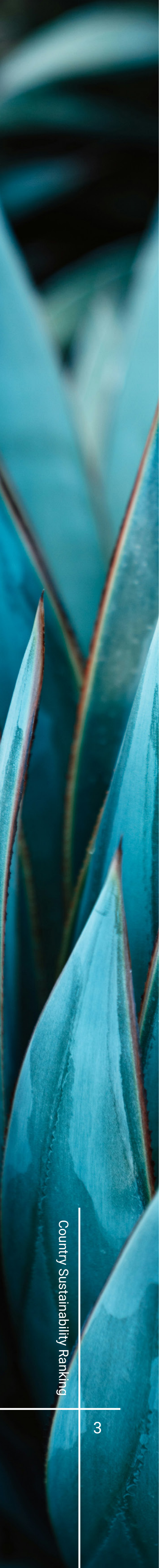


I. Emerging Countries Universe

1. A pioneer in sustainability analysis for emerging economies

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

Integrating sustainability factors into the analysis of emerging market issuers is compatible with and adds value to a sovereign debt portfolio. Doing so helps to provide a holistic view by focusing on the long-term perspectives for key institutions that are vital for the functioning and development of markets. The analysis is complementary to credit ratings by mapping the risk situation in terms of sustainability and by providing valuable additional insights to sustainability-oriented investors. Increasingly credit rating agencies are integrating ESG related indicators in their country credit ratings highlighting that DPAM was ahead of the curve in systematically adopting this approach.

The world population currently stands just below 8.2 billion. According to United Nations statistics, this number is projected to grow to 9.5-9.7 billion by 2050. **This increase will be particularly prevalent in emerging economies**, which are currently confronted with overpopulation and a lack of natural resources. The demographic challenge is not only related to energy and environmental challenges, it entails **a challenge for the entire economy.**

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

Therefore, analysis of the viability of an emerging economy should include the sustainability of the country in terms of transparency and democratic values, as well as the economy, the environment, demographics, health care, wealth distribution and education.

The experience DPAM has gained in the sustainability analysis of OECD states has led to a sustainability model designed for emerging countries incorporating their specific characteristics.

2. Sustainability ranking
November 2024

The starting universe is composed of 85 countries, mainly defined by **the existence of a local or hard currency sovereign debt market.** The sustainability ranking enables the identification of countries which have fully integrated global challenges into the development of their medium-term objectives.

This complements the information gathered from credit ratings, which is traditionally used to assess the short-term valuation of sovereign debt. Integrating long-term perspectives allows us to highlight those countries that are expected to outperform others and therefore to be solvent. These perspectives have no direct impact on the current valuation of an investment but will influence medium and long-term performance.

3. A wellbeing model for countries

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

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

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

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

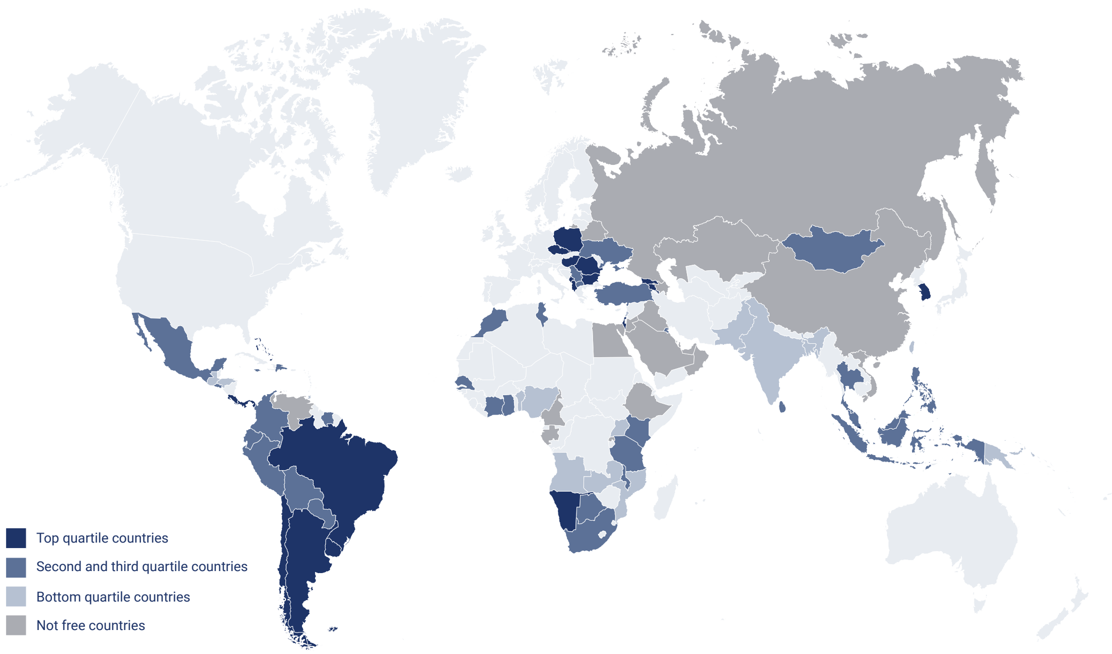
Today we face two scenarios: either business as usual or the acceleration of the transition.

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

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

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

Figure 1. Emerging countries



Source: DPAM, November 2024

Figure 2. Sustainability country ranking of Emerging countries

Top quartile countries	#	H2 24	H2 23
Czech Republic	1	75	75
Chile	2	74	72
South Korea	3	74	73
Uruguay	4	73	72
Poland	5	72	71
Singapore	6	71	70
Costa Rica	7	70	71
Hungary	8	70	68
Romania	9	68	67
Bulgaria	10	68	64
Bahamas	11	67	58
Albania	12	66	66
Namibia*	13	66	64
Israel	14	66	69
Montenegro	15	66	64
Panama	16	65	63
Brazil	17	65	61
Argentina	18	64	63
Georgia	19	64	61
Armenia	20	64	62

*Outstanding bonds < € 2 bn

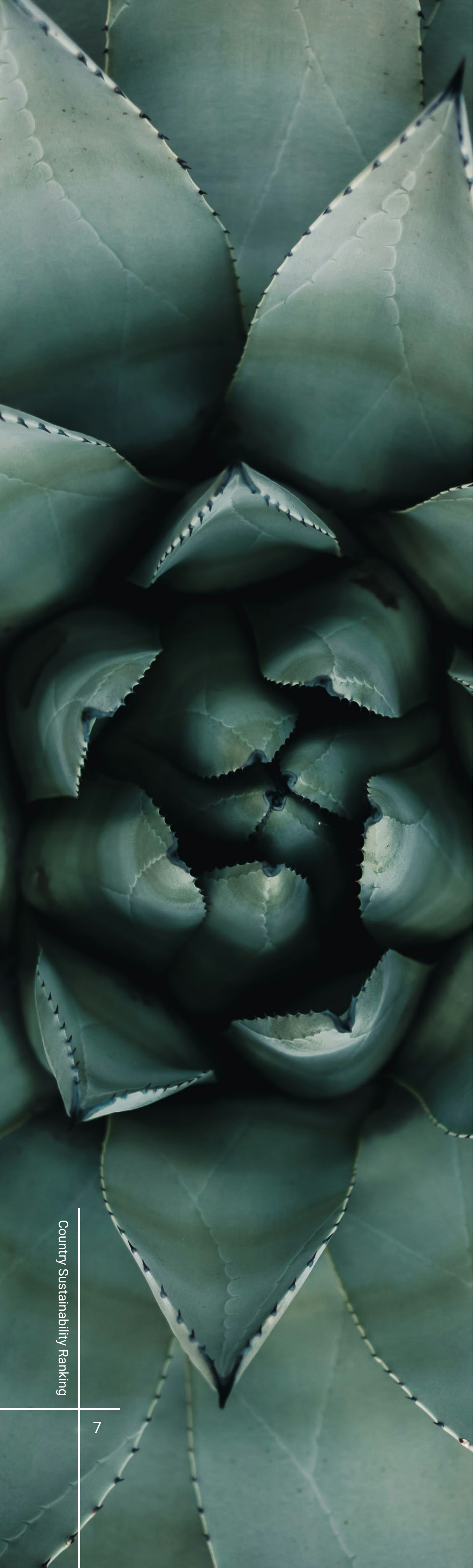
Second and third quartile countries	#	H2 24	H2 23
Dominican Republic	21	63	61
Thailand	22	63	59
Botswana	23	62	55
Jamaica	24	62	58
Macedonia	25	62	62
Malaysia	26	61	62
Colombia	27	60	58
Mexico	28	60	57
Paraguay	29	60	54
Peru	30	60	60
South Africa	31	59	57
Ecuador	32	59	61
Ghana	33	58	60
Serbia	34	58	58
Philippines	35	58	55

