

November 2023

---

# Sustainability ranking

OECD member states

 Degroof  
Petercam  
Trust. Knowledge.

asset management  
private banking  
investment banking  
asset services

 DPAM

# Contents

|   |           |
|---|-----------|
| <b>I. OECD Universe</b>                                 | <b>3</b>  |
| 1. A pioneer in country sustainability                  | 3         |
| 2. Sustainability ranking – November 2023               | 3         |
| 3. A wellbeing model for countries                      | 4         |
| <b>II. Country Sustainability</b>                       | <b>6</b>  |
| 1. What is sustainability?                              | 6         |
| 2. How to measure the sustainability of a country?      | 6         |
| <b>III. DPAM Country Sustainability Model</b>           | <b>7</b>  |
| 1. Key principles                                       | 7         |
| 2. FISAB (Fixed Income Sustainability Advisory Board)   | 7         |
| 3. Selective and objective criteria                     | 8         |
| 4. Norms-screening: violation of international treaties | 8         |
| 5. Best-in-class combined with best approach            | 8         |
| 6. The sustainable development goals                    | 10        |
| <b>IV. Holistic view and Engagement</b>                 | <b>11</b> |
| 1. Internationally recognized sources                   | 11        |
| 2. A holistic view                                      | 11        |
| 3. Engaging with countries as sovereign bonds holders   | 12        |
| <b>V. Country Focus: Australia</b>                      | <b>13</b> |
| 1. Positioning and Evolution                            | 13        |
| 2. Comparison with its peers                            | 14        |
| 3. Focus on the ESG dimensions                          | 16        |
| 3.1 Environment   | 16        |
| 3.2 Social  | 17        |
| 3.3 Governance  | 18        |
| <b>Reference sources</b>                                | <b>19</b> |
| <b>VI. Commitment to Sustainability</b>                 | <b>20</b> |
| 1. Conviction & Commitment                              | 21        |
| 2. Member & Signatory                                   | 21        |
| 3. Facts & Figures                                      | 22        |
| <b>Contact</b>  | <b>23</b> |



# I. OECD Universe

---

## 1. A pioneer in country sustainability

Since the 2008 sovereign debt crisis and the loss of “risk-free asset” status, countries are increasingly being scrutinized from an environmental, social and governance perspective.

Indeed, credit rating agencies now include climate change risk in their assessment. The **holistic sustainability approach** developed by DPAM in 2007 remains a pioneer today, on the one hand because of the range of interconnected issues it analyses and on the other because of the **15 years of experience** and observations with the precious help of leading experts on key subjects such as demographic issues or biodiversity.



## 2. Sustainability ranking November 2023

---

The starting universe is composed from the members of the **OECD**, therefore each new membership is included in the starting universe. The sustainability ranking allows the identification of countries which have **fully integrated global challenges** in their development of medium-term objectives.

This complements the information gathered from credit ratings, which is traditionally used to assess the short- and medium-term valuation of sovereign debt.

Integrating **long-term perspectives** allows 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

The consensus agrees that this decade is key for accelerating the transition and will determine the impact for the next decades.

Today, the economy is not serving citizens and 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 planet, for a wellbeing model.**

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

Today we face 2 scenarios: **either business as usual or acceleration of the transition.**

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

We see today in our Western countries how our current economic system is increasing social tensions and inequality and decreasing the wellbeing.

Therefore, at DPAM we are more than ever convinced about how **meaningful** our model (developed in 2007) is. The importance is reflected in the articulation around challenges such as environment, governance and democratic requirements, wellbeing/health, and education/innovation.

Quantitative metrics and the complex challenges of modelling, both present boundaries. For this, we constantly review our model, to ensure that it captures **the most relevant challenges on an accurate basis.**

