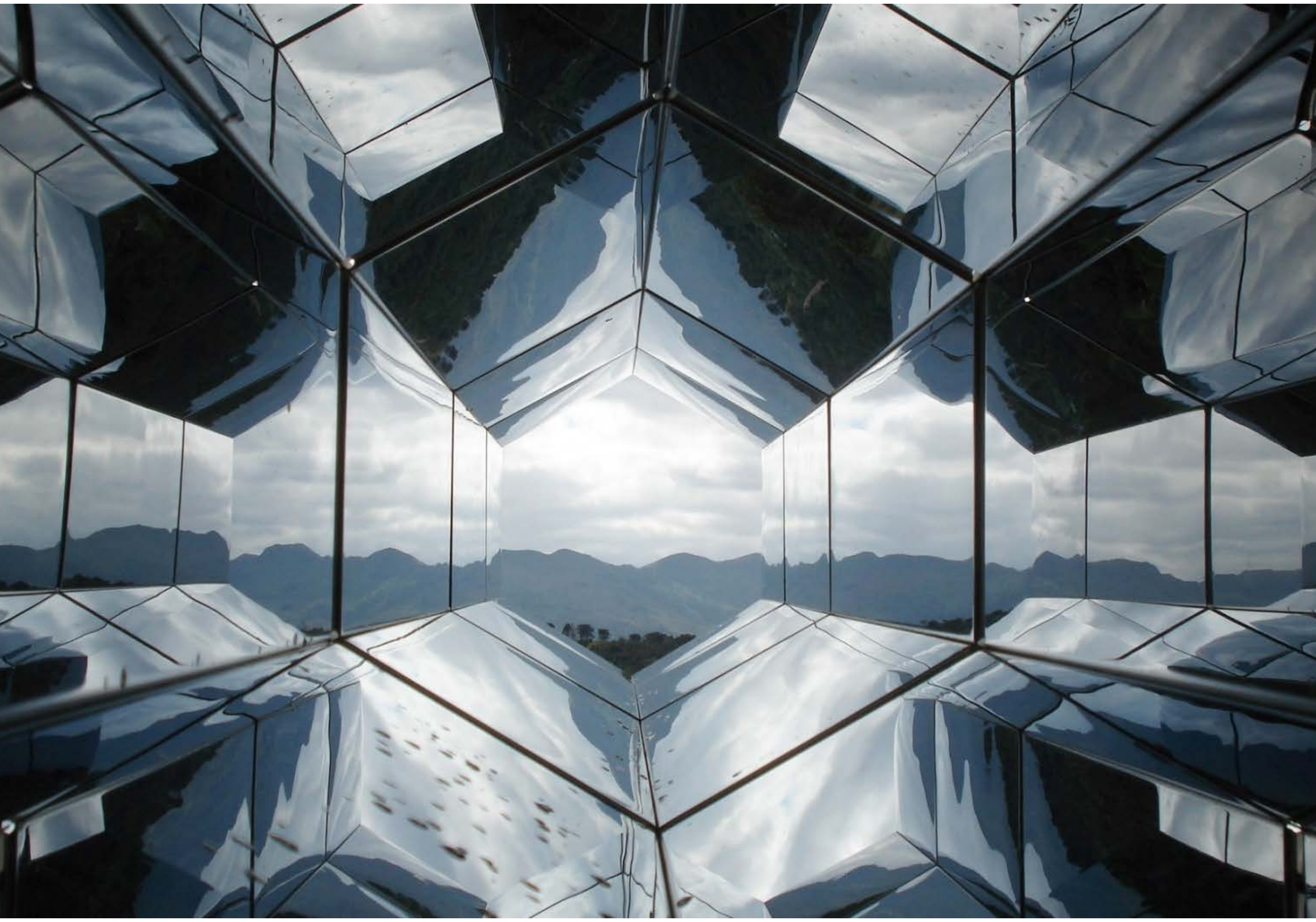


DPAM Sustainable and Responsible Investments Policy

Active, Sustainable & Research

www.dpamfunds.com

DEGROOF PETERCAM ASSET MANAGEMENT A RESPONSIBLE PLAYER SINCE 2001

Being a responsible investor goes beyond offering responsible products; it is a global commitment at company level which needs to be defined in a coherent approach.

Being a responsible investor first and foremost involves raising key questions about the consequences of DPAM's investment activity in a global context, i.e. looking beyond pure financial profit and taking into account all stakeholders whilst considering the consequences of an investment. Raising questions, utilizing experts, sharing information and engaging with a positive yet critical mind-set imbeds DPAM professionals with a sense of responsibility and prompts them to act in full knowledge of the facts.

As a shareholder and economic player, DPAM accepts its social responsibility. Holding shares in a company offers the opportunity to express an opinion on the management of that company, and as a responsible investor DPAM must make its voice heard. Adopting a voting policy and participating in general and extraordinary shareholders' meetings are also an integral part of an investor's responsibilities. DPAM can speak up so that the companies in which it invests are managed according to best practices in terms of corporate responsibility. Engaging in dialogue with the company, either through proxy voting or direct dialogue during meetings with its representative, is a means to ensure that the rights of shareholder are respected, as well as those of other stakeholders. Responsibility is therefore also a tool that can be used to work towards a more sustainable financing and economic system at global level.

To defend best practices in terms of corporate governance and ESG challenges, DPAM refers to various reputed sources such as 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 Climate-related Financial Disclosure (TCFD), etc.

DPAM has a threefold commitment to sustainable investing:

1. **To uphold fundamental rights as per the UN Global Compact**. Companies are assessed on the basis of the 10 Principles of the UN Global Compact, which are grouped into four major principles: human rights, labor rights, environment and anti-corruption efforts. Drawing on specialized and independent research, a company will be categorized as compliant, non-compliant or will be put on a watch list.

2. **To avoid controversial activities that may affect reputation, long term growth and investments**. A number of controversial sectors are excluded from the investment universe for our sustainable funds: tobacco, gambling, defense and pornography. Other controversial sectors or business activities are not specifically excluded since inception but are covered by our Controversial Activities Policy, that can result in exclusion of business activities.

3. **To be a responsible stakeholder and to foster best practices and evolutions**. In this context, we are part of collaborative and dynamic global networks that guide/help us to gain a better understanding and knowledge of the challenges and opportunities associated with responsible investing.

, DPAM is committed to responsible investing and therefore adopts a view on corporate responsibility that is consistent with international standards and conventions.
This policy is the 4th pillar of a set of sustainable investments related policies namely:

1. our **Proxy Voting Policy** (available here): the voting policy adopted by DPAM aims to defend the values and principles with regard to corporate governance that DPAM advocates and wishes to see applied by the companies in which DPAM funds invest.
2. our **Controversial Activities Policy** (available here): whenever there is any doubt about a company's involvement – be it invested or candidate for portfolio's – in the controversial activities as listed in our policy we will have an engaged dialogue with the company's management. Involvement can be indirect, such as potential interaction with defense and armament sector for IT and technology companies developing security software
3. our **Engagement Policy** (available here): DPAM's vision of being a responsible investor is articulated into three pillars:
   - raising key questions about the consequences of our activities;
   - being a shareholder which engages in a constructive dialogue with companies and ensuring the rights of shareholders are fully exercised; and
   - being committed to long-term objectives and sustainable financing.

   To endeavor this, DPAM has put up a dialogue with the different stakeholders at the heart of the process and approach. This policy documents describes the ratio legis to engage with companies, expectations and the different channels DPAM uses from formal dialogue through collaborative or individual engagements to more informal engaged dialogue during the numerous meetings with the management of companies organized by the research and investment teams.

This sustainable and responsible investments policy document describes and explains DPAM's choices regarding sustainable investments. It lists the diverse commitments of DPAM as a sustainable actor (§1). It explains what DPAM stands for when we refer to Active, Sustainable and Research (§2) as our strategic pillars. . It describes DPAM's philosophy and adopted approaches compared to the various approaches regarding sustainable and responsible investments that are enriching but at the same time generate confusion and complexity. . DPAM's approach is twofold: ESG integration and ESG impact. The choices and implications are respectively explained (§3 and §4). Finally because any investment has an impact, we share our vision regarding impact intentionality and measurement (§5).

DPAM IS A COMMITTED SUSTAINABLE ACTOR

A committed actor to sustainable finances

Strong conviction in Sustainable and responsible investments

Given the global challenges we have faced for several years, DPAM has been convinced that integrating challenges like sound corporate governance, vision of environmental challenges and respectful social licence to operate is a driver of long term sustainable performance.

Signatory of UN PRI since 2011

DPAM, i.e. Petercam Institutional Asset Management at that time, signed the United Nations Principles for Responsible Investment ("UN PRI") to foster the integration of ESG factors into the investment decision-making process in September 2011. In 2016, following the merger between Degroof and Petercam, it reiterated its commitment to the UN PRI. By adhering to these UN PRI, DPAM commits to adopting and implementing the six UN PRI guiding principles. This publicly demonstrates its commitment at the highest level to consistently integrate ESG factors as an actively sustainable asset management firm, and to contribute to the development of a long-term investment approach with a sustainable focus.

Membership to several international forums that advocate sustainable investments

Any investment decision has an impact. In order to demonstrate our commitment towards long-term sustainable financial management, DPAM is a signatory to various organizations. These are all organizations which share our aim to advocate financially responsible investments. Our membership of dynamic international collaborative initiatives ensures that we gain better insight into the challenges and opportunities that responsible investment entails.
Next to our commitment to the UN PRI, we are active members of national forums for the responsible investments, namely France (FIR), Spain (Spainsif), Italy (Finanza Sostenibile) and German-speaking countries (FNG).

Supporter of ambitious and successful initiatives on engagement

DPAM is supporter of the TCFD since 2018. In 2017, the United Nations adopted the recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosures (commonly referred to as the "TCFD Recommendations"), mainly on environmental and climate change issues. The latter are a pragmatic and recognized instrument for the implementation of the fiduciary duty of any investor to take ESG factors into account in its management.
Related to this, we also joined the collaborative action Climate Action 100+.
Climate Action 100+ is a five-year old initiative led by investors to engage with systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Investors are calling on companies (i.e. list of 100 largest emitters, increased by 61 additional companies) to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures (http://www.climateaction100.org/).
The initiative has been developed to build on the commitments laid out in the 2014/2015 Global Investor Statement on Climate Change, supported by 409 investors representing more than US $24 trillion.

