

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**.

That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name : AMSelect DPAM Emerging Bond Local  
Currency

Legal Entity Identifier: 213800BPYF701YEB7W64

## ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Did this financial product have a sustainable investment objective?

Yes

No

<p><input type="checkbox"/> It made <b>sustainable investment with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ___%</p>	<p><input checked="" type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of <b>1.5%</b> of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></p>
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As the financial product have been launched in the second quarter of 2023, all actual data within this periodic report are expressed as a weighted average covering the three last quarters of the accounting year.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The financial product has promoted environmental and social characteristics by assessing underlying investments against Environmental, Social, and Governance (ESG) criteria using the ESG internal proprietary methodology of the investment manager, and by investing in issuers that demonstrate good environmental, social and governance practices.

The financial product, managed by Degroof Petercam Asset Management (DPAM), has promoted environmental and/or social characteristics as it aims to invest in States concerned with the respect of fundamental rights (human rights, labour rights, democratic rights, etc.), the protection of their environmental capital and the promotion of the well-being of their present and future generations.

Based on DPAM selection of States combined with a formal and systematic commitment policy and with a priority to recognized impact obligations (green bonds and equivalents), the Sub-Fund has invested in the States most committed or demonstrating the best efforts in terms of sustainable development.

The Sustainable Development Goal is pursued by DPAM:

1. rigorous ESG screening, based on a DPAM proprietary model of sustainability of States aligned with the Sustainable Development Goals;
2. promoting best practices and best efforts, by defining eligibility rules based on ESG ranking;
3. formal and systematic engagement with issuers and
4. investing in impact securities (green bonds and the like).

The protection of their environmental capital and the promotion of the well-being of their present and future generations and the respect of fundamental rights are being promoted through indicators related to Environment (Ecological footprint, Ecological performance index,...), Education (Literacy rate, School participation, Expenditure per student, ...), Population, Healthcare & Wealth Distribution (GINI-index, Unemployment, Infant mortality, Water indicators, Sanitation indicators, Health prevention,...), Transparency and Democratic Values (Corruption, Press Freedom, Civil liberties, ICC,...)

Overall, the financial product have had a binding and significant ESG integration approach and complies with the DPAM's Sustainable and Responsible Investments Policy. This financial product also improves its ESG profile, compared to the universe of reference for ESG comparison (the Emerging Market and Developing Countries as defined by the IMF World Economic Outlook Database). The financial product adopts a selectivity approach based on DPAM internal methodology, reducing its ESG universe of reference (Emerging Market and Developing Countries as defined by the IMF World Economic Outlook Database) by at least 20% based on low rated countries (lower weight) and normative exclusions.

In addition, the financial product has acted in accordance with BNP Paribas Asset Management's ambition to have a sustainability approach for its investments. The financial product had complied with the exclusion criteria applied with regard to issuers that are in violation of international norms and convention, or operate in sensitive sectors as defined by the BNP Paribas Asset Management RBC Policy. The financial product has promoted better environmental and social outcomes through the exercise of voting rights according to the BNP Paribas Asset Management Stewardship policy, where applicable. The financial product has also complied with the BNP Paribas Group's sensitive countries framework, which includes restrictive measures on countries and/or activities considered as being particularly exposed to money laundering and terrorism financing related risks.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

The environmental objectives as well as the social objectives to which the sustainable investments of the financial product have contributed are indicated in the question "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?".

### ● *How did the sustainability indicators perform?*

The following sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the financial product performed as follow since inception 1st April 2023:

During the Reporting Period, the Fund achieved the following sustainability indicators:

- The Fund has not been exposed to countries that do not respect a minimum of democracy in line with the Manager's controversial activities policy (accessible via the link [https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006839/dpam\\_policy\\_controversial\\_activities.pdf](https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006839/dpam_policy_controversial_activities.pdf))
- The Fund has invested a minimum of **40%** of its assets in countries ranked in the top quartile according to the countries' proprietary sustainability model
- The Fund has invested a maximum of **10%** of its assets in countries ranked in the bottom quartile according to the countries' proprietary sustainability model
- The Fund has engaged in a dialogue with the invested issuers in accordance with the approach set out in the AIFM's Engagement policy (accessible via the link [https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006835/DPAM\\_policy\\_engagement.pdf](https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006835/DPAM_policy_engagement.pdf))