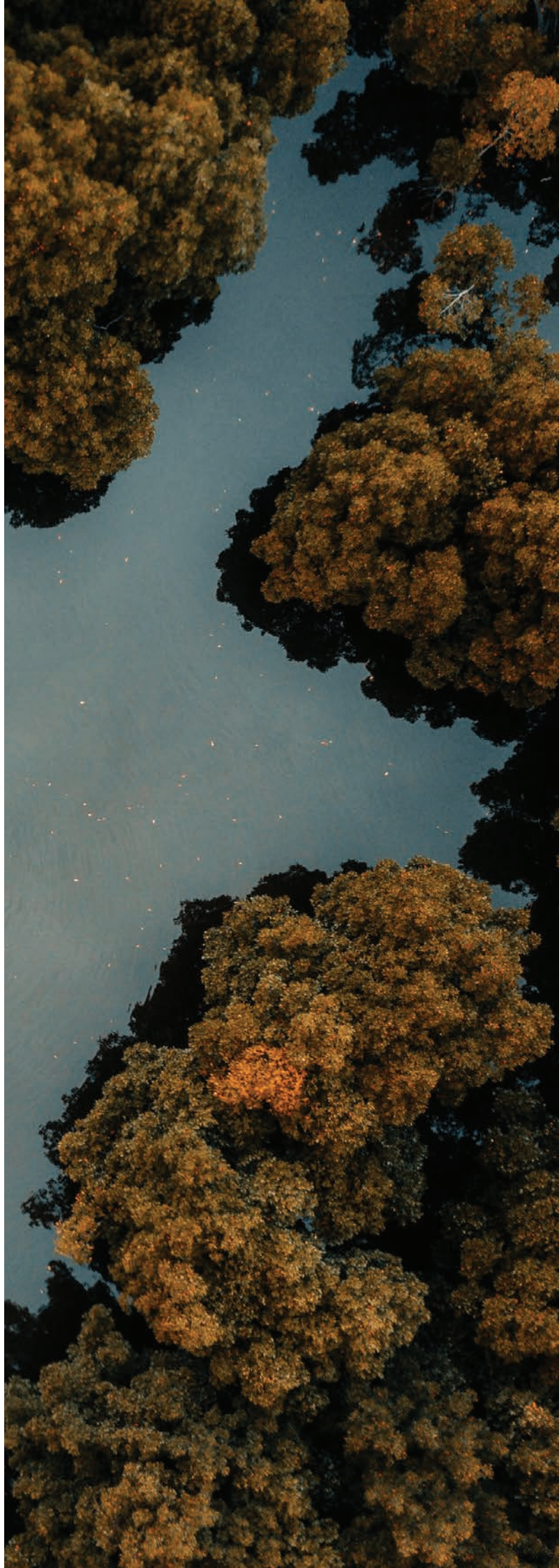
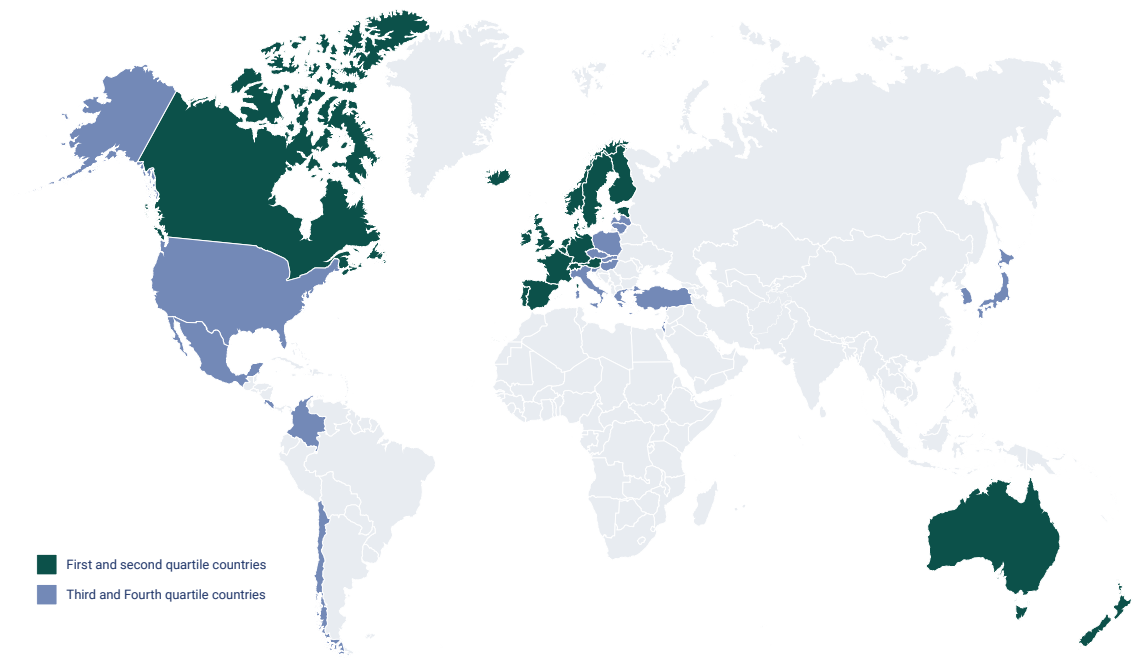




Figure 1. OECD Member States



Source: DPAM, November 2023

Figure 2. Sustainable country ranking of OECD member states

| Eligible country for investment | H2 23 |       | H1 22 |       |
|---------------------------------|-------|-------|-------|-------|
|                                 | #     | score | #     | score |
| Norway                          | 1     | 80    | 1     | 73    |
| Denmark                         | 2     | 78    | 2     | 72    |
| Sweden                          | 3     | 74    | 3     | 69    |
| Iceland                         | 4     | 74    | 9     | 66    |
| Finland                         | 5     | 73    | 5     | 68    |
| Ireland                         | 6     | 71    | 13    | 65    |
| Switzerland                     | 7     | 71    | 4     | 68    |
| New Zealand                     | 8     | 71    | 10    | 66    |
| United Kingdom                  | 9     | 70    | 12    | 65    |
| Luxembourg                      | 10    | 70    | 6     | 67    |
| Netherlands                     | 11    | 69    | 11    | 65    |
| Germany                         | 12    | 68    | 8     | 67    |
| Austria                         | 13    | 68    | 7     | 67    |
| Canada                          | 14    | 67    | 19    | 60    |
| Estonia                         | 15    | 66    | 14    | 62    |
| Australia                       | 16    | 66    | 17    | 61    |
| France                          | 17    | 65    | 15    | 62    |
| Portugal                        | 18    | 63    | 21    | 59    |
| Spain                           | 19    | 62    | 25    | 57    |
| Belgium                         | 20    | 62    | 16    | 61    |

| Non-eligible country for investment | H2 23 |       | H1 22 |       |
|-------------------------------------|-------|-------|-------|-------|
|                                     | #     | score | #     | score |
| Lithuania                           | 21    | 61    | 32    | 53    |
| Latvia                              | 22    | 60    | 23    | 57    |
| Slovenia                            | 23    | 60    | 18    | 61    |
| Japan                               | 24    | 59    | 20    | 60    |
| United States                       | 25    | 59    | 22    | 58    |
| Chile                               | 26    | 58    | 27    | 56    |
| Czech Republic                      | 27    | 58    | 30    | 53    |
| South Korea                         | 28    | 57    | 26    | 56    |
| Italy                               | 29    | 57    | 24    | 57    |
| Slovakia                            | 30    | 57    | 29    | 54    |
| Poland                              | 31    | 54    | 31    | 53    |
| Costa Rica                          | 32    | 54    | 28    | 55    |
| Hungary                             | 33    | 52    | 34    | 49    |
| Israel                              | 34    | 52    | 35    | 46    |
| Greece                              | 35    | 50    | 33    | 49    |
| Colombia                            | 36    | 43    | 36    | 44    |
| Mexico                              | 37    | 39    | 37    | 39    |
| Turkey                              | 38    | 39    | 38    | 39    |

Please keep in mind that for year-on-year comparisons, sustainability ranks could be influenced by various factors, such as changes in metrics and data availability.

Source: DPAM, November 2023

# II. 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<sup>1</sup>.

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

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

There are three main approaches to measure the sustainability of a country:

**01**

**The legal approach**, with the emphasis on treaties and offenses 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.