Signatory of:

PRI Principles for Responsible Investment

A+ Rating - Top highest rating

Since 2017

Member since...

2010 FIR Forum pour l'Investissement Responsable

2013 FNG; Forum per la Finanza Sostenibile; spainsif

2018 TCFD Task Force on Climate-Related Financial Disclosures

2019 Climate Action 100+

A sustainable investor

Committed to transparency – our extra financial report

DPAM's roadmap to high expertise in sustainable & responsible investments, initiated in 2001, has enabled us to acquire maturity and expertise to experience a smoothly transformation from sustainable strategies designer and provider to a sustainable committed company. Through its non-financial reporting, DPAM assesses how sustainability is reflected, visible and tangible within DPAM's own organization.

Pragmatism and dialogue in controversial activity screening

A historic leader in Sustainable investing, Degroof Petercam Asset Management (DPAM) has launched its first sustainable expertise in 2001, and it has continuously enhanced its offering of Sustainable strategies since .
Sustainable and Responsible Investing is essential to the identity of DPAM - as is well illustrated by our strategic pillars : Active – Sustainable – Research /. - We strive to offer Sustainable strategies with a high level of ESG quality. Leveraging on our sixteen years learning-curve, we have set-up a robust Sustainable investment process, capitalizing on our in-house expertise in **positive** sustainability screenings (Best-In-Class/Best-In-Universe, ESG scorecards, Thematic stock-picking), in **negative** screening (Norms-Based, Controversial Activities), as well as in **Corporate Engagement** & Proxy-voting, and more recently in Impact finance.
Negative screenings, and in particular the Controversial Activity screening have an important role to play. They ensure that investment portfolios are not exposed to corporate activities that are deemed unethical and / or irresponsible and / or unsustainable.
A **Controversial activity** refers to a business activity that stirs-up debate among various parties and that is contentious.

For DPAM, three key elements are common to all controversial activities:

- There are diverging opinions on a particular topic or question, fuelling a debate, with exchanges of arguments between several parties;
- There is a discussion taking place among the parties over a period of time;
- The debate lasts over time as it can't be resolved easily. This illustrates the complexity of the topic or issue which is discussed and the difficulty of settling diverging opinions.

In the context of Sustainable finance, the key stake here is to define the position of DPAM on each of these controversial activities, and to eventually decide whether to fully divest from the companies involved in controversial activities, or to only recommend a reduction of our portfolios exposure. When deciding whether to exclude or not a controversial activity from its investment portfolios, DPAM follows a pragmatic approach based on dialogue, in-depth expertise and consistency. DPAM sees exclusion as a last recourse. Our group's approach is to advocate best sustainability practices within each economic sector. Rather than divesting from whole sectors, DPAM aims to identify the leaders within each sector and to avoid the laggards which may potentially harm the reputation of the company and its investments.

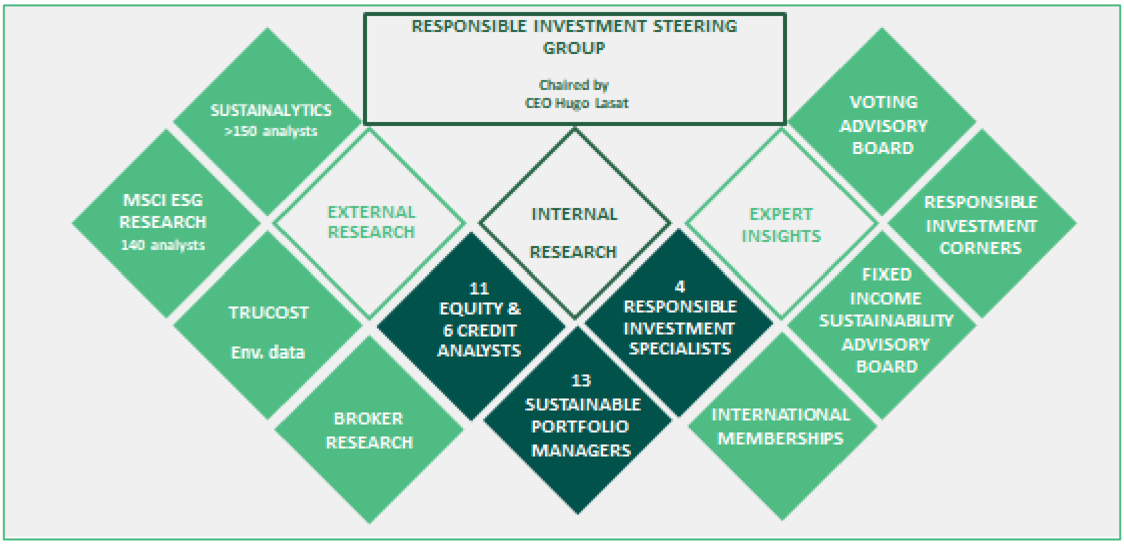
DPAM has **a dedicated policy for controversial activities**, which details the activities which are by nature controversial and on which DPAM has expressed its view.

In this document, DPAM aims to communicate in full transparency over which business activities and sectors it excludes from its investment strategies. Moreover, DPAM applies an ESG integration approach onto several controversial activities. In such case, there is no "hard exclusion" forcing portfolio managers to fully divest, but DPAM's centre of expertise in the area of sustainable & responsible finance (the "Responsible Investment Competence Centre") sensitizes portfolio managers over the sustainability risks associated with some sectors. This leads portfolio managers to reduce their portfolio exposure to these contentious sectors (underweight positions) and sometimes to fully divest from these sectors. The sectors and activities subject to DPAM's ESG integration approach are also listed in this document.

Importantly, DPAM effectively excludes some of these controversial activities not only from its sustainable strategies but also from its mainstream strategies. This further evidences our group's commitment towards sustainability.

Please consult our controversial activity policy for detailed information.

Investing in resources



Dedicated allocation of Internal resources

Committed to the first principle of UN PRI, DPAM integrates responsible investment indicators in all buy-side investment cases - regardless of the sustainability mandate of the final investment fund. DPAM employs a team of 6 credit and 11 equity analysts with well diversified experience across sectors. By combining the sector expertise of our analysts with the ESG-analysis from our responsible investment specialists, we are able to identify the key sustainability drivers for each sector, and to assess companies ESG performance accordingly. Our buy-side recommendations systematically include at least a general overview of the company's environmental, social & governance (ESG) performance. Eventually, our buy-side recommendations are supplemented with specific sector- or criteria-related ESG research and/or engagement initiatives when the ESG information available on the company is insufficient. When our research teams require more in-depth research on a particular stock or industry, they reach out to our ESG specialist for further analysis and assistance. Presently, 13 of our46 portfolio managers (across asset classes) are involved in managing sustainable investment funds for which they also integrate ESG-considerations in their bottom-up stock selection.

To encourage active interaction, the investment and research teams and the ESG competence centre all share the same floor to create proximity. Our investment teams are trained to signal potential ESG issues, to comply with and to understand the construction of our eligible universe and to interpret external extra-financial research on specific companies or industries. In case of specific controversies or questions, our investment teams interact with the Responsible Investment (RI) competence centre in order to support their analysis and decision-making. Meanwhile, our RI competence centre assists regularly the different investment teams on their recurring investment strategy meetings in order to better understand their views and expertise and to encourage a daily dialogue on the qualitative and quantitative ESG aspects of potential investments.

The resources allocated to our ESG/SRI activities are at mainly three levels:

The Responsible Investment Steering Group (RISG) – monthly

Degroof Petercam Asset Management has set up a Steering Group for responsible investment, which is the initiator and guardian of DPAM's identity to be Active, Sustainable & Research and its mission to be a leading responsible investor.

The Responsible Investment Steering Group (RISG) oversees the implementation of DPAM's mission statement with regard to Responsible Investment. The RISG is both the pioneer and the guardian of the coherence, consistency and credibility of DPAM's investment process in the light of our strategic commitment toward Responsible Investing. Its role is (1) to promote responsible investing and to spread ESG knowledge within the group and beyond and (2) to enhance RI & ESG expertise internally and externally. Among other tasks, the RISG ensures the integration of ESG issues into investment analysis and decision-making processes by developing ESG-related tools, metrics and analyses. It ensures the transparency and consistency among the approaches, methodologies, products, solutions and services offered by DPAM. The RISG validates initiatives related to sustainable & responsible investment. As a guardian of the Principles for Responsible Investment promoted by the United Nations, the RISG informs and educates all in-house stakeholders, and raises awareness of ESG issues among the research, portfolio/fund management, risk and compliance entities.

The RISG meets every month. All decisions are taken by consensus. When a consensus cannot be reached, members are required to vote and the decision is taken by simple majority, provided that 50% of the members are present. Only the members of the RISG have voting rights.

The Responsible Investment Competence Center (RICC) – day by day.

The Responsible Investment Competence Center is headed by the Responsible Investment Strategist and comprises three additional full-time ESG specialists. The RICC guides all initiatives, methodologies and projects related to the ESG aspects of the investment processes. The RI Strategist reports directly to the Management Board of DPAM.

The activities of the RI Competence Center are threefold.

Firstly, the members of the RI Competence Center continuously focus on increasing the ESG expertise of the company. This includes the analysis of new developments as well as the monitoring of the internal ESG strategies and the active involvement in further enhancing the construction and the quality of these strategies. The ESG specialists support the investment teams (both the portfolio managers and Buy-side analysts) in gathering detailed qualitative information on specific companies or sectors. The ESG specialists challenge the analysis of extra-financial research providers and engage with targeted companies for fact-checking means and in order to reach the best possible conclusions. In general, the RI competence centre acts as the internal point of contact for all questions relating to our ESG strategy and investment approach.

Secondly, the RI Competence Center acts as the ESG specialist for external commercial activities. Our ESG Strategist is often asked by the media to comment on ESG related topics and the whole team supports the sales teams of the company to explain our ESG commitment to clients, to comment on our strategies and dedicated products and to optimize recurring ESG-related reporting and information. Internally, the team also engages in interactions with the different departments of our company, for example by organizing ESG-themed presentations, with a view to optimize the awareness about our ESG competencies.