Second and third quartile countries	#	H2 24	H2 23
Turkey	36	58	56
Suriname	37	57	56
Kuwait	38	57	52
Mongolia	39	57	56
Bolivia	40	57	56
Indonesia	41	57	55
Sri Lanka	42	56	58
Malawi	43	55	57
Ukraine	44	55	57
El Salvador	45	55	54
Tunisia	46	55	57
Tanzania	47	55	50
Côte d'Ivoire	48	55	53
Morocco	49	54	52
Senegal	50	54	54
Kenya	51	54	51

Bottom quartile countries	#	H2 24	H2 23
Zambia	52	53	46
Benin	53	53	48
Trinidad and Tobago	54	52	51
India	55	52	49
Guatemala	56	52	52
Bangladesh	57	50	53
Honduras	58	50	44
Mozambique	59	47	46
Nigeria	60	45	39
Uganda	61	44	42
Angola	62	42	40
Papua New Guinea	63	41	41
Pakistan	64	40	40
Lebanon	65	39	45
Taiwan	66	-100	-100

Excluded	H2 24
Qatar	62
United Arab Emirates	61
China	55
Jordan	58
Saudi Arabia	56
Bahrain	54
Kazakhstan	54
Vietnam	52
Belarus	51
Gabon	53
Oman	53
Rwanda	52
Russia	50
Egypt	50
Azerbaijan	48
Cameroon	44
Ethiopia	41
Venezuela	39
Iraq	39

Source: DPAM, November 2024



II. Principles to analyse emerging countries

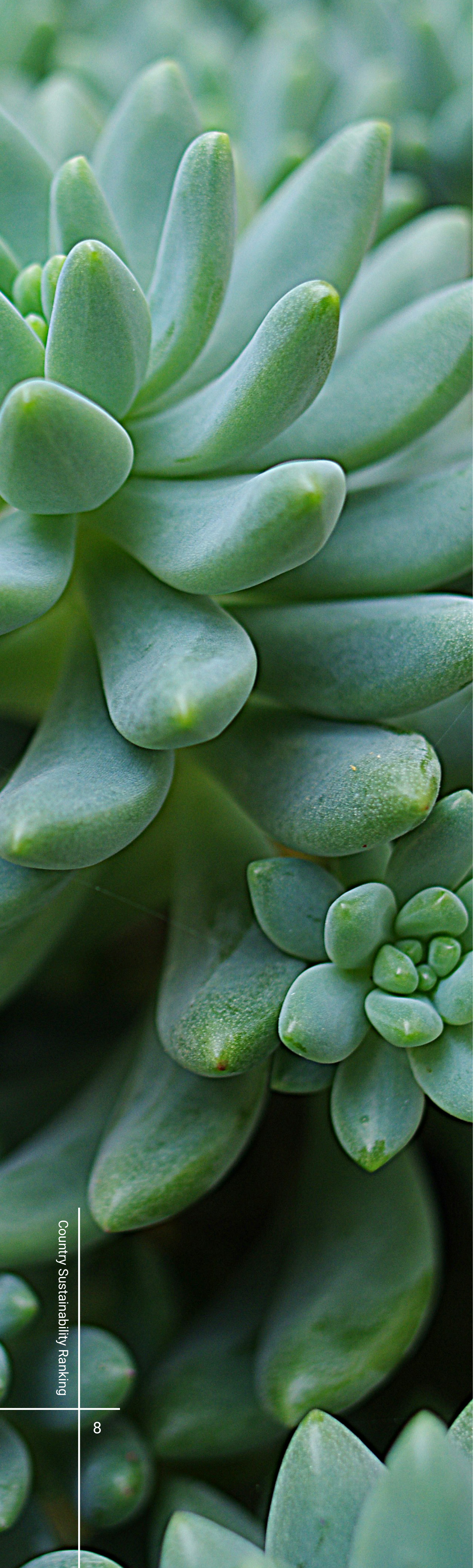
1. Democracy as starting point

The core of the model is democratic values. Upholding these is a moral obligation for DPAM, a convinced sustainable investor. Academic research has demonstrated the correlation between the quality of the institutional framework of a country and its default risk.

DPAM uses the research of the international NGO Freedom House to assess the democratic development of a country. Based on an annual survey containing 25 questions on political rights and civil liberties, a country is attributed the status of 'free', 'partially free' or 'not free'. This information is complemented by the Democracy Index published by The Economist Intelligence Unit, which is based on approximately twenty questions and assesses the democratic level of a country. Countries are attributed the status of "democracy", "flawed democracy", "hybrid regime" or "authoritarian regime".

Several countries within the emerging universe do not fulfil the minimum requirements in terms of democracy and investment leeway. Our investment strategy linked to this sustainability ranking means that DPAM does not invest in countries which have been categorised by reputable international sources as 'not free' and confirmed as "authoritarian regimes". These include the United Arab Emirates, Belarus, Oman, China, Kazakhstan, Azerbaijan, Qatar, Vietnam, Rwanda, Saudi Arabia, Russia, Egypt, Bahrain, Gabon, Venezuela, Cameroon, and Ethiopia.

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



2. Sustainability: real added value

Our analysis provides important information regarding the sustainability levels of the countries that have been studied. It enables comparison between countries which have a similar level of economic development, but which differ with regard to social, ecological and corporate governance development. Making a clear and thorough analysis of a country's sustainability adds real value as part of the construction of an investment portfolio, in addition to the ideological values that may be presented. In essence, the model puts the opportunities and risks linked to a country in context.

The objective is not to exclude countries which have low sustainability scores, as several countries in the universe have just started to improve their democratic process. Many years of dictatorship weigh on the sustainable development of a country. The transition to fully respecting civil liberties and political rights, the freedom of the press and gender equality is a long-term process, particularly if these rights have been violated for many years. Therefore, the progress made by countries should be closely monitored.

3. Global coverage

The extra-financial research performed by DPAM covers countries in which investors may want to invest (38 OECD countries and 85 emerging countries). This forms an integral part of DPAM's conviction management, which is based on seeking risk-adjusted performance. Investors having a clear and thorough view of the risks and opportunities of a specific country have a comprehensive source of information to assess whether the companies active in that particular country may be successful. The quality of a financial investment is judged, among other things, by the characteristics of the markets the company operates in and of the specific circumstances of those countries.