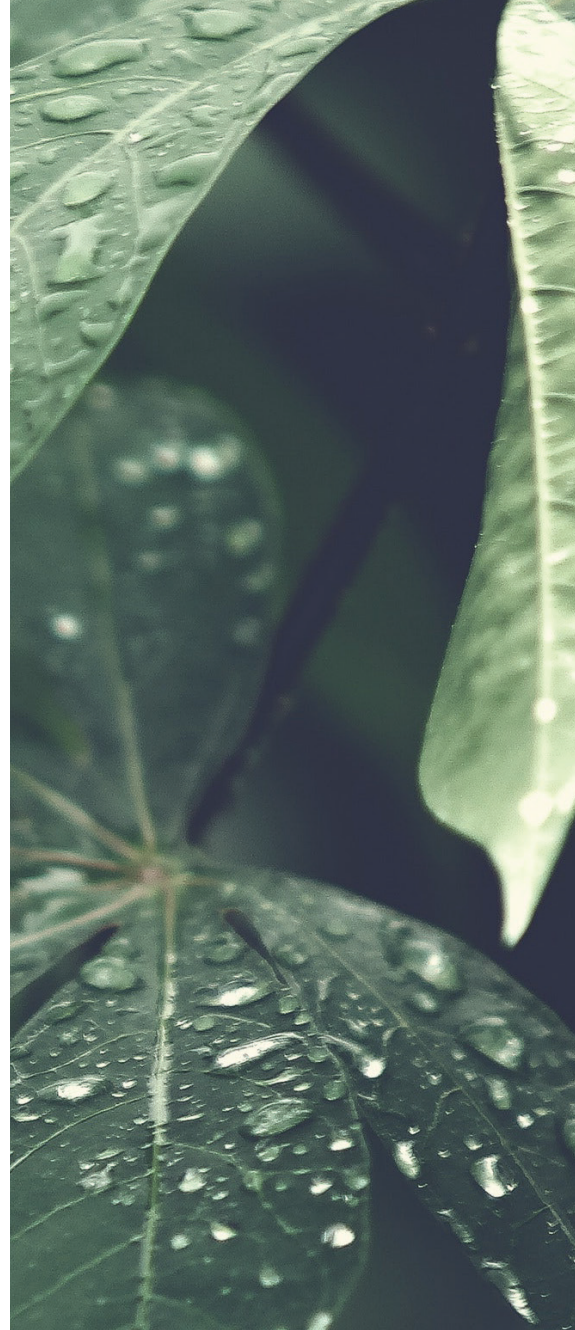
**02**

**The extreme stakeholder approach**. The inconvenience of this approach is the importance of the number of stakeholders and parameters to be considered, giving rise to the possibility of dilution and irrelevancy of the indicators.

**03**

**The exclusion approach**, which consists of exclusions based on controversial activities, examples being whale hunting and deforestation.

These approaches raise the issue of the moral threshold level, and subjectivity is likely to make it questionable.



# III. DPAM Country Sustainability model

## 1. Key principles

The lack of information and an associated model encouraged DPAM to develop an **in-house research model in 2007**. Given the subjective character of the issue, key principles were defined from the beginning:

1. Existence of an **advisory board**, consisting of majority external specialists providing input to the model.
2. Assessment of **the commitment** of the country to its sustainable development: variables on which the country can have influence through decisions.
3. **Comparability and objectivity**: criteria are numeric data, available from reliable sources and comparable for all countries.

## 2. FISAB (Fixed Income Sustainability Advisory Board)

The role of the FISAB is:

**01** To select the sustainable criteria which fulfil the preliminary requirements, and are the most relevant in the framework of sustainability assessment of the OECD universe.

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

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

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

The FISAB consists of seven voting members with a majority of external experts. The complementary background of the members guarantees a high level of expertise and knowledge of the issue 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)

**Jan Schaerlaekens**  
Deputy at  
Brussels Parliament

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

**Thomas Bauler**  
Assistant Professor at  
ULB-IGEAT (Brussels)



### Internal members

**Ophélie Mortier**  
Chief Sustainable Investment Officer  
DPAM

**Ives Hup**  
Global Key Accounts Coordinator  
DPAM

**Celine Boulenger**  
Economist  
Degroof Petercam

### 3. Selective and objective criteria

The sustainable overlay is characterised by the criteria which governments can utilise to influence their policies (government, authorities, law). Thus, 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. Norms-screening: violation of international treaties

The Belgian department of foreign affairs reminds investors in Israel that the EU and its member states consider the establishment of Israeli settlements in the Israeli-occupied territories illegal under international law, an obstacle for peace and a possible threat for a two state solution to the Israeli-Palestinian conflict.

The Belgian department of foreign affairs also warns EU citizens and companies to be aware of the fact that economic or financial activities related to the settlements can cause reputation damage. The FISAB is aware of the fact that Israel claims that there is

no violation of international law because the Fourth Geneva convention does not apply to the territories occupied in the 1967 six-day war. However, the United Nations Security Council, the United Nations General Assembly, the International Court of Justice, the International Committee of the Red Cross and the High Contracting Parties to the Convention have all affirmed that the convention does apply. The sustainable strategies the FISAB oversees operate under European law. It therefore follows the official Belgian and EU view that there is a violation of international law. Israel is therefore excluded from the eligible universe.

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

Existing for over 15 years, the FISAB organized several strategic sessions on **the proprietary model**. The model was reviewed through the ESG angle: Environment, Social & Governance.

If climate has been occupying a major place in the global political agenda and in the sustainability analysis, DPAM remains convinced about the equal importance of the three interconnected dimensions.



#### Environment

The environmental dimension.