Finally, our RI Competence Center actively materializes the company's ESG commitment through international membership in various regulatory and topical organizations and through building out the company's activities in terms of proxy voting and engagement. The RI competence center acts for example as the privileged contact point for all matters pertaining to the UN PRI.

Integration into research teams

Since ESG research and themes may have a material impact on investment management decisions, our research and management teams are well informed on ESG issues, themes and issuers profiles whenever this is deemed to be relevant. The RI expertise revolves around a solid responsible investment competence centre, that incudes specialists working in each of the investment competences: Fixed Income Fund Management, Credit Research, Equity Management and Equity Buy-side Research.

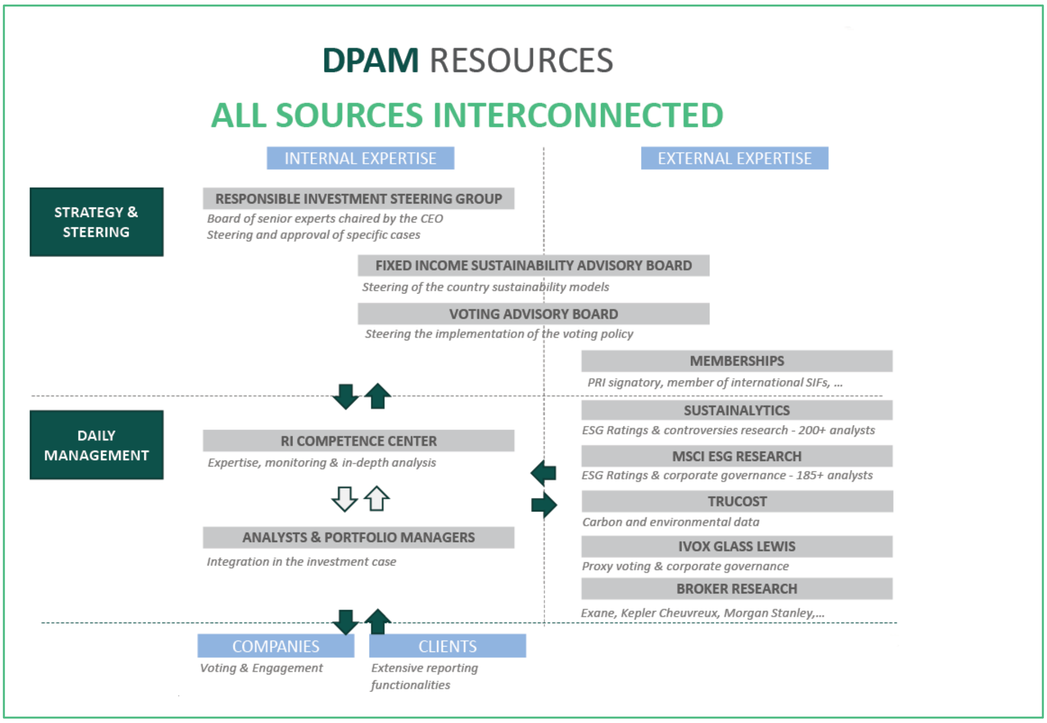
External resources

Our external resources include extra-financial, company-specific and industry-wide research from the two leading extra-financial rating agencies Sustainalytics and MSCI ESG Research. Together, these agencies employ more than 300 experienced ESG analysts. The remuneration of extra-financial information agencies substantially differs from that of financial rating agencies, avoiding any conflict of interest. The independence and objectivity of the provided information is therefore guaranteed. Nonetheless, the corporate governance of an extra-financial information company is also part of its selection process. Other elements taken into account are the relevance of the information, the coverage, and the reactivity towards controversies and market events, for instance how long it takes to cover a security that enters the universe.

Supporter of the TCFD recommendations and committed to assess the environmental risks accurately, the data from the specialist in environmental data Trucost are also a key input.

Besides the extra financial data providers, we have access to a large amount of ESG data produced by various international sources of reference and a wide set of brokers with specialized research on selected ESG-related topics, which helps us to continuously develop our in-house ESG assessment methodologies. Both our RI specialists and the investment teams have access to these sources. Our buy-side analysts can also access a large number of ESG-related data points on our external analytics platforms to support their reflections.

Finally, DPAM regularly teams up with various external experts and engages in dialogue with other key players in the market. The RI competence center organizes responsible investment corners as well in which it invites various experts to share their knowledge with our employees on a specific topic. We also engage experts in our topical working groups (see below – Challenged by committees and external independent experts).



Adherence from all investment professionals

The conviction of the added value of ESG factors integration in the investment process is shared by all DPAM's professionals who have had the opportunity to witness and experience the learning curve of the company.
Furthermore, the proximity to equity and fixed income management teams and the RI competence center fosters the cooperation and mutual challenging between the different teams and expertise. As all share the same office space it's easy to exchange views on ESG topics with portfolio managers and to interact. This enhances the investment process and creates sustainable added value in the long run.
This conviction of added value in the investment process and core business of DPAM has evolved in a conviction for the company as a whole i.e. the investment professionals have pro-actively proposed an increasing number of sustainable initiatives at the company level. The extra financial report is a testimony thereof.

Challenged by committees and external independent experts

The various governance bodies, with the presence of external experts, have also fostered strong credibility and expertise in the approach to make ESG research relevant and material. Indeed, it is important to tap into the knowledge of various independent experts specialized in the environmental, governance and social fields. As a member of our scientific boards (voting policy, country sustainability) or as an invitee to 'Responsible Investment Corners', external experts play an important role in enhancing our processes and methodologies.

The Fixed Income Sustainability Advisory Board (FISAB) – twice a year

The FISAB consists of six voting members with a majority of 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.
The role of the FISAB is:

1. To select the sustainable criteria which fulfill the preliminary requirements, and are the most relevant in the framework of sustainability assessment of the OECD and EM universes;
2. To determine the weights attributed to each indicator;
3. To critically and accurately review the model and the ranking to ensure continuous improvement;
4. To validate the list of eligible countries.

The Voting Advisory Board – twice a year

It consists of seven voting members, four external and three internal. The objective of the board is to raise awareness on ESG issues among the portfolio management teams. The complementary background of the members guarantees a high level of expertise and knowledge of the issue in constructing the most relevant model.

Active, Sustainable & Research at the heart of our core business

Our conviction

Disruptive challenges and constantly changing world ask for a review of traditional financial analysis models to integrate ESG risks and to anticipate companies positioned to benefit from these ESG challenges.

Investors as well as asset owners are increasingly aware of global challenges such as climate change, changing demographics, the issue of good corporate and state governance, and the growing voice of an ever more assertive public opinion.

As a result, investors are increasingly taking into account sustainability considerations and fund managers more and more include elements that track the risks and opportunities related to these long-term challenges. These new approaches are changing the way financial analysis is performed. It is once again necessary to focus on the fundamentals of a state or of a company and to develop our understanding of the global environment in which it is acting within a long-term perspective.

, As much as corporates, governments play an important role in shaping an effective regulatory framework that provides enough flexibility to allow financial markets to function effectively and meet the expectations of shareholders and of other stakeholders. Environmental, social and governance issues become prominent elements in the context of financial markets.

Integration of ESG factors is a fiduciary duty to make better informed investment decisions, to optimize risk/return profile of portfolios and therefore to offer sustainable performances.
Civil society and various stakeholders require increasing transparency and legitimacy evidence from companies that they have the social licence to operate.
Investors are looking for sustainable performing portfolios aligned with their values.
Regulatory authorities have embraced the topic. ESG integration is a fiduciary duty that all investors have to demonstrate in their investment processes.

Competitive advantage
Sustainability is a prerequisite for the longevity of issuers

Best practices and best efforts
We want to select the companies with optimal behavior but also reward the runner-ups which are making efforts to improve

Long-term value generation
Companies which take into account secular sustainability challenges will be able to thrive financially and create sustainable added value in the long term.

Independent asset manager
Thanks to our independent position, we have been able to develop innovative solutions and have been in the vanguard of country sustainability screening.

Philosophy and approach: pragmatism and dialogue

DPAM is convinced that today's global challenges are tomorrow's opportunities. It is not an easy task to integrate those global ESG challenges into an investment approach, in a rigorous and disciplined manner, but thanks to our eighteen years of experience and expertise in the area of Responsible Investments, we are able to do it for the benefit of our clients.
It is DPAM's fiduciary responsibility, as a financial and research expert, to map all the risks and opportunities associated with any specific investment.
The analysis of Environmental, Social and Governance (ESG) criteria is part of the process applied to identify the optimized investments that are most appropriate to reach client's objectives and guidelines.

Risk return optimization

On the mid- and long-term, ESG awareness pays-back. Also, understanding its impact on its stakeholders is a pre-requisite for the sustainability of a company and therefore its profitability and ability to create shareholder value. ESG considerations are increasingly integrated into corporate strategies and are not an isolated process. ESG performance is part of a complex picture and anticipating ESG challenges can generate a competitive advantage for companies. Specifically, in the same way a financial business plan projects a company over a 3 to 5-years' time horizon with a view to anticipate on key corporate developments and make appropriate provisions, ESG challenges should also be clearly identified so that they can be anticipated and provisioned as well.

Materiality of ESG criteria

DPAM focuses on criteria that could affect the core drivers and most important financial metrics of the company.
In a first step, we identify strategic challenges regarding ESG issues.
In a second step, the approach is focused on the materiality of these ESG issues i.e. identifying medium-term risks and opportunities and how the companies or countries are preparing for them. Whilst we assess a range of ESG criteria, our focus is on identifying issues which have a material impact on the sustainability of a company's activity and therefore its profitability and creation of shareholder value.

Sector specific ESG criteria.

ESG covers a wide range of issues. To keep the analysis process efficient and to avoid a dilution of the most relevant ESG topics for each sector, DPAM has defined key ESG issues for each particular industry. Within each sector and sub-sector, a number of specific sectorial ESG criteria have been retained with a view to reflect sector-specific drivers and accurately identify the companies which are in a better position to face the challenges identified. The lists of key ESG factors for each sector are reviewed regularly since ESG factors can become more or less relevant and more or less material over time.