III. Country sustainability

1. What is sustainability?

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

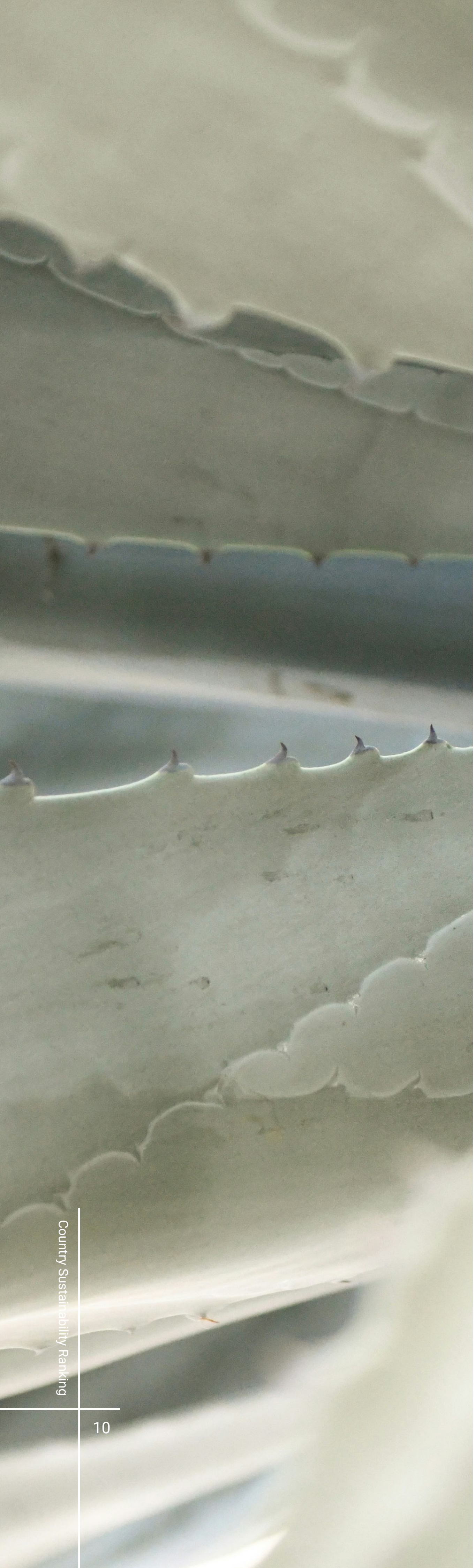
Sustainability at country level differs from sustainability at company level. **A sustainable country is committed to fully ensuring the freedom of its citizens and invests in their personal development and welfare. It respects the environment and is reliable in terms of international responsibilities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

2.How to measure the sustainability of a country?

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

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

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



IV. DPAM Country Sustainability Model

1. Key principles

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

01

Existence of an advisory board: including external specialists, providing input to the model.

02

Assessment of the commitment of the country to its sustainable development: variables on which the country can have influence through decisions.

03

Comparability and objectivity: criteria are numeric data, available from reliable sources and comparable for all countries.

2. FISAB (Fixed Income Sustainability Advisory Board/Country Sustainability Advisory Board (CSAB))

The role of the FISAB is:

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

02 To determine the weights attributed to each indicator.

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

04 To validate the ranking of the developed economies.

The FISAB consists of six voting members, half external experts. The complementary background of the members guarantees a high level of expertise and knowledge of the issues in constructing the most relevant model. The objective of the board is to raise awareness on ESG issues among the portfolio management teams.

External members

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

François Gemenne
Professor at Sciences Po
(Paris) & ULB (Brussels)

Jan Schaerlaekens
Deputy at
Brussels Parliament

Ophélie Mortier
Chief Sustainable Investment Officer
DPAM

Ives Hup
Global Key Accounts Coordinator
DPAM

Celine Boulenger
Economist
Degroof Petercam

Internal members

3. Selective and objective criteria

The framework of the sustainability model includes the capabilities governments can use to influence policy (authorities, law). It avoids data linked to the geography or population density of the country. The model is quantitative and tracks the current performance of a country, with comparable data. Only a limited number of treaties are considered as they do not guarantee genuine commitment.

4. Best-in-class combined with best approach

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

E — 33%

Environment

Energy efficiency, GHG emissions, protected area, water stress.

S — 17% / 17%

Education

Literacy rate, School participation, Expenditure per student, etc.

Population, healthcare and wealth distribution

GINI-index, Unemployment, Infant mortality, Water indicators, Sanitation indicators, Health prevention, etc.

G — 33%

Transparency and Democratic Values

Corruption, Press freedom, Civil liberties, Governance sub indexes, International Criminal Court , etc.

Trend criteria 50%

Source: DPAM

Each key driver considers a variety of different criteria.

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

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

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

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

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

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

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

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

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

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

V. Holistic view and Engagement

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

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

Governance

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

Social

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

Environment

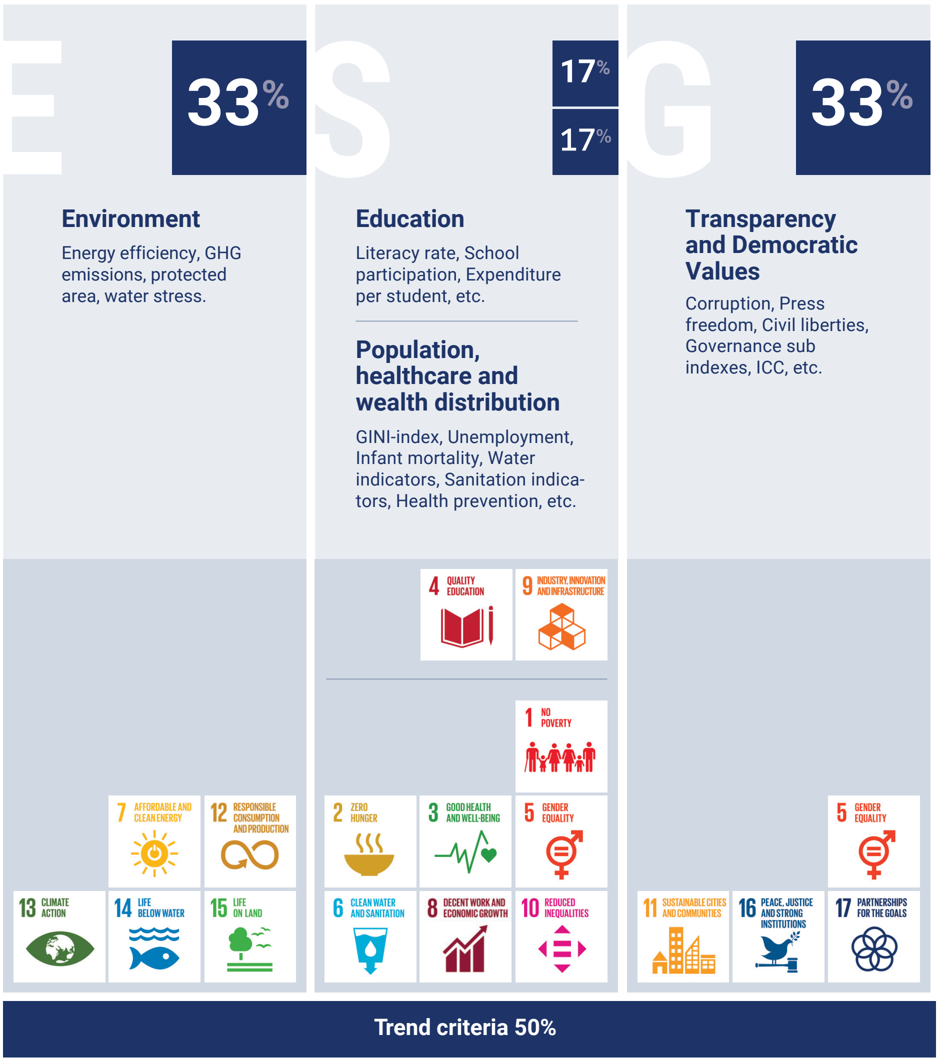
In terms of the environment the model considers GHG intensity, air quality and biodiversity, among other criteria. The example of citizens, through NGOs, suing States for a lack of responsibility in their environmental ambition and emissions targets – is testament to the strong relationship between governance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