#### Social

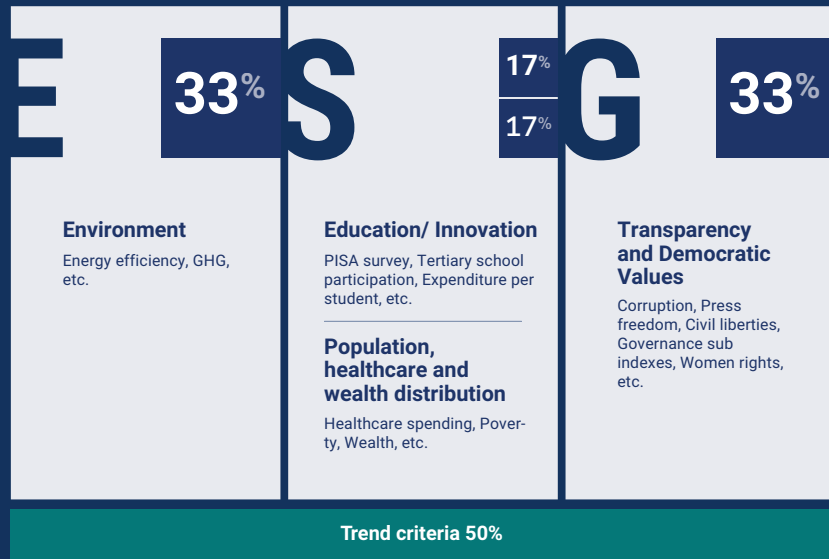
Regrouping the dimension of "population, health & wealth distribution" and the dimension of future generation "education and innovation."



#### Governance

The dimension of "Transparency & democratic values."





Source: DPAM

The approach is dynamic as the selected criteria are reviewed twice per year with the intention of selecting the most appropriate and relevant criteria for each domain. An indicator may be

replaced and adapted, or omitted. New indicators can enter the model and the allocation of the weightings may also vary.



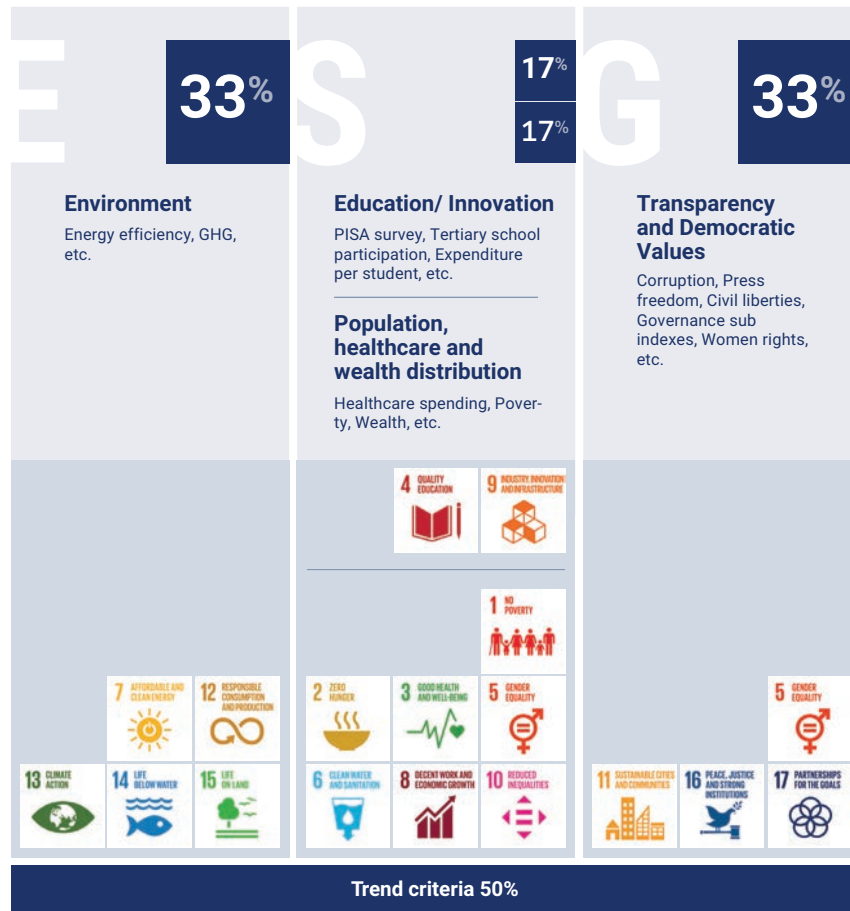
## 6. The model predates the Sustainable Development Goals

The 17 Sustainable Development Goals (SDG's), in the wake of the Millennium Development Goals, which were launched by the United Nations between 2000 and 2015, aim to **advocate sustainable development** on the economic, social and environmental domain. They reaffirm the human rights and the willingness to eradicate poverty, hunger and inequality by the end 2030.

The 17 social, environmental and economic objectives have been adopted by nearly 200

countries. It is a unique opportunity to channel more investments towards major environmental and social challenges.

DPAM is proud of its **pioneer sustainability model that predates the SDG's**. SDG's are so much more than a mere different framework to communicate on our ESG and sustainable investment philosophy. We review the country model taking into account the SDG's to increase its relevancy and to better integrate these objectives in our investment decisions.



Source: DPAM

# IV. Holistic view and Engagement

---

## 1. Sources are internationally recognized

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

## 2. Keeping a holistic view

Our sustainability country model relies on the three key sustainability dimensions namely Environment, Social & Governance. Each dimension is equally important, but their individual analysis does not hide the **interconnectivity** between the three correlated dimensions.

Over the last years, we witnessed several disruptions and even contradictions regarding governance, social concern or environmental issues. Therefore, **sustainability analysis at country level has been essential in an integrated model**.

In terms of **governance**, the strength of the governing institutions is a key indicator to ensure the reliability and stability of the adopted policies

and programs. These enable countries in facing internal and/or external challenges and obstacles.

The lack of credible and meaningful policies could impact the **social** stability of a country. Sound corporate governance is indisputable. At the same time, social instability weighs on long-term growth potential and economic development of a country.

The examples of citizens, through NGO's, suing the States for lack of responsibility in their environmental ambition and emissions targets – is testament to the strong relationship between governance and environment.





### 3. Engaging with countries as sovereign bond holders

As a sustainable partner and deeply focused in making an impact, we started to engage with countries to explain our role as **a key intermediary in the value chain**. This role can be a mean towards a sustainable agenda for different sovereigns' representatives.

Engaging with countries has always been considered challenging, if not impossible to achieve. Therefore, investors have rarely got involved. However, DPAM is convinced of its importance by **approaching sovereign issuers and explaining the sustainable methodology** we have developed for over 15 years.