Engaged Dialogue and promotion of Best Practices

Dialogue with the companies and other stakeholders is at the heart of our fundamental research and investment process. Engaging in dialogue with a company, either through proxy voting or direct dialogue is a means to fine tune fundamental research-driven investments decisions and to spread best practices and innovative solutions for ESG challenges.
Company meetings are an opportunity to foster communication and are an efficient way to assess the ESG involvement of companies in which DPAM is investing or may invest. During meetings with senior company management, DPAM's investment professionals raise questions related to ESG issues and are able to engage with the company to promote ESG best practices.
It goes beyond existing investments as it also applies to investment opportunities and collaborative engagement initiatives on various ESG issues that DPAM supports without being necessarily shareholders of the engaged companies. In other words, engagement is used as a due diligence process, fully integrated in DPAM's commitment to Active, Sustainable & Research.

Continuous improvement

The integration of ESG factors in the investment process is a long-term and permanent learning process. ESG issues are rather medium-term in nature while share prices are driven by several different short-term and long-term factors. An investor open to ESG issues is therefore confronted with possible tensions between short- and long-term considerations. The challenge of sustainability integration is to reconcile the interests of all stakeholders while still creating value for shareholders. This process is underway but the road is long.

Whereas the analysis of tangible assets has existed for a long time now, with mature standards and measures largely accepted and used worldwide, this is not the case for the valuation of intangible assets. The challenges are numerous and involve aspects such as materiality, measurability, normalization of standards, comparability, etc.

Nevertheless, at DPAM we are convinced that a long-term view will finally pay off and that considering ESG issues in the medium term can make it easier to anticipate certain signals of strength/weakness, which could sooner or later be beneficial/harmful to stock performance. In fact, corporates attuned to their ESG responsibility are more and more adapting their risk control and management practices and intensifying their innovation effort, which contributes positively to their competitiveness and stock-value in the long run.

Integrating ESG factors in mainstream investment funds and research is a long-term and permanent learning process. DPAM adopts a dynamic and pro-active approach to improve its knowledge, research process and methodology through discussion, debate and interaction with external experts, sector analysts, macro analysts and all involved parties.

Holistic and transversal approach

The objective is to integrate ESG factors in the investment process, from the research phase to the final decision-making, by integrating key factors in all asset classes.

The holistic approach also covers sectors which are inherently unsustainable and considered as ESG-unfriendly, such as metals and mining or oil and gas.

Up to now, oil, gas and mining played a necessary role in economic development. Rather than adopting a negative approach via exclusion of these sectors- which could lead to distortions in terms of sector underweighting and overweighting - we prefer to apply a positive approach by selecting the leaders versus the laggards within each sector, and identifying the organizations promoting best practices within their economic and social spheres of influence. Our controversial activities policy details our vision and engagement here.

Our sustainable investments strategies commit to invest in companies which are offering through their products and services solutions to the ESG challenges.

In short, DPAM's approach aims to be pro-active, dynamic and supportive of ESG best practices without any exclusion of economic sectors and while dialoguing with companies and organizations. To be constructive, dialogue must take place with an open and critical mind-set aimed at a real exchange of ideas focused on making tangible progress towards more sustainable corporate practices.

This is why the DPAM process follows a logic of best effort, with a goal to be gradually and continuously enhanced and refined. The Sustainable & Responsible Investment Policy aims to be pragmatic, rational and consistent with our business and strategic development while still remaining ambitious and state of the art. It is developed in an evolving and continually improving framework, exactly like ESG.

ESG integration

We are convinced that investing in companies and states which integrate ESG considerations into their business models or do their best to ensure the long-term welfare of their citizens, exposes shareholders and bondholders to fewer "tail risks".

Top down

The ESG risks and opportunities are identified as top-down views to be integrated in asset allocation mainly through sector or sub-theme allocation.

Bottom up

Furthermore, thanks to internal and external data and the in-depth analysis of fundamental research, those risks and opportunities are integrated via a bottom up approach by investing preferably in the companies which are anticipating these risks and opportunities and that consequently constitute sustainable franchises.

The objective of ESG integrated research is to map all the risks and opportunities of an investment as a whole. This is not to be seen as a filter reducing investment opportunities but rather as a way to focus on the best sustainable opportunities, which is the objective of the financial analysis.

Everyone tends to agree that our economic, social, environmental and governance models are no longer sustainable on the long term. The technological disruptions, the new paradigm in corporate governance models, , etc. are profoundly changing our ecosystems which require major adaptations from corporates as well as states.

Sustainability therefore refers to three dimensions: **the financial sustainability of the issuer, the sustainability of the social license to operate for the issuer and finally the sustainability of the business models**.

ESG: DPAM's definition

Environment

We expect companies and governments to clearly articulate how climate change challenges are integrated into their strategies and policies.

DPAM considers a wide range of Environmental issues in its investment process, and notably climate change and its impact on resource scarcity, i.e. food security, water security, energy security and land security.

The availability of water is a key foundation layer on which many economic activities rely, and water shortages are already a problem in many regions of the world (California, China, Australia, India and Indonesia). Water scarcity is a risk that must be taken into account, particularly for certain sectors such as agriculture (food & beverage), as access to water is critical to the continuation of the economic activity.

As regards energy, improved energy-efficiency is probably the most cost-effective way to ensure the security of the energy supply.

As supporter of TCFD recommendations, we focus on physical and transition risks i.e.:

- **Transition risks**, which find their origin in the (required) shift towards a low-carbon economy, are mainly policy-based and are more severe for companies operating in carbon-intensive sectors; these result from the ambition to limit global warming and prevent the occurrence of severe negative climate change patterns, which can have a devastating effect on the economy (policy and legal, technology, market and reputational risks mainly)
- **Physical risks**, related to the physical impacts of climate change such as flooding or lack of resources. The acute physical risks result from changing weather patterns, are event-driven and impact the physical assets of a company (flooding, wild-fires or hurricanes). The chronic physical risks result from changing climate patterns and are longer-term shifts such as sea-level rise or severe reoccurring and irreversible periods of droughts, resulting in water scarcity or reduced crop yields. .

Social

The social criteria assess a company/country’s impact on the social systems and societies within which it operates. This could be referred to as the conceptual “social license to operate”. Initiatives regarding labor practices, human rights, society and product responsibility help improve a company’s credibility, safeguard its license to operate, build corporate and product brands and increase its market penetration.

Labor practices and decent work are highly regulated by internationally recognized standards such as the ILO Conventions or the UN Conventions.

This is also the case for human rights. There is increasing awareness among corporate top-managements that organizations have a duty to respect human rights at all levels, notably among their sub-contractors and along their supply-chains.

Violations of these fundamental rights expose organizations to potentially severe fines, but more importantly to a substantial deterioration of their reputation, which may harm their economic performance over years.

Social responsibility is also key with regards to the local communities in which organizations operate, and as regards corporate interaction with other social institutions, such as local authorities. Social responsibility also entails the duty to compete fairly with other firms, and to actively mitigate the risks associated with anti-competitive behavior linked to monopolistic practices.

Finally, social factors takes into consideration product responsibility and the organization’s duty to provide its clients with the accurate information on its products and services, notably with regard to customer health and safety, product and service labeling, marketing and customer privacy.

Governance

The scope of governance covers the impact that an organization’s management, processes and behaviors have on the long-term interest of the business, on its investors and on the community in which it operates. It complements the required standards of governance as mandated by the regulatory framework.

Governance is a key criterion in DPAM’s Buy-side research. Corporate behavior comes in at the top of the list of all governance topics. For a long time, our research (equity as well as credit analysis) and portfolio management teams have for a strong interest in all matters relating to the governance of a company, as it is a key driver of longer-term investment performance. By meeting with a company’s top management, an analyst is able to form an opinion on the quality of the management team and the credibility of its stated objectives, with a view to determine whether the management can succeed in implementing a business plan strategy and in generating sustainable value creation. Governance is in the “DNA of DPAM” when it comes to assessing managements’ sustainability. Furthermore, analysts are in contact with brokers, sector specialists, institutional clients and other relevant parties to challenge what management says and compare it with what it does in reality. This is a good guarantee against so-called “green washing”.

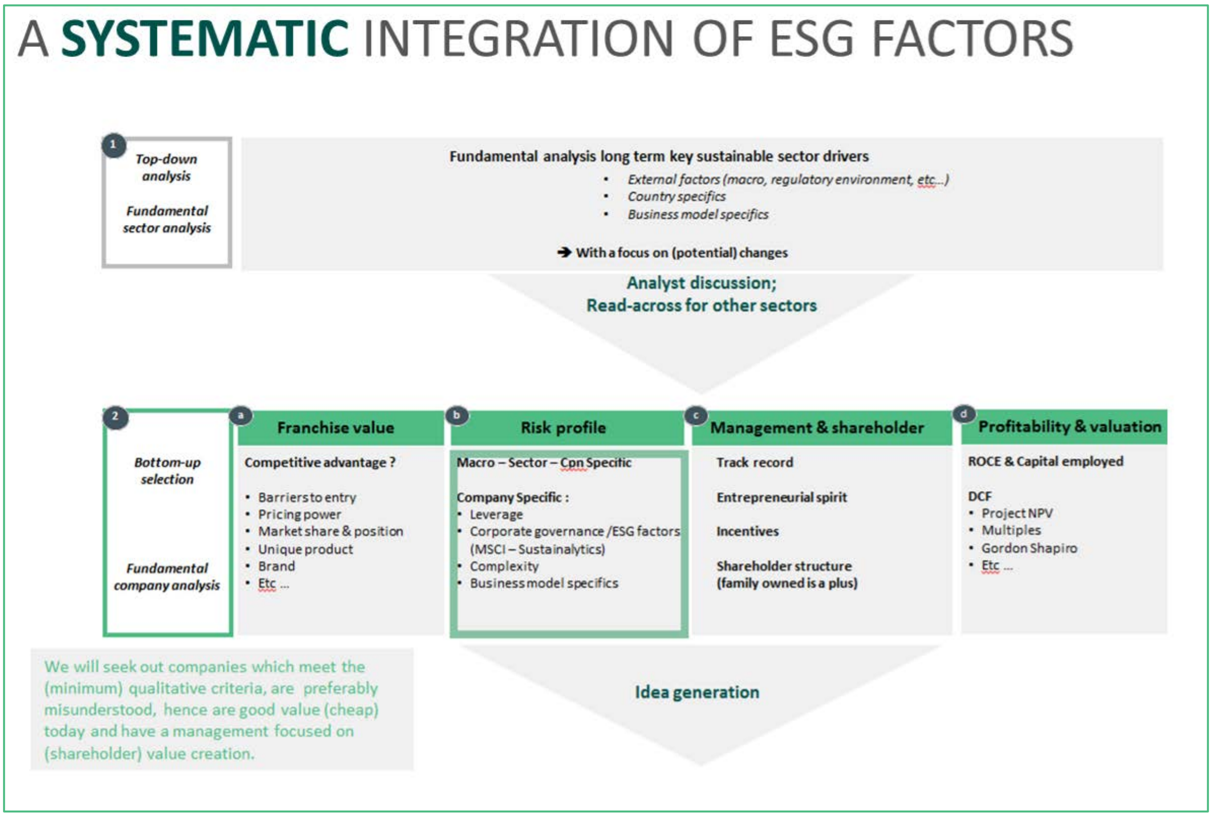
Yet, corporate governance data tends to be qualitative by nature, which is a challenge for ESG analysis, making it more difficult measuring their impact on the financial performance. DPAM’s approach therefore consists in collecting a set of corporate governance data or features and then converting them into a score reflecting the overall quality of business management. More precisely, we consistently monitor the following governance criteria:

- Board of Directors - independence/diversity
- Audit and Internal controls - non-audit fees
- Executive remuneration
- Business management controversies

Governance also involves business ethics, so mainly issues related to bribery and corruption or competitive behavior. Corruption is a key discriminating factor as it leads to a lack of transparency, uncertainty and therefore volatility.

ESG integration – at inception of the investment process

Equities



Beyond the ESG screenings, the equity research teams pro-actively incorporate ESG criteria in their analysis. The analysts will provide a qualitative assessment based on a critical review of ESG information and data provided by MSCI ESG Research and Sustainalytics. The analysts also use other sources of information, and they notably gather information through their interaction with companies and their management teams.
In order to do this, they could raise the following questions for example:

- Are we comfortable with the ESG profile of the company?
- What are the key sustainability challenges for the sector and its future development?
- How has the company integrated those sustainability challenges into its corporate strategy?
- How does the company contribute to sustainable economic development taking into account human health and welfare, social development and environmental outcomes?
- What are the main elements of the ESG analysis?
- How is the business managing its stakeholders?

In this context, engaging with companies and voting at shareholder meetings is a priority.

Corporate Bonds

Credit analysts' recommendations are driven by fundamental analysis. The objective is to determine the capacity of the issuer to pay its coupon and fully and timely redeem the principal. The business profile (i.e. a qualitative analysis through the assessment of the business risk profile) and the financial profile (i.e. a quantitative analysis through our financial model; including a liquidity analysis) of the issuer are assessed. ESG aspects are fully integrated in each analysis, as part of the business sustainability and the financial sustainability.

Afterwards, the structure of each bond is analyzed (subordination, covenants, etc.). This analysis results in an internal opinion on the credit profile of an issuer (improvement or deterioration over time). Important to note is that the analysts adhere to a common approach in terms of fundamental analysis, be it investment grade credits or high yield.

The method for analyzing an issuer differs if it is a corporate issuer or a financial issuer.

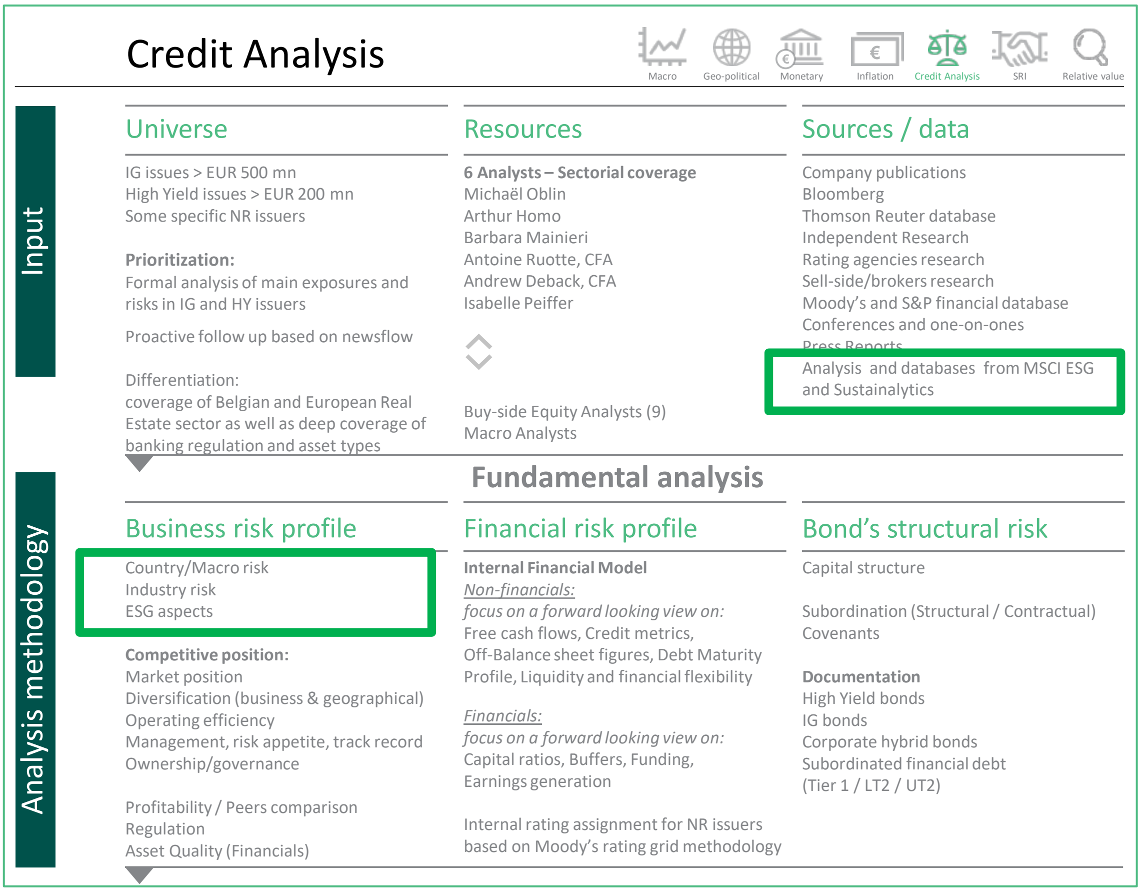
The graph below summarizes the credit analyst research:

Fundamental analysis

Business risk	Financial risk	Bond's structural risk	Relative value
Country/Macro risk Industry risk **Competitive position:** Market position Diversification *(business & geographical)* Operating efficiency Management, risk appetite, track record Ownership/governance Profitability / Peers comparison Regulation	**Internal Financial Model** Free cash flows Credit metrics Off-Balance sheet figures Debt Maturity Profile Liquidity and financial flexibility Volatility of earnings Projections	Capital structure Subordination *(Structural / Contractual)* Covenants **Documentation** High Yield bonds Corporate Subordinated financial debt *(Tier 1 / LT2 / UT2)*	Valuation with regard to expectations and peers

ESG analysis

Qualitative analysis of ESG criteria



Understanding the company's business allows analysts to establish a full view of the company. Non-financial risks, such as management issues, changes to a company's competitive position or a cyclical downturn in an industry are often the leading causes for credit deterioration. Analysts put the emphasis on criteria such as: the industry, the competitive position, senior management, company ownership.

ESG issues are explicitly addressed as we believe Environmental, Social and Governance considerations capture non-financial information that could affect financial performance. It has become necessary to identify and consider material, non-financial drivers of business success as well. In that section, the analysts critically review ESG profiles of the issuers.

ESG integration is the explicitly and systematic inclusion of ESG issues in investment analysis and investment decisions. This is why DPAM is convinced that it has been supported and implemented at inception of the investment decision making process i.e. within and by the buy-side research. To ensure systematic integration, the ESG challenges have been integrated in equity as well as credit analysis. The objective is notably to answer to the following key questions:

What are the long-term drivers that will share each industry in the coming years
What will be the impact on countries, sectors and companies' performances?
What are the material factors to assess the financial sustainability, societal license to operate and the business model sustainability

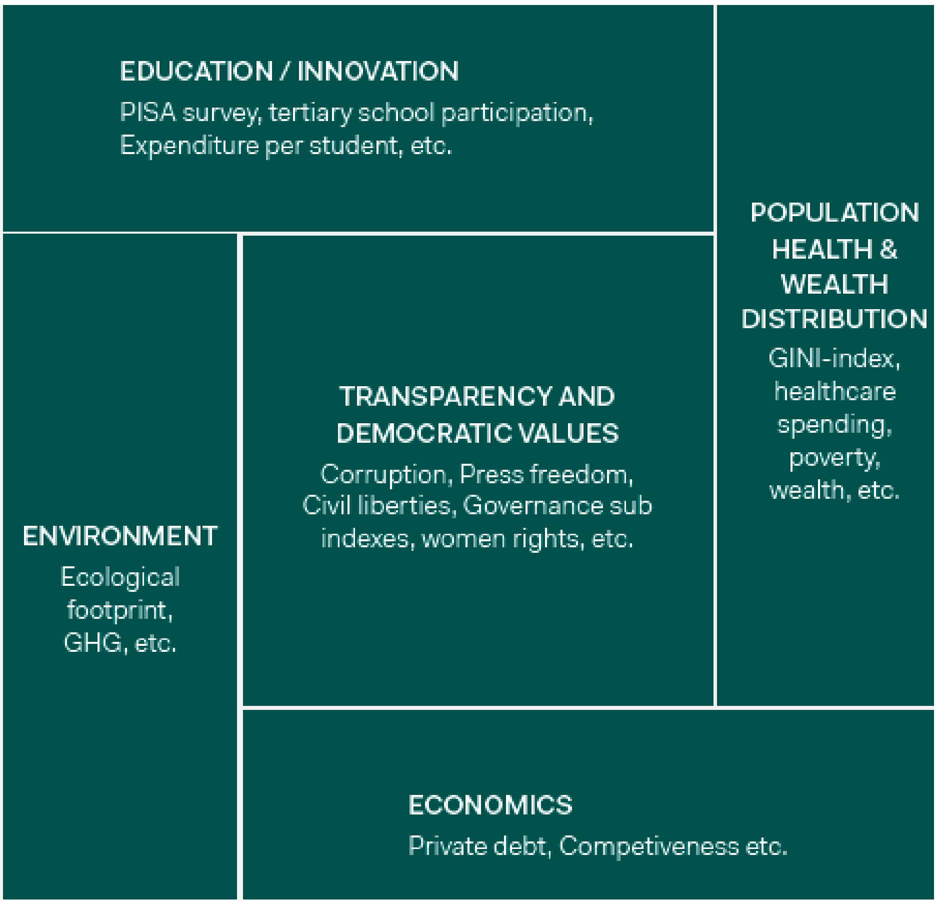
Sovereign Bonds

Looking at a country's commitment regarding social, environmental and governance responsibilities allows identifying the leaders in sustainable development, which will therefore continue to gain in importance and will have a positive effect on its creditworthiness. Indeed, this fundamental approach allows distinguishing countries able to avail themselves of bonds issues in terms of making interest payments and redeeming the principal from the other countries.