1. The model predates the Sustainable Development Goals

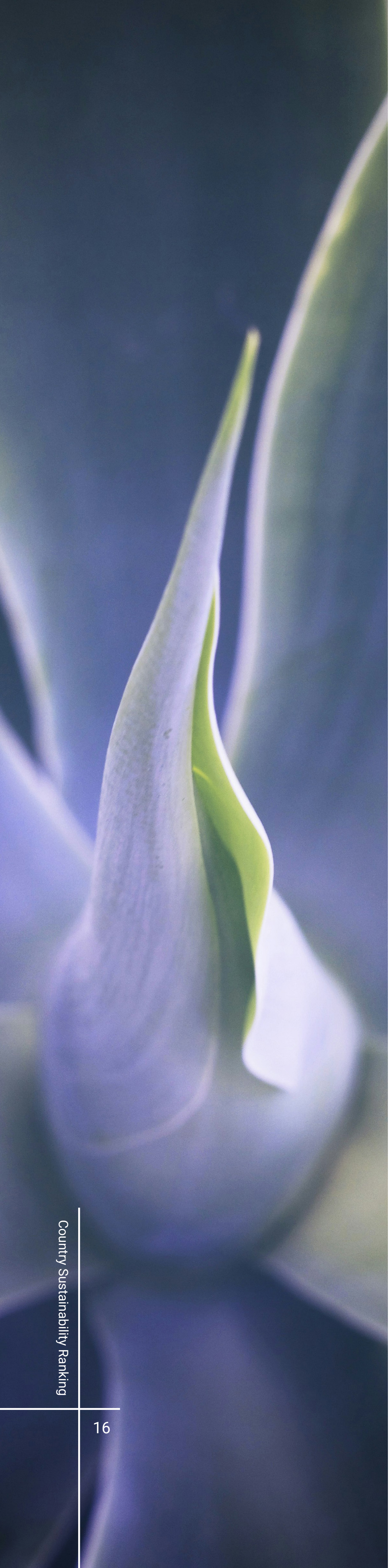
The 17 Sustainable Development Goals (SDGs), which followed on from the Millennium Development Goals, were launched by the United Nations between 2000 and 2015 and advocate for sustainable development in the economic, social and environmental domains. These goals reaffirm human rights and the intention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

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

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



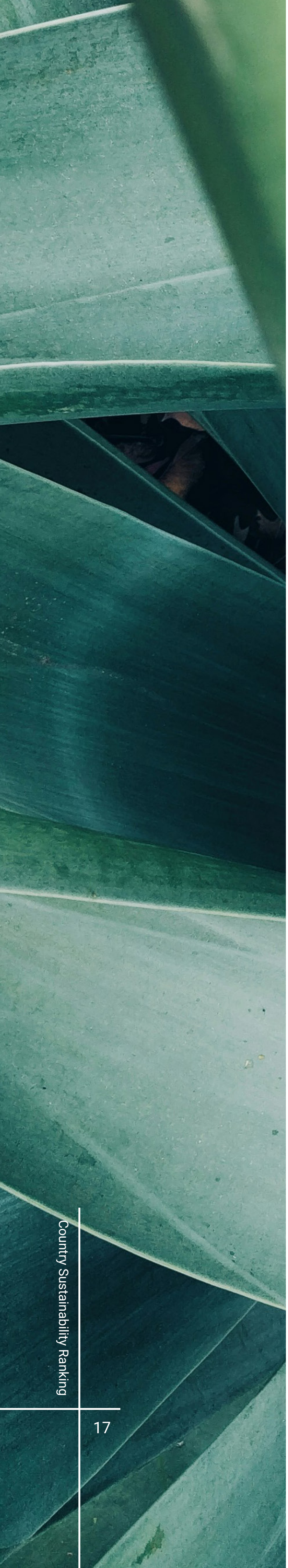
Source: DPAM



VI. International and Engagement

1. Sources are internationally recognised

The model aims for the highest possible level of **objectivity.** Accordingly, statistical data to support the analysis of the country's sustainability are mainly collected from government databases and international governmental agencies such as the International Energy Agency, the World Bank, the International Monetary Fund, the United Nations Development Programme and the US Central Intelligence Agency. Data are complemented by information drawn from leading non-governmental organisations such as Freedom House, Transparency International and the World Economic Forum.



2. Engaging with countries as sovereign bond holders

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

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

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

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

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

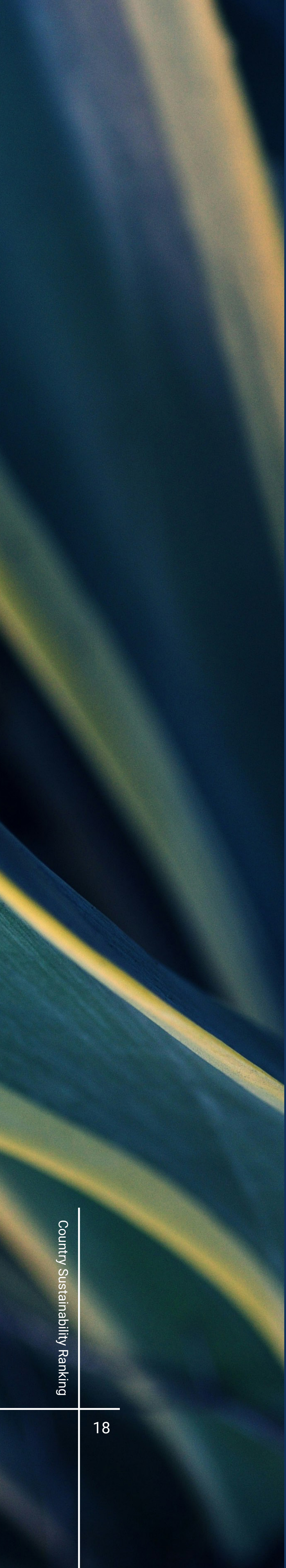
ESG factors provide a robust view on a country's risk profile, shedding light on how countries are managing environmental challenges, social inequalities and governance structures.

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

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

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

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



VII. Country Focus: Benin

Benin is a lower-middle-income country situated in West Africa. The country has a population of around 13 million and it is characterised by a tropical climate and a diverse landscape that includes a narrow coastal strip, rolling savannas and fertile plains. Due to its geographical and geological situation, agriculture plays a crucial role in the economy. More specifically, Benin is one of Africa's leading cotton producers and an important producer of cashew nuts. Although the economy remains largely agriculture-dependent, there is a growing focus on diversifying income sources, including through investment in digital infrastructure, tourism and sustainable development.

Benin is a stable democracy which has made progress in governance and human rights. However, the country still faces challenges such as poverty, limited access to quality healthcare and education, and climate-related risks. Nevertheless, through its SDG bond and its efforts towards the UN SDG's, the government has committed to tackling these issues. Over the years, Benin's performance has consistently improved, now ranking on the edge of the bottom quartile. In 2020, Benin was ranked 66th.

Benin has made considerable efforts in terms of climate change, but there is still significant room for improvement in terms of the social needs of its population. Indeed, for both the Population, Healthcare and Wealth Distribution and Education pillars of the country model, Benin still ranks in the bottom quartile.