The sovereign bond portfolio construction relies on in-depth research of a country's fundamentals implying several investors' trip to meet with supervisory authorities, central banks, government officials, or employers' associations and supranational entities such as the IMF, the World Bank or the OECD. This is a unique opportunity to increase awareness regarding the sustainability approach in government bonds investments from an investor point of view, and to discuss and brainstorm the future ESG challenges. Our country model is at the forefront of the dialogue between investors and sovereigns to highlight the national relative strengths and weaknesses.

The aim of these meetings is not to elaborate on the country sustainable model, but rather explain how the output of DPAM works and dialogue with the different countries in order to:

- **Explain our approach** and how it may **impact** our investment decision process.
- **Raise awareness** about the outcome of our models and to ultimately pass on a clear message to policy makers that country sustainability can be a key driver for investor appetite.
- **Be receptive** to any constructive feedback to enhance our models.

As democratic countries are governed by a voting electorate, and not by voting shareholders, there is clearly a different link between government bond holders and governments, compared to the relation between companies and shareholders, or even creditors. Nonetheless, **our aim is to favor funding countries that are managed in a sustainable way**, and we see it as our responsibility to inform countries about our investment process, and to some extent our country model. Hence the need for a country engagement framework.

**The engagement with sovereigns is a unique opportunity** to inform national treasury, debt management office or equivalent about **the use-of-proceeds bonds such as green, social or sustainability government bonds** (1) to encourage increase in issuance of such impact bonds and (2) to raise awareness and importance on the alignment of current and future issuance frameworks with best practices.

# V. Country Focus: Australia

## 1. Positioning and Evolution

Over the years, Australia has shown a stable performance. The country consistently ranks in the second quartile of its universe composed of the 38 OECD member states. Notwithstanding the methodological improvements made to the model, we can observe the **evolution of the country's sustainability score and its different environmental, social and governance**

**components.** At a first glance, it can be observed that the country is somewhat underperforming on the environmental pillar and shows a good performance on both the governance pillar and the social pillar, especially when focusing on education and innovation. These different elements of Australia's scorecard are discussed in detail below.

### Australia – sustainability scorecard 2023

|  | Score | Rank | Strength/Weakness |
|--|-------|------|-------------------|
|  | 65.5  | 16   |                   |

|   | Score | Rank | Strength/Weakness |
|---|-------|------|-------------------|
| <b>TRANSPARENCY AND DEMOCRATIC VALUES</b> | 78.5% | 11   |                   |
| Tolerance for & Inclusion of immigrants   | 46.8% | 27   |                   |
| Equality                                  | 78.1% | 10   |                   |
| Institutions                              | 72.5% | 11   |                   |
| International relationships               | 91.9% | 6    |                   |
| Rights & liberties                        | 82.4% | 19   |                   |
| Security                                  | 87.6% | 17   |                   |

|  | Score | Rank | Strength/Weakness |
|--|-------|------|-------------------|
| <b>POPULATION - HEALTHCARE AND WEALTH DISTRIBUTION</b> | 62.9% | 16   |                   |
| Life satisfaction                                      | 66.7% | 21   |                   |
| Demography   | 63.1% | 14   |                   |
| Health & wellness                                      | 60.7% | 19   |                   |
| Inequality   | 63.8% | 17   |                   |

|                         | Score | Rank | Strength/Weakness |
|-------------------------|-------|------|-------------------|
| <b>ENVIRONMENT</b>      | 55.3% | 25   |                   |
| Air quality & emissions | 77.1% | 9    |                   |
| Biodiversity            | 61.3% | 12   |                   |
| Climate change          | 42.6% | 30   |                   |
| Energy efficiency       | 40.1% | 36   |                   |

|                                      | Score | Rank | Strength/Weakness |
|--------------------------------------|-------|------|-------------------|
| <b>EDUCATION / INNOVATION</b>        | 62.7% | 11   |                   |
| Access to advanced education and ICT | 51.2% | 27   |                   |
| Equality                             | 64.4% | 12   |                   |
| Innovation                           | 45.9% | 16   |                   |
| Investments                          | 88.6% | 4    |                   |
| Quality                              | 77.6% | 16   |                   |

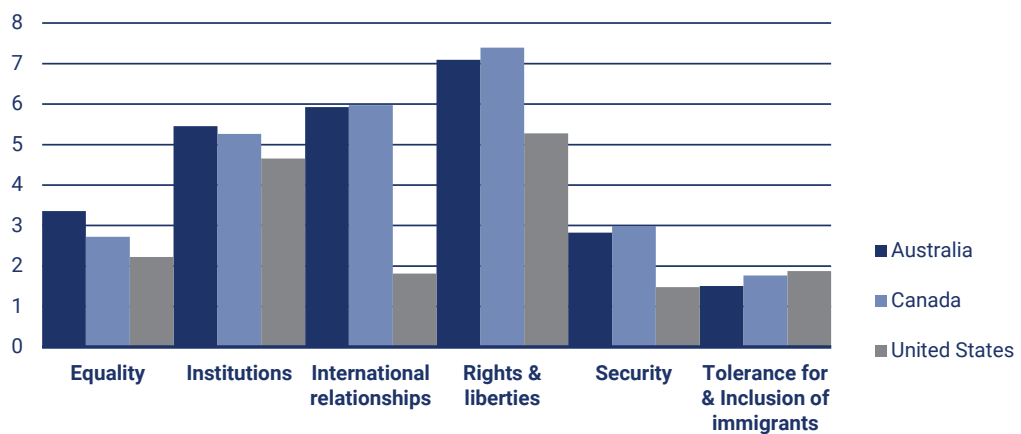
| Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
|------------|------------|------------|------------|
| 1-10       | 11-20      | 21-30      | 31-38      |