By investing in education, promoting research and development to solve the key challenges of the future and by ensuring its citizens access to information and communication to exert their rights in fully freedom, the State is building its foundation for a positive economic development but also for good living conditions for its citizens and for future development; the success key for the future. In sum, the strategy takes the conviction a decent sustainable governance at a country level has indirectly positive impacts on the financial performance of the country's government bond issuances.

Our sustainability country model relies on five dimensions namely transparency and democratic values (1), environment (2), population, health and wealth distribution (3), education and innovation (4) and economics (5). This does not hide the high interconnectivity between these five closely correlated dimensions.

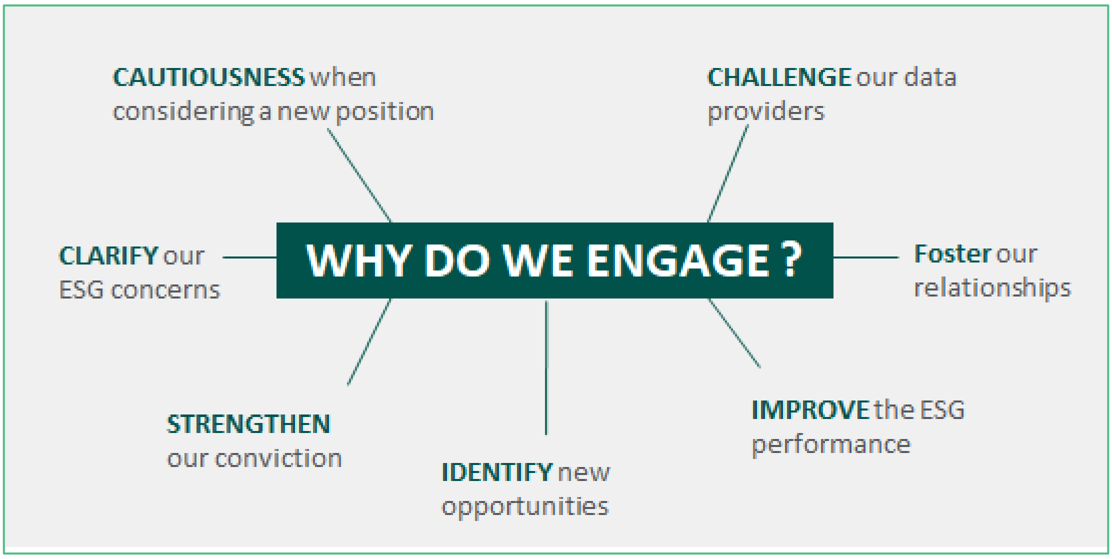
Over the last years, we witnessed several disruptions and even contradictions regarding governance, social concern or environmental issues. This is why sustainability analysis at country level has been essential in an integrated model. For more information, please refer to our country sustainability report.



Active ownership

Engagement

Given the multiple challenges and interactions companies are exposed to, a cautious and open-minded attitude is required, which is why DPAM has adopted an approach based on dialogue and collaboration. This collaborative process takes place both within the firm and externally.



Engaging in dialogue with a company, either through proxy voting or direct dialogue is a means to fine tune fundamental research-driven investments decisions and to spread best practices and innovative solutions regarding ESG challenges.

First of all, ESG considerations are discussed internally in close cooperation with investment professionals so as **to challenge** financial and extra-financial findings and recommendations. This open discussion increases the **awareness** of investment professionals as regards ESG risks and opportunities and enables a better understanding of sectorial challenges from both approaches, i.e. the financial and extra financial ones. It also makes it possible to challenge, where applicable, the external information and assessment of ESG ratings for companies as received from specialized agencies.
Secondly, external initiatives stimulate debate on complex ESG issues in a positive yet critical manner then paving the way for the implementation of new ESG approaches, while enriching our in-house ESG expertise.

Engagement is used as a due diligence process, fully integrated in DPAM's commitment to Active, Sustainable & Research-driven.
DPAM adopted an engagement program in the second half of 2014. Since then, it has leveraged on experience, knowledge and sharing cooperation to adopt the latest engagement program publicly disclosed here.

Shareholder responsibility – Proxy voting

DPAM is a responsible and committed shareholder. Taking part in shareholder meetings is also an important dimension of DPAM's social responsibility.
Exercising our voting rights is an efficient way of showing our commitment to a more sustainable financial industry, advocating sustainable growth and a long-term risk management approach. As a matter of fact, general meetings are a good place for exchanging ideas between shareholders and company executives. This allows well-informed investors to address specific issues more thoroughly, or to raise pertinent questions.
By means of its voting policy, DPAM makes sure that the rights of shareholders are respected, and beyond, the group promotes the rights of other stakeholders. The voting policy fully discloses DPAM's vision on corporate governance within listed companies, its expectations as well as its approach as a responsible investor.

The voting policy adopted in 2013 is applied to all funds managed by DPAM. The management company therefore assesses more than 550 global companies on primarily governance issues, but also, increasingly, on environmental and social issues.
Each investment fund (i.e. open-end mutual-fund) is an independent entity which has its own voting policy. Although the group voting policy and the voting policies applied by the individual independent entities remain separated, these are aligned and all voting policies follow ESG guidelines.
The Voting Policy has been established by the voting advisory board(the "Advisory Board"), which consists of seven internal staff members and three independent members. The external members of the Advisory Board have strong expertise in corporate governance and company law.
The group proxy voting policy is available on our website. A yearly activity report is also issued.

ESG impact – sustainable strategies

As an actively sustainable asset manager, Degroof Petercam Asset Management is well aware of the multiple challenges faced by our planet, such as climate change, resource scarcity, social inequalities, modern slavery to name but a few. At DPAM, we are convinced that we can have a positive contribution to the society as a whole when we invest in companies and states that take such ESG challenges into account. It is our vision that each investment decision has an impact, and that each ESG effort contributes to a superior well-being on the long-run for the society as a whole.

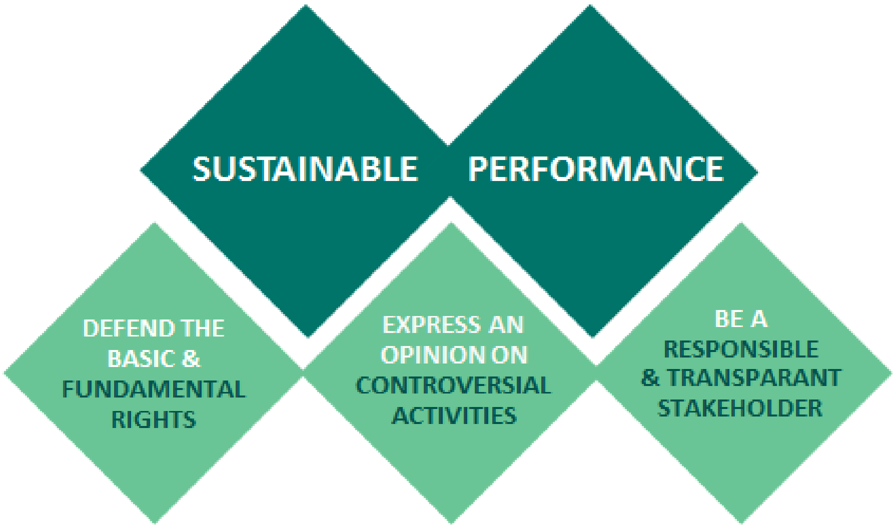
As a reminder, the DPAM approach is twofold:

- **Integration**: ESG issues are integrated into the assessment of a company's fundamentals when evaluating the viability of a long-term investment. This is an additional and complementary research which is aimed at enabling the research and portfolio management teams to make a better-informed investment decision (focus on risk and on opportunities to a lesser extent).
- **Engagement**: for the specific **Sustainable** strategies, the ESG criteria are mandatory as they constitute the screening tool used to build up the eligible investment universe for the relevant sustainable funds. Furthermore the investments are selected for their appreciable contribution to solving the world's most challenging social and environmental problems (opportunities oriented).

The threefold commitment – DPAM' Mission in sustainable investments

The sustainability process at the heart of our strategies reflects our commitment to responsible and sustainable investments, i.e.:

- **To defend the fundamental rights** pertaining to the respect for human rights, labour, anti-corruption and environmental protection;
- **To assess the seriousness of controversies** that issuers may face; to divest or avoid financing companies that are seriously and / or repeatedly involved in controversies, notably when they may affect corporate reputation, long term growth and investments;
- **To promote best practices** and encourage on-going efforts towards sustainability.



This commitment is reflected in a three-step procedure that defines the eligible investment universe on a quarterly basis:

- **Compliance with the ten principles of the United Nations Global Compact** – strategies do not invest in companies that do not comply with them.
- **Assessment of the controversy**: in addition to excluding the companies involved in the usual controversial activities (tobacco, armaments, pornography and adult entertainment), the strategies do not invest in the most controversial companies (controversy level 5 (scale from 1 to 5 being the worst) and possibly controversy level 4 and 3 in case of a negative assessment by our steering group).
- **Quantitative assessment of the ESG score of companies**: the strategies do not invest in companies with a low ESG score within their sector of activity.