Benin's efforts to reduce poverty and inequality as well as its progress on climate change have resulted in an improved performance for the country on the SDG Index, where the country moved from 153rd place in 2022 to the 139th place in 2024. Moreover, the country's significant efforts are also being recognised, as the 2023 edition of the Sustainable Development Report ranks Benin fifth globally, ahead of France, Norway or Denmark, on the SDG Effort Index, which measures government commitment and policy actions to achieve the SDGs.

In 2021, Benin issued the first African euro-denominated SDG bond of which, according to Benin's SDG bond impact report, a majority (72%) of the proceeds have been allocated to projects targeting SDGs related to health, education, housing, and access to clean water. These are the areas where the country still faces major challenges, as can be seen on the SDG scorecard, which depicts a similar view to DPAM's scorecard.

Benin -sustainability scorecard 2024

BENIN

	Score	Rank	Strength/Weakness
	53	**53**	

	Score	Rank	Strength/Weakness
TRANSPARENCY AND DEMOCRATIC VALUES	**57.2%**	**38**	
Emigration	83.3%	4	
Gender equality	0.0%	66	
Institutions	45.0%	36	
International treaties	87.5%	1	
Rights & liberties	62.7%	35	
Security	53.8%	53	

	Score	Rank	Strength/Weakness
POPULATION, HEALTHCARE AND WEALTH DISTRIBUTION	**42.0%**	**61**	
Basic human needs	47.2%	57	
Demography	34.5%	63	
Health & wellness	26.7%	64	
Inequality	57.5%	14	
Labour rights	66.7%	3	

	Score	Rank	Strength/Weakness
ENVIRONMENT	**64.7%**	**30**	
Air quality & emissions	50.1%	56	
Biodiversity	71.9%	7	
Climate change	45.3%	26	
Energy efficiency	96.0%	18	

	Score	Rank	Strength/Weakness
EDUCATION / INNOVATION	**33.0%**	**57**	
Equal opportunities	43.0%	50	
Innovation	33.2%	24	
Participation	36.1%	54	
Quality	0.0%	62	

Quartile 1	Quartile 2	Quartile 3	Quartile 4
1-20	21-36	37-51	52-66

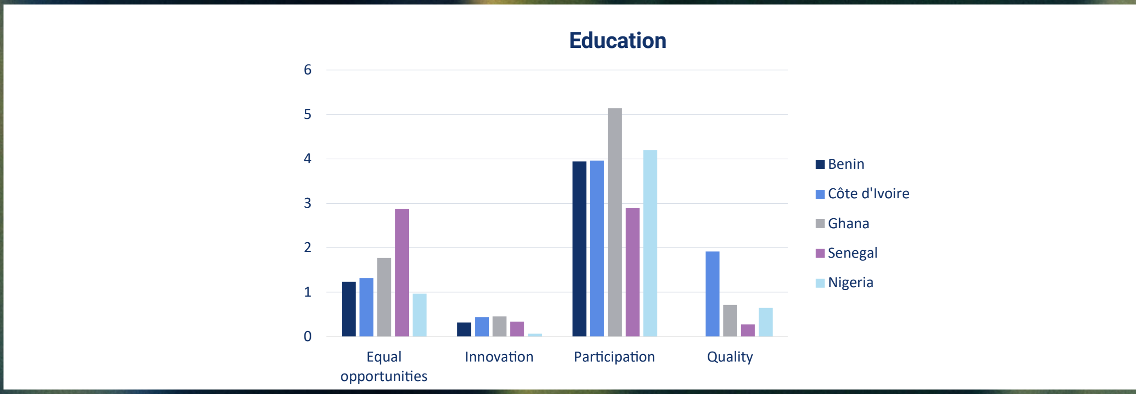
Source: DPAM

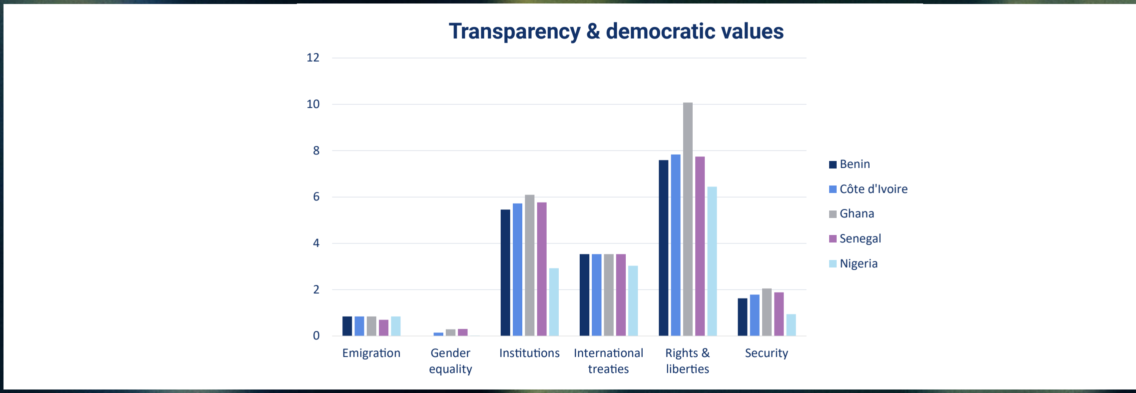
SDG Scorecard and Trends in Benin in 2024

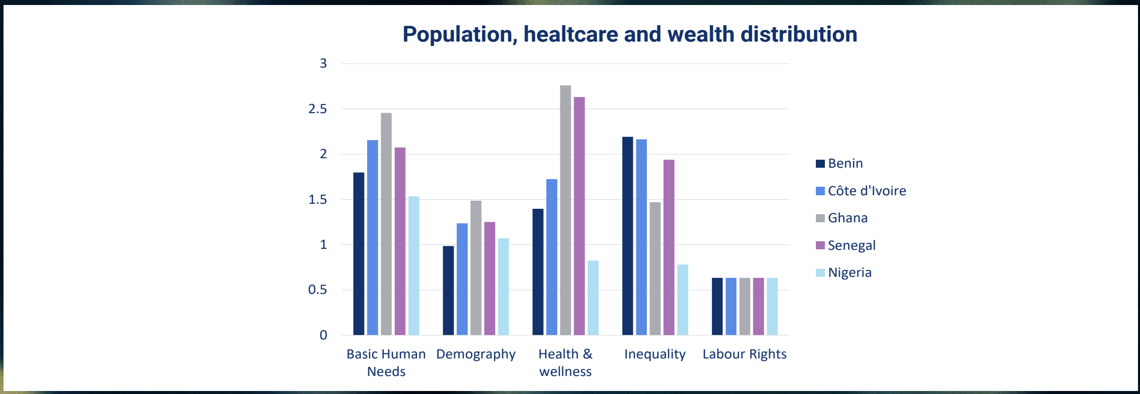
Source: Massa, I., Toure, S., Fuller, G., Eggoh, J., Assouto, A. (2024). Benin Sustainable Development Report 2024. Progress towards SDG 6: Safe drinking water and sanitation for all. Paris: SDSN, Cotonou: SDSN Benin.