Source: DPAM

## 2. Comparison with its peers

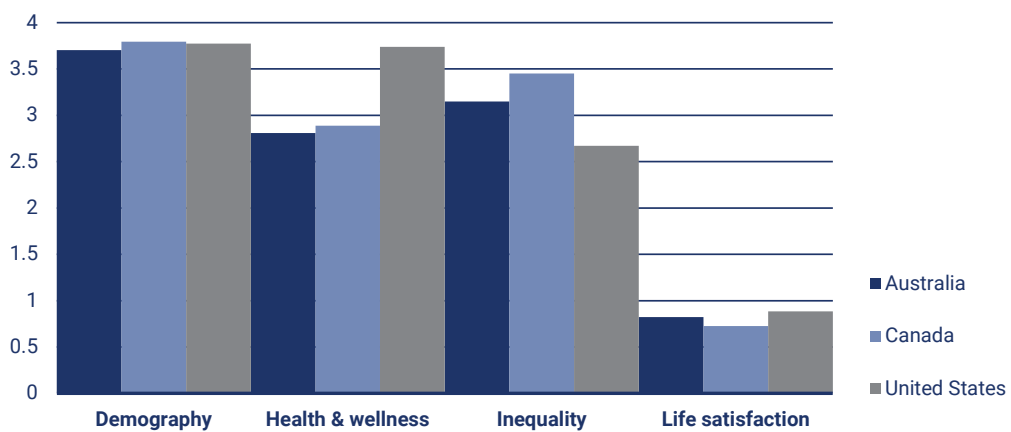
The performance of Australia on the four different pillars and underlying themes can be compared with its Anglo-Saxon peers: the US and Canada. These comparisons are based on the latest ranking of November 2023.

### Transparency & Democratic values



Source: DPAM

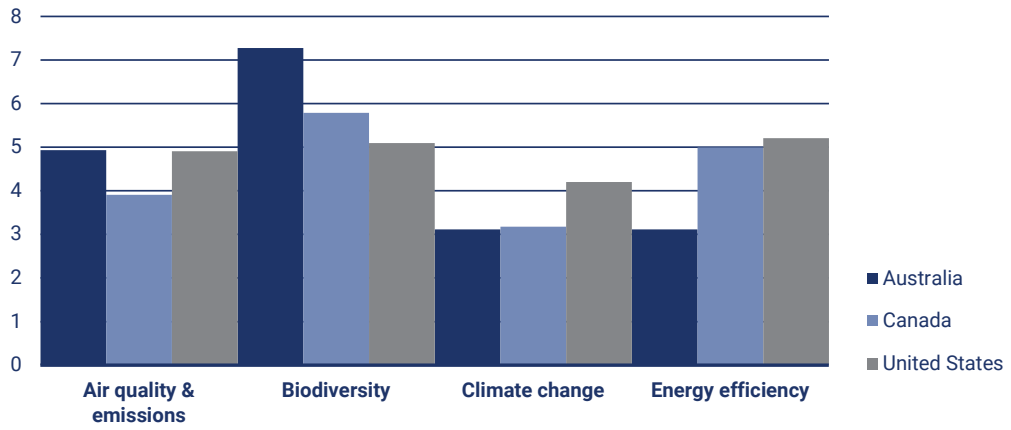
### Population, healthcare and wealth distribution



Source: DPAM

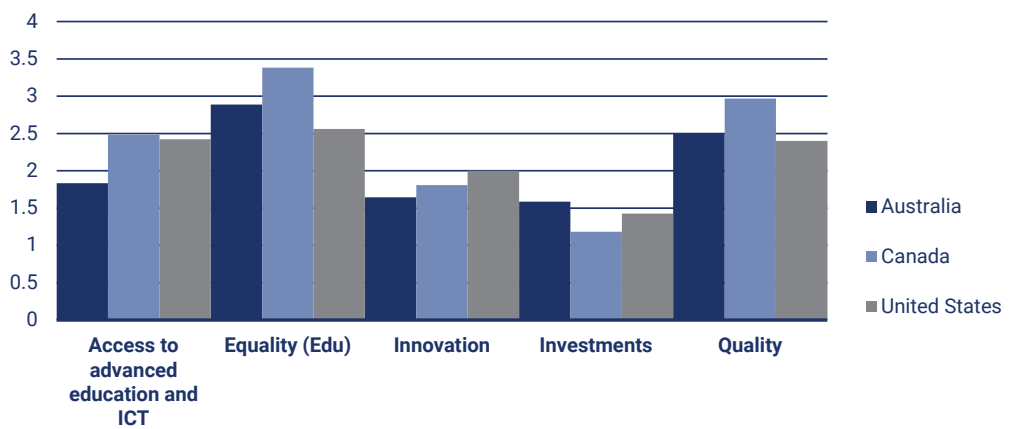


## Environment



Source: DPAM

## Education



Source: DPAM

### 3. Focus on the ESG dimensions

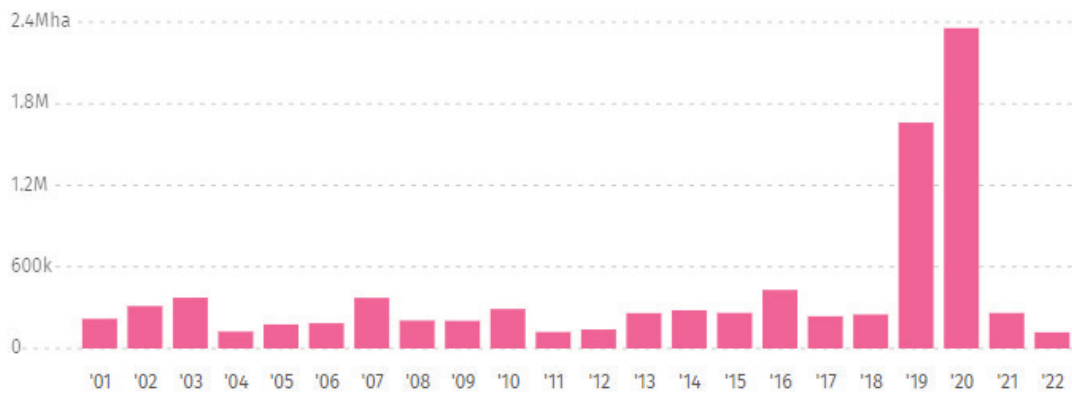
#### 3.1 Environment

Australia, together with the Scandinavian countries and the other islands (Iceland and New Zealand), scores very well on its **air quality**. The PM 2.5 concentration ( $\mu\text{g}/\text{m}^3$ ) in the air of Australia currently meets the WHO annual air quality guideline value. A good air quality is **crucial** for our health and quality of life as air pollution can cause heart and lung diseases, or even cancer. Children, pregnant woman, older people and indigenous people are the most vulnerable. Through the National Clean Air Agreement, the government works with states and territories by providing them a framework to identify and prioritize actions to improve air quality and reduce people's exposure to air pollution. These actions are then included in a work plan agreed by environment ministers. These national frameworks will play a crucial role in the near future as climate change will increase pressure on air quality. In Australia, the bushfires that occurred in the 2019-20 summer, have exposed large areas of the country to dangerous

levels of smoke. This can have a significant short-term impact on the air we breathe. Moreover, a **warming climate** will also lead to increased smog, and droughts will lead to dust storms.