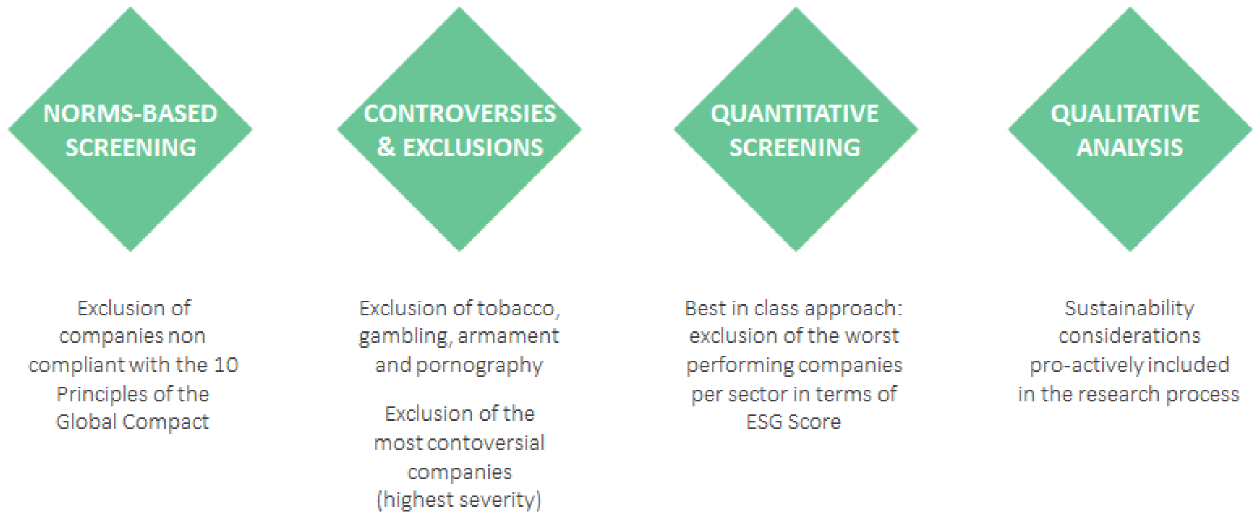
We reserve the right not to invest in companies with less serious but still major allegations (level 4 on the scale of 1 to 5). In this context, we engage in a direct dialogue with the involved company and the independent ESG research providers to promote best practices and to deepen our understanding of the allegations in question.

The Responsible Investment Steering Group (RISG) has complete discretion over the seriousness of the controversy in all circumstances and may therefore, on the basis of an in-depth analysis, make a different decision on the level of controversy of a company.

On a daily basis, the sustainable activities are managed by the Responsible Investment Competence Center which is composed of four FTEs and headed by the Responsible Investment Strategist. The RI Specialists support the company's expertise in the field of ESG and conduct ESG analysis using leading external and internal research. Daily interaction with the buy-side analysts and fund managers is strongly encouraged to increase awareness and to incorporate our ESG considerations into the fundamental analysis and bottom-up selection of the companies in which we invest.

Rigorous & disciplined selection process

The selection processes therefore adopt a multidimensional approach combining normative screening, negative screening and positive screening.



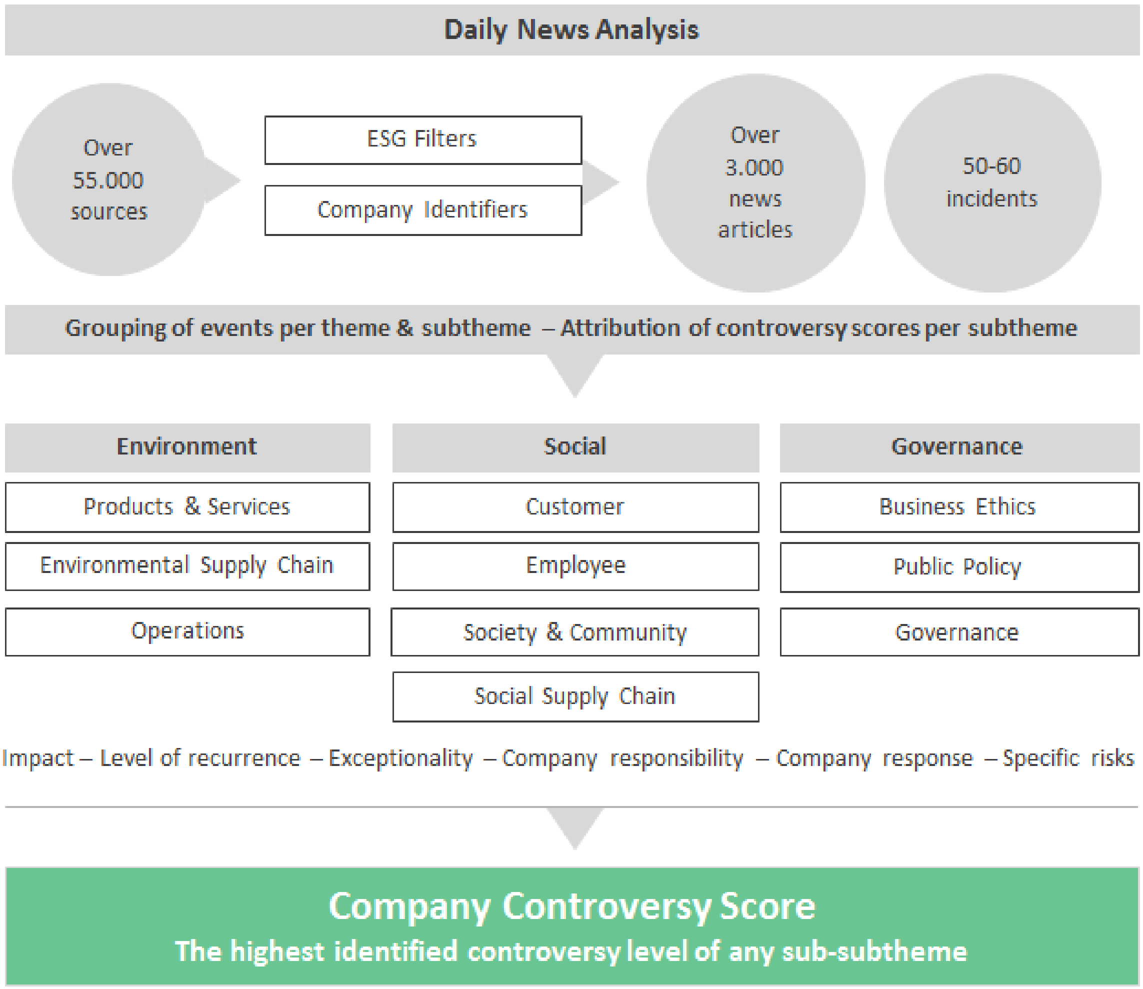
To build the investment universe for equities and corporate bonds, we rely on norms-based screening, assessments of controversies, exclusions of certain sectors and quantitative screenings.

Normative ESG screening

Companies are assessed on the basis of the 10 Principles of the UN Global Compact, which are grouped into four major domains: human rights, labour rights, environment, and anti-corruption efforts. On a quarterly and ad hoc basis, non-financial rating agencies carry out a compliance screening to detect which companies are facing severe controversies and incidents falling into the scope of the four domains of the Global Compact. The severity of the allegations is assessed based on national and international law, but it also takes into account internationally-accepted ESG standards, such as the OECD Guidelines for Multinational Corporations, ILO Conventions, the Universal Declarations of Human Rights, etc. Following the assessment, companies are classified as compliant, non-compliant or are placed on a watch list. Companies that do not comply with the UN Global Compact are not eligible to be part of our investment universe. The names placed on watch status are monitored over a longer period so that to determine whether structural progress is being made in risk management or performance, or whether the impact of the controversy is less than initially thought.

Controversies and exclusions

In terms of controversial sectors, the following sectors are excluded from the investment universe: tobacco, gambling, defense and pornography. Other controversial sectors or business activities were not specifically excluded since the inception of our funds but they are still covered by our Controversial Activities policy. We refrain from applying broad sector exclusions on sectors that are playing a necessary role supporting the foundations of our economy. Instead, we favor a positive approach, selecting those companies that are well-positioned, that are advancing and that are leading their sector with respect to sustainability best practices.
We also assess companies on the basis of the allegations they (might) face in relation to ESG controversies because controversies serve as an important indicator of the effectiveness of ESG-related policies and programs. The assessment of controversies starts from the controversy ratings that are delivered by our extra-financial research provider Sustainalytics. Sustainalytics applies ESG filters and company identifiers on more than 55.000 daily news sources in order to be able to track any relevant ESG controversy. Once a company is linked to a potential controversy, it will be sorted into the relevant controversy category (see figure below).



For each category of controversies, Sustainalytics will assess all the necessary information and relevant data and attribute a severity score. The severity of an allegation or how controversial the activity of the company is, is determined based upon the impact, nature, scope, recurrence of the incident, the response of the company, the responsibility of the management and the overall CSR policies and practices that are in place within the company. Depending on the degree of severity, the controversy category is ranked from none or category 1 (minor controversies) to category 5 (the highest level). This scoring is reviewed every two weeks.

As Actively Sustainable, the RI Competence Center with the assistance of the research and portfolio management teams analyze in-depth the controversies level 4 and 3 with negative outlook as generally speaking the material risk could be higher. It is essential to understand what is behind the controversy and whether other weaknesses, in terms of corporate governance for example, may undermine the sustainable growth of the issuer. For this, we rely on all sources available on the companies i.e. MSCI ESG Research, Sustainalytics, brokers, etc. Based on this information and discussion with the company and the research providers, the RISG will decide whether the company remains eligible, eligible with engagement or not eligible.

Quantitative ESG screening

Our 15 years of experience in quantitative ESG scores and screening has highlighted a number of issues such as ESG scores being excessively influenced by the length of ESG reports, a bias to large caps, companies from emerging markets lagging behind developed markets companies in terms of sustainability practices, etc. Our objective is twofold: firstly mitigate the tail risks by excluding the companies with the lowest ESG profiles, and secondly, encouraging not only the ESG leaders but also the companies that are improving their ESG profiles and are making progress. The worst performers per sector (the threshold depends on the strategy) is therefore excluded from the investment universe.
With respect to the quantitative screening of companies we can rely on the ESG-scores as calculated by our extra-financial research providers, which has developed specific scoring models for each relevant peer group of companies (i.e. sub-sectors). For each peer group, there is an assessment of the key risks associated to the business activity (exposure) 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 lowest the score is the best it is for the issuer.