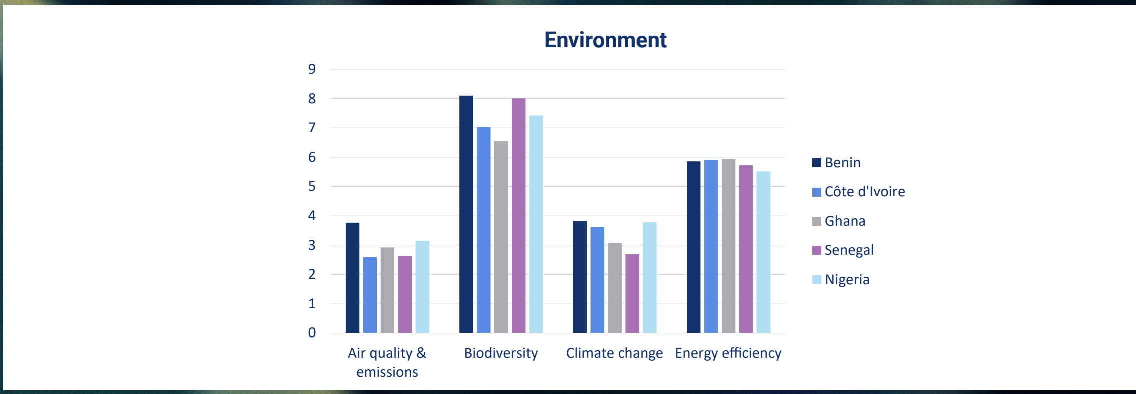
1. Comparison with its peers

When comparing Benin with its peers (Côte d'Ivoire, Ghana, Senegal and Nigeria), the country performs similarly on the Transparency and Democratic values pillar. On the environmental pillar, Benin is slightly outperforming its peers, whereas on the social pillar the country falls slightly behind.









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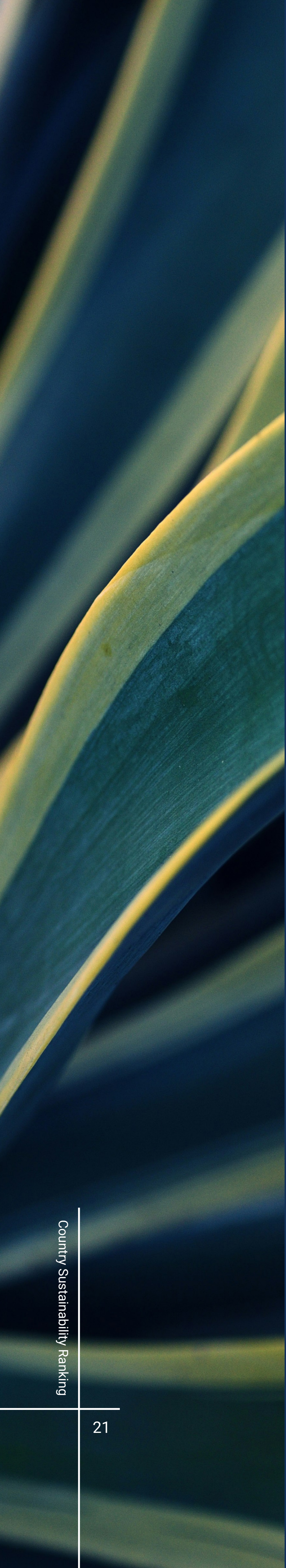


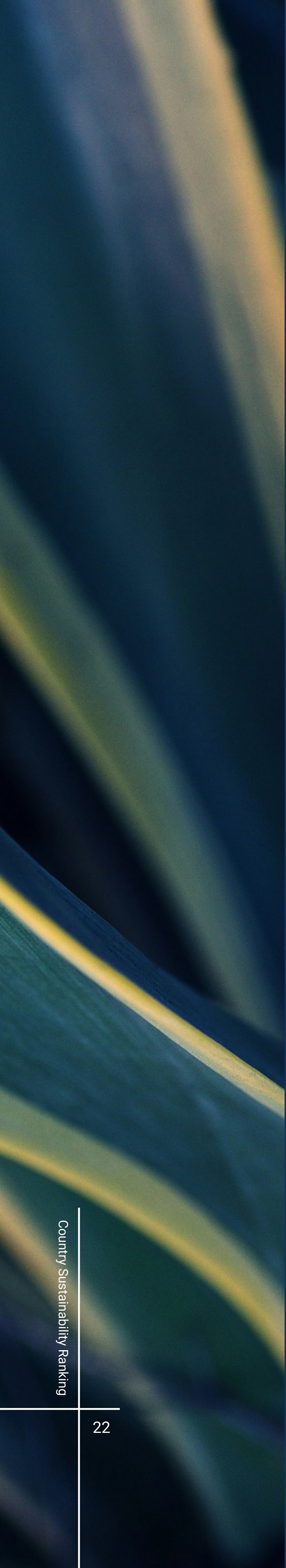
2. Focus on ESG dimensions

Environment

Benin clearly stands out in terms of **Biodiversity and Energy efficiency**. One of the indicators to assess biodiversity is the Global Safety Net, which measures the gap between key biodiversity areas and protected areas. Based on an extensive literature review and geospatial imagery, experts have concluded that Benin's protected areas cover the most important areas in need of protection, resulting in a maximum score. Since the country relies heavily on agriculture, Benin's reliance on **pesticides** is significant. Yet, the country has an average pesticide use per area of cropland compared to the emerging market universe. Additionally, Benin's **plastic management** could be improved to further increase its efforts for biodiversity conservation. Currently, according to Plasteax, the country only recycles 10.1% of its plastic waste while 89.9% is mismanaged.

According to the IEA, Benin's energy mix consists largely of biofuels and biowaste, and the country does not produce coal domestically, with coal representing only 1.8% of the energy mix. These factors positively influence Benin's **Energy efficiency** score.

Benin's agriculture and energy sectors account for about 90% of the country's GHG emissions but the government has mentioned plans to implement projects with clear environmental benefits in an engaged dialogue with DPAM. These include regenerative agriculture techniques for cashew tree cultivation and investment in renewable energy production and energy transmission.



Social

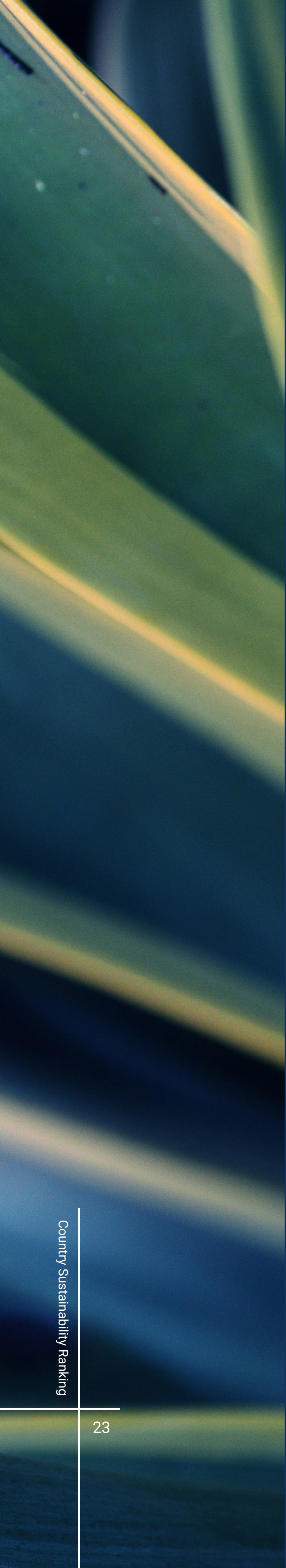
Literacy rate as a critical indicator of social developments

The literacy rate is a critical indicator of a country’s overall development, as it impacts various aspects of society.