Regarding **biodiversity**, the picture is mixed. Australia could improve its protected areas and better manage its plastic waste. Although the majority of the plastic waste is properly disposed either in sanitary landfills or incinerated for energy recovery, **only 13% of Australia's total waste is recycled** and approximately **10% is mismanaged** because it is either improperly disposed or littered. On the other hand, **deforestation** levels in Australia are **very low**. From 2001 to 2022, Australia lost 8.85 Mha of tree cover, equivalent to a 21% decrease in tree cover since 2000, and 2.30 Gt of CO<sub>2</sub>e emissions. Important to mention is that, as referred to above, there are significant spikes in 2019-2020 due to the ravaging bushfires, during which 9.5% of Australia tree cover was destroyed according to Global Forest Watch.

#### Tree cover loss in Australia

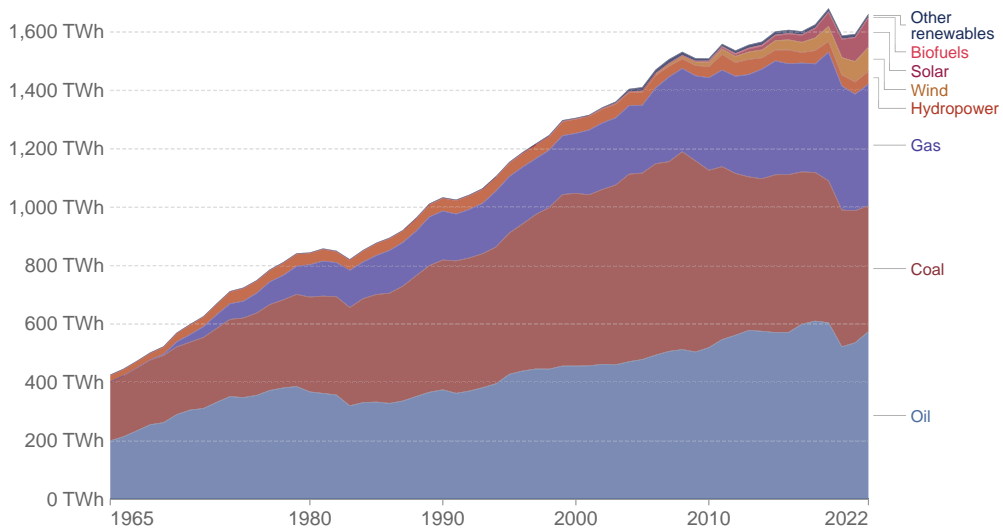


Source: Global Forest Watch

Australia and **renewable energy** are not a good match. The country remains among the very low performing countries compared to other developed economies. This bad performance is the result of low levels of renewable energy (both in supply and demand) and because of the absence of policies or national plan to phase out coal and gas mining. Nevertheless, on the bright side, we do notice some **positive changes** like the recently passed Climate Change Bill 2022, that aims to reduce GHG emissions by 43% by 2030 vs 2005 levels (up from the previous

26–28%) and to reach net zero by 2050. Australia has also formally strengthened its Nationally Determined Contribution (NDC) with these targets. Yet, the country is still one of the main LNG and coal exporters in the world and still heavily subsidizes the fossil fuel industry. According to CCPI experts, it is also among the nine countries responsible for **90% of global coal production** and plans to increase coal and gas production by over 5% by 2030. It is obvious that this increase is not compatible with the global 1.5°C target.

### Energy consumption by source for Australia



Data source: Energy Institute Statistical Review of World Energy (2023)  
 Note: 'Other renewables' includes geothermal, biomass and waste energy.

[OurWorldInData.org/energy](https://OurWorldInData.org/energy) | CC BY

Source: Energy Institute Statistical Review

### 3.2 Social

On the social side, and more specifically for the country's healthcare and welfare distribution, Australia has an average performance. In terms of investments in education, Australia ranks fourth, just after Norway, Chile and Israel. **Investment in higher education has increased by 43.6%** between 2008 and 2018, as found by a report by the Australian Mitchell Institute for Education and Health Policy. This significant increase was mainly driven by the large increase in international student revenue and the introduction of demand driven

funding for universities. Indeed, an overall increase in international student revenues was observed, suggesting that Australian higher education providers were able to enroll more international students and charge them higher fees. This latter is mostly true for Go8 universities, which are the eight leading universities in Australia. Mid-ranked universities were more reliant on demand-driven funding. On the other hand, findings show that the **participation rates for domestic students in higher education are decreasing** for the first time in over 10 years.





### 3.3 Governance

Within the transparency and democratic values pillar, **the country performs well on equality and on international relationships**. The former measures the equality between genders and, for Australia, is driven by a high score on the Gender Inequality Index from the UNDP. We observe that the country ranks 19th in the global universe, just after the Scandinavian countries and some other European countries. Moreover, we see an absolute improvement overtime of the country's performance on this specific indicator.

Regarding Australia's score on their international relationships this 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.

However, there is room for **improvement in the tolerance for & inclusion of immigrants**. In 2022 Australia received 19,148 asylum applications mainly from people coming from Iran, India, and Afghanistan, according to the UNHCR. Of all these applications, around 20% were answered positively (the most successful are applications from refugees coming from Yemen and Somalia) and 80% have been rejected in a first instance. This explains the relatively low score for Australia's refugee rate. However, it is important to note that the way people come to their country of asylum also affects the way statistics are reported. Indeed, there are fewer statistics recorded on people who came by plane, as opposed to the more detailed statistics on people who arrive by boat.