Qualitative ESG approach

As explained in the ESG integration section, beyond the ESG screenings, the research teams pro-actively incorporate ESG criteria in their analysis. The analysts will provide a qualitative assessment based on a critical review of ESG information and data provided by MSCI ESG Research and Sustainalytics. The analysts also use other sources of information, and they notably gather information through their interaction with companies and their management teams.

The seek for impact

Regulation, civil society and impact investing have pushed the boundaries of sustainable investments, which must demonstrate their contribution to the real economy. It is not satisfactory to justify that you do not invest in the worst companies of their sector anymore; the sustainable investments must contribute to solutions and positive impact for the economy.

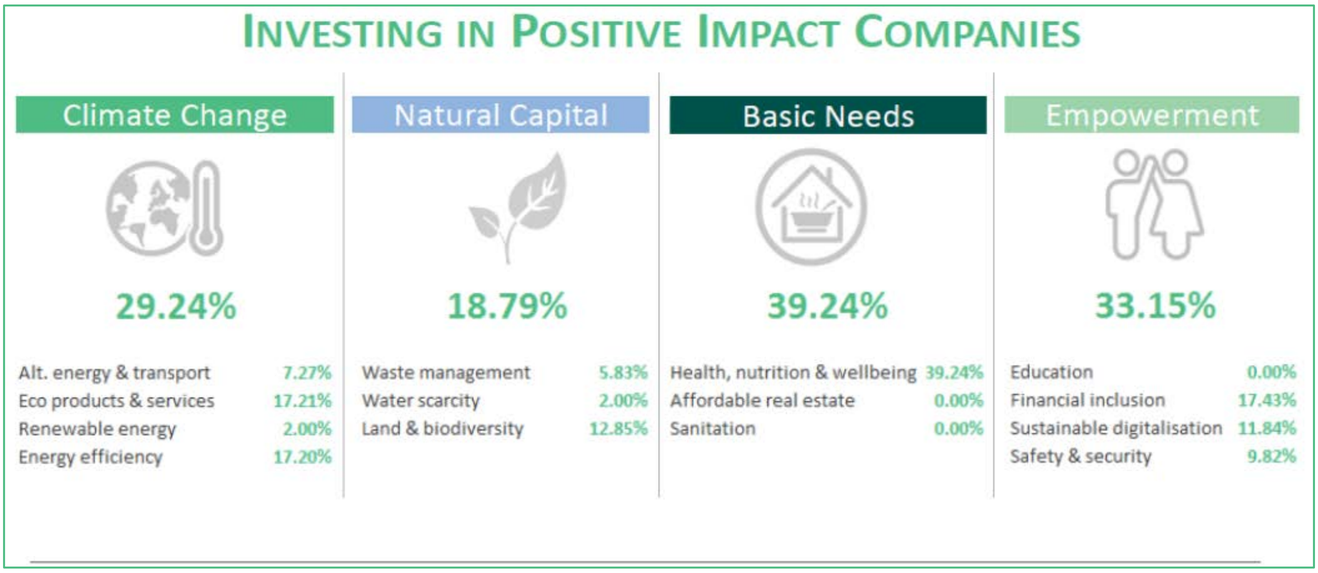
The **Sustainable Development Goals (SDG)'s** help us to understand those impacts of long-term economic, political and social trends on regions and sectors. Indeed, these latter provide a helpful framework for approaching investing for impact in the public equity markets. The products and services developed by specific companies are sources of capital to be allocated to one of the seventeen sustainable development goals supported by the United Nations. The main advantages provided by the SDGs as a common responsible investment language are:

- their clarity and ease of reading and understanding;
- their flexibility and adaptability which means that they "fit" many companies' reporting;
- and their growing popularity among businesses, which in-turns helps convincing an increasing number of companies to report on them (a snowballing effect).

We believe a number of SDGs can be translated to actionable investment opportunities linked to innovative businesses. These could reflect real investment opportunities, mainly in sectors where they entail a product realignment or business model transformation like in utilities, pharmaceutical, consumer and capital goods. Degroof Petercam Asset Management, based on practices and recommendations from other experts, makes a distinction between these companies whose outcomes are related to SDG's i.e. their products and or services are directly linked to specific SDG's from the companies whose operations are aligned with SDG's for example ensuring decent working conditions or guaranteeing gender equality. In other words, we have not mapped the SDG 8, 16 and 17 as these are related to the operations of the company (how they do the business) rather than their products.
The SDG 8 aims at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Decent working conditions are integrated part of our SG profile analysis of the issuers in which we invest. In parallel, the SDG's 16 (peace, justice and strong institutions) and 17 (partnerships for the goals) are also challenging to translate in real investment opportunities. DPAM is member of several international networks to foster and promote sustainable finance. We strongly believe in partnerships and collaboration to pave the way notably in our engagement activities. Nevertheless, investing in companies with SDG's outcome related to these two specific goals is unlikely realistic.

Based on best practices, we have articulated the 17 SDG's around mainly 4 actionable impact themes namely climate change and stability, natural capital, basic needs and empowerment. These 4 themes are commonly used by the impact investing community.

In a second step, we calculate the portfolio's exposure to these categories and to the relevant subcategories. These subcategories closely match the SDGs (because the SDGs were created for governments, not all SDG's are easily translatable under their current form into investment and they have to be adapted to fit better with businesses). This way the portfolio's positive impact can be easily traced back to the Sustainable Development Goals.



Our sustainable portfolios can demonstrate a clear positive impact on the real economy in alignment with our third commitment namely promoting issuers which propose solutions to ESG challenges.
The identification of this ESG opportunities is done through the whole investment process. Firstly by identifying the value chain of the sustainability theme we want to promote. For example when identifying the sustainable trend of electrification of mobility, we will analyze the whole value chain and identify where to position for a sustainable investment (long term and profitable). Secondly, by focusing on the sustainable impact each actor in the identified sub-theme can generate.

The SDG's are used as a reference framework to assess the positive impact of our portfolio to finance the real economy and the ESG challenges and opportunities.

Furthermore, these are also used when identifying the major challenges companies must face and could be useful in our fundamental analysis on actors in specific challenging sectors.
For example, on the thematic of non-palm oil plantations, which are in the heart of several SDG's (SDG 2: Zero Hunger – non palm oil plantations provide key food ingredients such as tea, almonds etc.; SDG 1: No Poverty – reducing poverty in rural and remote areas.; SDG 8: Decent Work and Economic Growth – the industry has and continues to create millions of jobs; SDG 15: Life on Land - agricultural intensification and indirectly protecting biodiversity and SDG 15: Life on Land - agricultural intensification and indirectly protecting biodiversity), it is worth raising key questions regarding traceability of the supply chain, health and safety procedures of the employees, water scarcity, etc.

The Sustainable Development Goals are playing a positive role for the Responsible Investment industry as a whole, as they contribute to raising awareness over sustainability issues, and help establishing a common language among businesses and responsible investors. Because they are very broadly defined, more businesses and investors can use them to report on the contribution of a company or of an investment portfolio, to sustainability objectives.
Beyond ESG reporting, the SDGs can also help companies and investors reflecting over the positioning of their business and investments with respect to long-term Sustainability trends. By nature, the SDGs are also particularly well fitted to impact investing strategies.

REPORTING, DISCLOSURE AND TRANSPARENCY

Degroof Petercam Asset Management produces dedicated and comprehensive monthly and quarterly ESG-focused factsheets that are used to inform our clients about the ESG-exposure of our strategies. The factsheets are also produced for those among our funds that don't specifically follow an ESG strategy, with a view to improve consistency. The factsheets show the exposure of the portfolio to various ESG metrics as well as the fund's performance and the portfolio composition. There is also a commentary from the portfolio manager including the reasoning behind possible changes in the portfolio.

Besides factsheets, we produce a quarterly sustainability report for each of our sustainable funds with comments on the ESG profile and sustainability of the portfolio and of its individual positions. These sustainability reports focus closely on topical ESG discussions in general and may provide an analysis of particular stocks and industries included in the portfolio, as well as a brief summary in case we have engaged with companies or have challenged extra-financial third party research.

Clients and prospects can also contact the responsible investment team via the following email: sustainable@degroofpetercam.com.

Finally, investors can consult our website http://funds.degroofpetercam.com to access our prospectuses, (semi-) annual reports and voting policy.

DISCLOSURE REQUIREMENT

We recognize that every country has different disclosure requirements as regulatory frameworks vary. Nevertheless, we expect companies to publish a comprehensive annual report with fully audited financial statements. We also expect companies to provide a complete sustainability report which preferably is in line with the Global Reporting Initiative standards, that covers all relevant sustainability issues for the company and its stakeholders, and that emphasizes the sustainability issues that are the most material to the company.

CONFLICT OF INTEREST POLICY

DPAM has a dedicated and comprehensive Conflicts of Interest Policy. DPAM ensures the rules stipulated in this policy are enforced by Internal Audit, Risk Management and Compliance, which monitor them closely. The Conflicts of interest policy is for internal use only and cannot be transmitted outside of The management entails a definition of a conflicts of interest policy, maintenance of an up-to-date conflicts of interest cartography and register. An inventory of all potential conflict of Interests has been drafted and the compliance department has to report suspicions of market abuses to the FSMA (local regulators). This ensures potential conflicts of interests can be detected and avoided at all times.

Furthermore, regarding sustainability strategies, the eligible universe, defined by the sustainability screening, is updated by the RI Competence Center independently of the portfolio management team, and communicated to the risk management and portfolio management teams in the same time.

Finally, the presence of external experts in our different advisory boards (voting policy, country screening, etc.) helps us as well to prevent from conflict of interest. External members are of particular added value in potential conflict of interest when participating in shareholders meetings for example

DISCLAIMER

This document is for information purposes only and does not constitute a contractual commitment or an investment recommendation. DPAM (or any of the entities of the Degroof Petercam group) does not accept any liability whatsoever for any decision taken based on this information.
DPAM may not be held liable for the non-exercise or partial exercise of voting rights due to delays, negligence and/or shortcomings in providing or transmitting information and documents necessary for such purpose.