- **Economic growth and poverty reduction:** Literate individuals are better equipped with skills for different jobs, enhancing potential for more skilled positions, better income prospects and technological advances. Higher literacy rates also help individuals break the cycle of poverty.
- **Health and education:** There is a high correlation between literacy and health outcomes as literate individuals are more likely to understand health information and access medical care. Literate parents are more likely to send their children to school and support their education.
- **Gender equality:** Literacy is a key factor in promoting gender equality. When women and girls have access to education, they are more likely to achieve economic independence, delay marriage and have fewer children, leading to better health and social outcomes for themselves and their families.
- **Political stability and governance:** Literacy enables people to access information about government programs, hold leaders accountable and advocate for democratic governance. This can lead to more stable and transparent government.

In Benin, 47.10% of its population older than 15 can both read and write, according to the latest World Bank figures. This is significantly lower than peer countries, where the literacy rate exceeds 75%, except for Senegal with a rate of 57.67%. The low literacy rate negatively affects themes of the model such as **Quality of Education**, for which Benin ranks at the bottom. As mentioned above, the low literacy rate is also reflected in themes like **Gender Equality, Health and Wellness, Demography or economic inequality and Participation rates in education.**

One of Benin’s ambitions is to decrease poverty and to improve the quality of its education system through projects financed with its SDG bond.



Education in Benin

Benin's education sector has received substantial financing from the SDG bond, with a focus on improving access to quality education and technical training. By the end of 2022, the school canteen program had provided meals to 389,346 new students, reaching a total of 1.05 million children. Additionally, 9,676 teachers were recruited, and three digital classrooms were opened to support visually impaired students.

The impact on educational indicators has been significant. The gross enrolment rate in primary education increased to 117.4% in 2021, reflecting the expansion of access to schooling. Gender parity in education has also shown progress; the ratio of girls to boys enrolled in primary education has remained steady from 2018 to 2021; for every 9 girls enrolled in school there are 10 boys. These gains are critical for fostering inclusivity and equal opportunities for all children.

Benin's healthcare efforts

Benin has made notable efforts in expanding social protection mechanisms that allow for free consultations and access to health services. Key performance indicators for these projects align with those included in the DPAM country model. Although Benin's performance is slightly below its peers, the SDG bond-funded projects aim to improve the country's performance over time by prioritising the reduction of maternal and infant mortality and expanding access to essential health services. In 2022, over 1.8 million vaccines were administered as part of its Expanded Programme on Immunisation, and the rate of malaria-related deaths among children under five decreased from 2.6 per 1,000 cases in 2020 to 1.7 in 2021.

In addition, improving access to clean water remains a priority for Benin, given its impact on public health and quality of life. The SDG bond has financed projects that provide safe drinking water to 46,500 new residents in rural areas by 2022. The rural drinking water supply rate climbed from 70.2% in 2020 to 73.3% in 2021, while irrigation projects benefiting approximately 8,000 people have supported agricultural productivity and resilience.

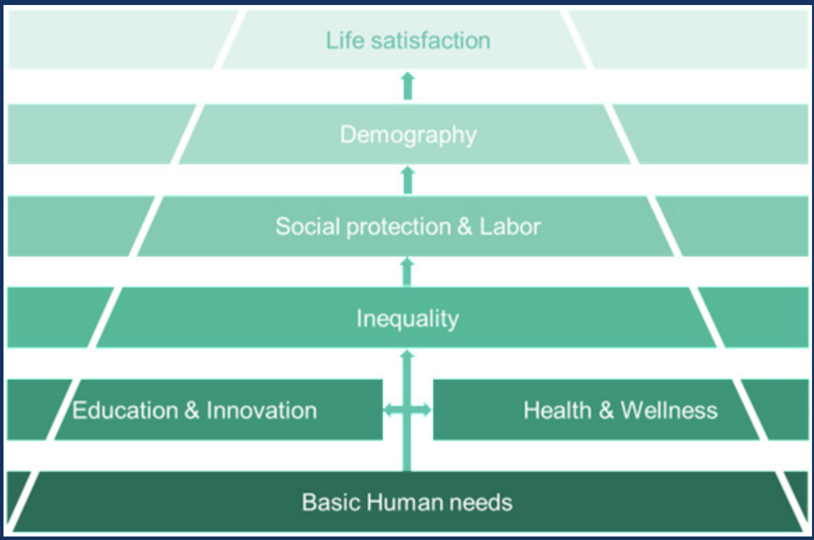
Review of the social pillar in DPAM's country model

As part of the continuous improvement of the country model, in the latter part of 2024 we have focused on the social component of the model, which has been revised alongside the addition of new indicators.

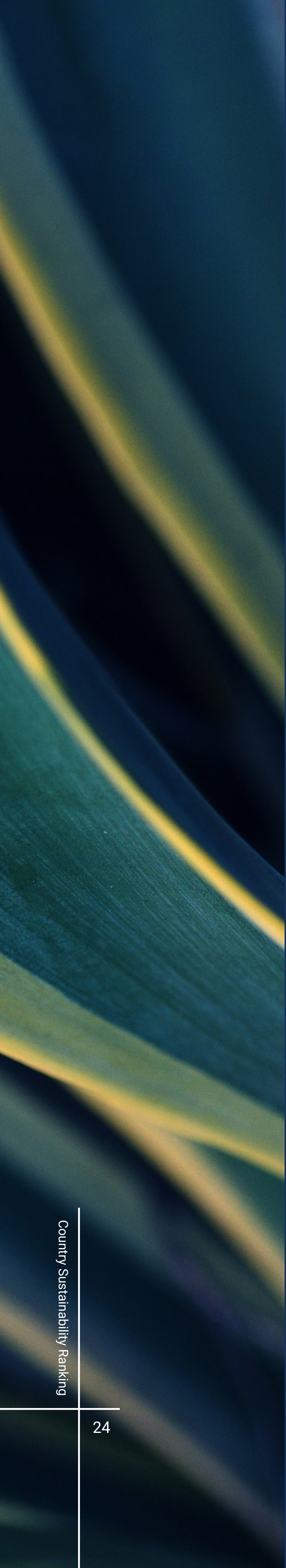
The first step in this process involved reviewing sources, including those from the OECD, the World Bank, the United Nations and the EU Commission, to understand how each organisation models the social aspect at country level, the indicators they use and their interpretations.

From this comprehensive analysis, a pyramid, as shown below, of the key different social factors can be identified, from 'Basic Human Needs' up to 'Life Satisfaction.' We adopted this structure in our current model to show how these different elements build upon each other. Based on this, all indicators and their weights in the current model have been re-assessed by the FISAB. However, it is important that our country sustainability model closely follows the definition of 'Sustainable Development' defined in the Bruntland report (1987), which highlights the needs of the current generation (represented by the Population, Health and Wealth distribution dimension of the model) and the ones of the future generation (represented by the Education and Innovation dimension of the model).

Visual to represent the social model review



Source: DPAM



Starting from the bottom of the pyramid - the basis for the model - basic human needs is considered as the most important element, followed by education and health, which open the door to more equality, social protection and labour which shape a more efficient demographic structure, ultimately leading to higher life satisfaction. Each level of the pyramid is essential and supports the one above it.

When assessing the health services provided in a country, both health status and health system performance should be considered. The former being a result/output indicator for the latter. A health system is said to be performing well when there is good access to health services of good quality which have good capacity. This will eventually result in a good health status, which can be monitored through maternal mortality, infant mortality and life expectancy.