# Reference Sources

---

Amnesty International  
Center for Global Development  
Climate Change Performance Index  
Energy Institute  
Freedom House  
Global Forest Watch  
Global Hunger Index  
Global Safety Net  
Internal Macro team  
International Criminal Court  
International Labour Organization  
International Monetary Fund  
Notre Dame Global Adaptation Initiative  
OECD  
OECD Stats  
Plasteax  
Reporters Without Borders  
S&P Global  
Social Progress Imperative  
The Institute for Economics and Peace  
Transparency International  
United Nations Development Programme - Human Development Reports  
United Nations Food and Agriculture Organization Aquastat  
United Nations Food and Agriculture Organization Stat  
United Nations High Commissioner for Refugees  
United Nations Office for Disarmament Affairs  
United Nations Peacekeeping  
United Nations SDG Indicators Platform  
United Nations Treaty Collection  
World Bank  
World Economic Forum  
World Health Organization  
World Prison Brief



# VI. Commitment to Sustainability

Being a responsible investor goes beyond offering sustainable and responsible products; it is a **global commitment at company level** translated into a coherent approach. 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, be it sovereign or individual.

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



#### Defend the basic and fundamental rights

Human Rights, Labour Rights, Fight against Corruption and Protection of Environment



#### Express an opinion on controversial activities

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



#### Be a responsible stakeholder and promote transparency

- Bring sustainable solutions to ESG challenges
- Engage with issuers, promote best practices and improvements

We are convinced of the risk/return optimisation that comes with ESG integration. We see sustainability challenges as risks and opportunities. We use ESG factors to assess them in our investment decisions. We are committed to the European Commission's 2030-2050 program for **sustainable and inclusive growth**.

The asset management industry is **an impactful gear** in the financial system. We want to take up our responsibility here. As a result, we consider it is important to define well **the ESG factors, priorities and targets that are material**.

## 1. Conviction & commitment

The last decades brought on a lot of challenges. We firmly believe that **sound** corporate governance, a clear **understanding** of current/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 leading expertise and guard 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 prove our commitment to long-term sustainable financial management, we are a signatory to various organisations. These all advocate responsible investments and offer continuous insights into ESG challenges and opportunities.

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

We have been supporters of the **TCFD recommendations** since 2018. In addition, we joined the **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.

In June 2020, we decided to support the **Investor Alliance for Human Rights**, a collective action platform for responsible investments that is grounded in the respect for people's fundamental rights. Because the environment and biodiversity are such urgent global concerns, we have been supporters of the **Finance for Biodiversity Pledge** since December 2020. This Pledge calls on global leaders to protect and restore biodiversity through their financial activities and investments decisions.



In early 2023, we have engaged in two collaborative initiatives with **Advance** (A stewardship initiative for human rights and social issues launched by the UN-PRI) and **IIGCC** (The Institutional Investors Group on Climate change). Advance initiative primarily seeks change through investors' use of influence with portfolio companies. DPAM's involvement is mainly access to research, to be the lead investor for EDP & Acciona, and be the endorser's initiative

for targeting 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 aligning portfolios to climate goals, amongst others. DPAM's involvement is linked to the to its commitment to **Net Zero Asset Management initiative**.

### 3. Facts & Figures



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



**Pioneer in sustainable sovereign debt** over EUR 3.7 bn invested  
(as of end of December 2022)



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



**EUR 19.8 Bn is compliant with SFDR 8+ & 9 funds** across various asset classes  
(as of end of June 2023)



Exercise our voting rights **across 600+ companies** globally



In 2022 DPAM decided to join the **Net Zero Asset Managers Initiative**



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




Active dialogue with **100+ companies**

# Contact details

## Responsible Investment Competence Center

 [ri.competencecenter@degroofpetercam.com](mailto:ri.competencecenter@degroofpetercam.com)

 + 32 2 287 97 01

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

 <https://shorturl.at/nzJPS>

 [dpaminvestments.com](http://dpaminvestments.com)

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

### Disclaimer

Degroof Petercam Asset Management SA/NV | rue Guimard 18, 1040 Brussels, Belgium | RPM/RPR Brussels | TVA BE 0886 223 276 |

Marketing communication. This is not investment research. Investing incurs risks. Past performances do not guarantee future results.

© Degroof Petercam Asset Management SA/NV, 2022, all rights reserved. This document may not be distributed to retail investors and its use is exclusively restricted to professional investors. This document may not be reproduced, duplicated, disseminated, stored in an automated data file, disclosed, in whole or in part or distributed to other persons, in any form or by any means whatsoever, without the prior written consent of Degroof Petercam Asset Management ("DPAM"). Having access to this document does not transfer the proprietary rights whatsoever nor does it transfer title and ownership rights. The information in this document, the rights therein and legal protections with respect thereto remain exclusively with DPAM.

DPAM is the author of the present document. Although this document and its content were prepared with due care and are based on sources and/or third party data providers which DPAM deems reliable, they are provided 'as is' without any warranty of any kind, either express or implied. Neither DPAM nor its sources and third party data providers guarantee the correctness, the completeness, reliability, timeliness, availability, merchantability, or fitness for a particular purpose.

The provided information herein must be considered as having a general nature and does not, under any circumstances, intend to be tailored to your personal situation. Its content does not represent investment advice, nor does it constitute an offer, solicitation, recommendation or invitation to buy, sell, subscribe to or execute any other transaction with financial instruments including but not limited to shares, bonds and units in collective investment undertakings. This document is not aimed to investors from a jurisdiction where such an offer, solicitation, recommendation or invitation would be illegal.

Neither does this document constitute independent or objective investment research or financial analysis or other form of general recommendation on transaction in financial instruments as referred to under Article 2, 2°, 5 of the law of 25 October 2016 relating to the access to the provision of investment services and the status and supervision of portfolio management companies and investment advisors. The information herein should thus not be considered as independent or objective investment research.

Investing incurs risks. Past performances do not guarantee future results. All opinions and financial estimates in this document are a reflection of the situation at issuance and are subject to amendments without notice. Changed market circumstance may render the opinions and statements in this document incorrect.