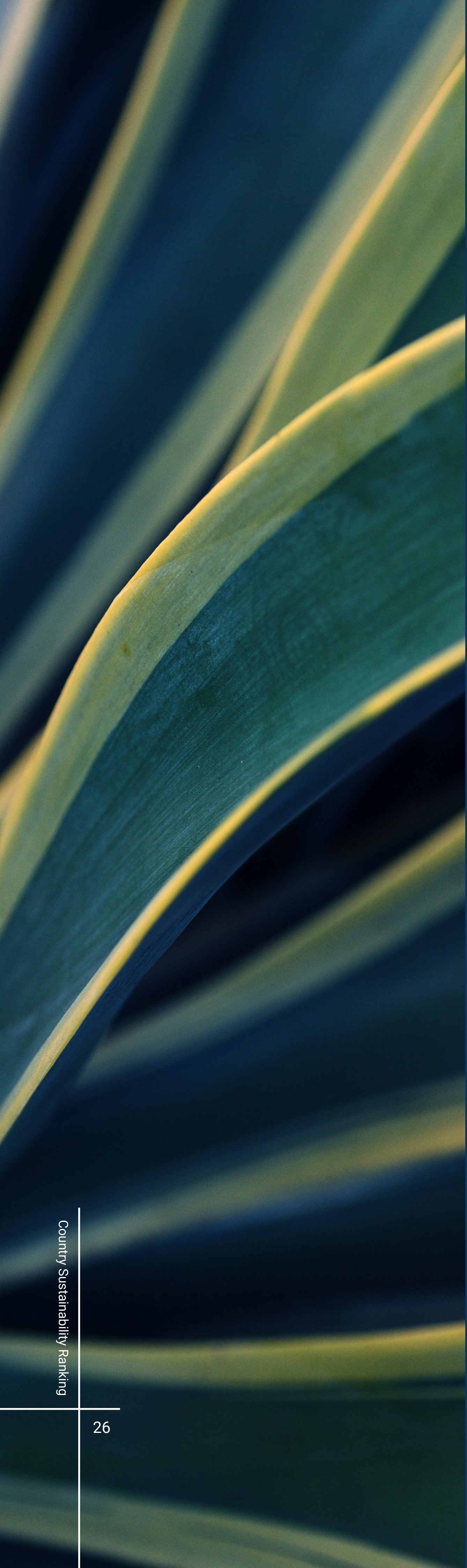
To assess emerging markets, two new indicators were validated by the FISAB, namely **universal health coverage**, to measure access to health services, and **maternal mortality**, to measure the health status of a country. These two indicators were suggested by Marleen Temmerman, an expert in reproductive health.

New indicators

The universal health coverage indicator includes essential health services (incorporating reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population). The goal of the universal health coverage indicator is to ensure everyone receives the health services they need without facing financial hardship.

Maternal mortality is a significant indicator of health and development. Complications during pregnancy and childbirth are a leading cause of death and disability among women of reproductive age in developing countries. Reducing maternal mortality has been one of their major global health challenges.

According to World Bank data, in Benin 523 women died from pregnancy-related causes while pregnant per 100,000 live births. Additionally, it has a universal health coverage service index of 38. These are both on the lower end of the curve compared to peers.



Governance

Within the Transparency and Democratic Values pillar the country performs well on **Emigration and on International relationships.** Conversely, there is room for improvement for **Gender equality**, as mentioned above.

The gender equality indicator measures equality between genders based on the Gender Inequality Index from the UNDP. We observe that the country ranks 160th in the global universe, just before Afghanistan, Yemen, Chad and Nigeria. Moreover, we see a slight absolute deterioration overtime of the country's performance on this specific indicator.

Benin's score on **International relationships** is explained by the adherence of the country to major international treaties such as the Treaty of Ottawa, the International Criminal Court, or the Nuclear Non-proliferation Treaty. Note that this is the only theme where the model is based on countries' political commitments rather than performance.

Reference Sources

- Amnesty International
- Energy Institute
- Freedom House
- Global Forest Watch
- Global Hunger Index
- Global Safety Net
- International Criminal Court
- International Labour Organisation
- International Monetary Fund
- Notre Dame Global Adaptation Initiative
- Plasteax
- Reporters Without Borders
- S&P Global
- Social Progress Imperative
- The Institute for Economics and Peace
- Transparency International
- Unitited Nations Development Programme – Human Development Reports
- United Nations Food and Agriculture Organization Aquastat
- United Nations Food and Agriculture Organization Stat
- United Nations Office for Disarmament Affairs
- United Nations SDG Indicators Platform
- United Nations Treaty Collection
- World Bank
- World Health Organisation

VIII. Commitment to Sustainability

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

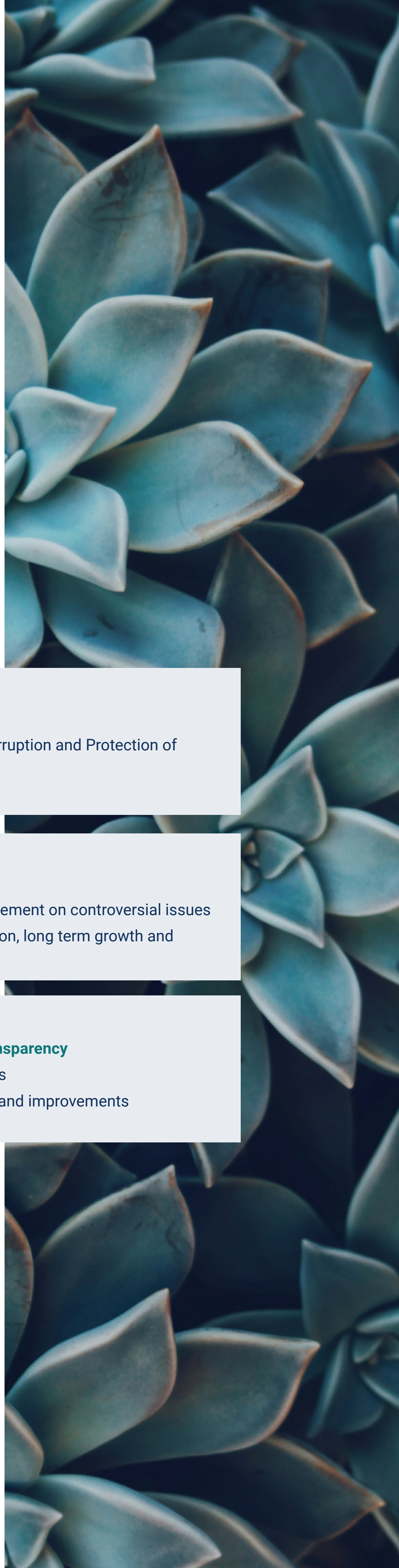
DPAM is committed to act as a sustainable and responsible market participant. Our engagement is threefold:

Defend basic and fundamental rights
Human Rights, Labour Rights, Fight against Corruption and Protection of the Environment

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

Be a responsible stakeholder and promote transparency
- Find sustainable solutions to ESG challenges
- Engage with issuers, promote best practice and improvements

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



1. Conviction & commitment

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

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

2. Member & signatory

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

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

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

As the environment and biodiversity are such urgent global concerns, we have been supporters of **the Finance for Biodiversity Pledge** since December 2020. This Pledge calls on global leaders to protect and restore biodiversity through their financial activities and investments decisions.

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

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

3. Facts & Figures

A growing focus on sustainable investing for over 20 years

Pioneer in sustainable sovereign debt almost EUR 5 bn invested
(as of end of June 2024)

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

EUR 22.3 Bn is compliant with SFDR 8+ & 9 funds across various asset classes
(as of end of June 2024)

Exercise our voting rights **across 645 companies** globally

DPAM Corporate AuM with SBT (Science Based Targets) or **1.5°C Alignment stands at 57%**
(as of end of December 2023)

Active via collaborative engagements (CA100+, CDP, ADVANCE, etc.)

Active dialogue with **299 companies**

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