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- During the Reference Period, the Fund carried out:
  - a weighted average democratic score higher than the weighted average democratic score of the reference universe (consisting of emerging and developing countries as defined by the International Monetary Fund): **63.4 vs 31.2**
  - a greenhouse gas emissions intensity of the countries invested below the greenhouse gas emissions intensity of its reference universe (made up of emerging and developing countries as defined by the International Monetary Fund) according to the definition of the regulatory technical standards: **1714 tCO<sub>2</sub>eq/\$PIB bn vs 6466 tCO<sub>2</sub>eq/\$PIB bn (as of 31.12.2023).**

● ***...and compared to previous periods ?***

Not applicable for the first periodic report.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The objectives of the sustainable investments that the financial product partially intended to make were to finance governments that contribute to environmental and/or social objectives through their products and services, as well as their sustainable practices.

Sustainable investment contributed to such objectives as DPAM aligns with the SFDR definition of sustainable investments referring to investments in an economic activity that contributes to an environmental objective or a social objective, provided that such investments do not significantly harm any of those objectives and that the investees target good governance practices.

Investments identified as sustainable investments have not significantly harmed any other environmental or social objectives (the Do No Significant Harm "DNSH" principle) and have followed good governance practices. The investment manager has used its methodology to assess all issuers against these requirements. More information on the internal methodology can be found on the website of the investment manager: <https://www.dpamfunds.com/responsible-investment.html>

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Sustainable investments that the product partially intended to make should not significantly harm any environmental or social objective (DNSH principle). In this respect, DPAM committed to consider principal adverse impacts on sustainability factors by taking into account indicators for adverse impacts as defined in SFDR where these are relevant and material to the investment strategy, and to not invest in companies that do not meet their fundamental obligations in line with the OECD Guidelines and the UN Guiding Principles on Business and Human Rights.

DPAM ensured that the financial product sustainable investments do not cause significant harm to an environmentally or socially sustainable investment objective by:

1. The exclusion of issuers that do not meet a democratic minimum;
2. The investment in countries that demonstrate the greatest commitment to sustainable development on governance issues, of the environment and social characteristics but also in those who show a willingness to progress on these subjects. The financial product invests a minimum of 40% of the assets in countries ranked in the first quartile and a maximum of 10% in countries ranked in the last quartile according to DPAM countries' proprietary sustainability model. The financial product. The screening of the issuers integrate the main environmental, social and governance challenges and related to the Sustainable Development Goals as defined by the United Nations results in a ranking of countries according to DPAM proprietary model. Investment is concentrated only in the sustainable

eligible Emerging Market countries according to the countries' proprietary sustainability model, subject to the application of the transition framework outlined in DPAM Sustainable and Responsible Investments Policy; and

3. A systematic dialogue with all the countries invested.

Further information on the integration of the main negative impacts into the Manager's Sustainable and Responsible Investments Policy can be found via the Sustainable and Responsible Investments Policy: <https://www.dpamfunds.com/responsible-investment.html>

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

The investment manager ensured that throughout its investment process, the financial product took into account principal adverse impact indicators (PAIs) that were relevant to its investment strategy to select the sustainable investments that the financial product partially intends to make, by systematically using DPAM's sustainability framework and the BNP Paribas Asset Management Responsible Business Conduct (RBC) Policy and Proxy Voting (applying the requirements of the RBC Policy to the voting exercise). The financial product took into account the main principal adverse impacts, the negative environmental and social impacts (hereinafter "NIPs") listed in Table 1 of Annex I to Delegated Regulation (EU) 2022/1288 that are applicable to investments in sovereign or supranational issuers.

The NIPs were intrinsically linked to DPAM's commitment to reduce the negative impact of the financial product investments by avoiding activities or behaviours that can significantly harm sustainable and inclusive growth. This commitment is embedded in the entire research and investment process from its inception.

The first NIP is related to environmental issues and focuses on the greenhouse gas emissions intensity of the countries invested. The indicator is an integral part of the country sustainability model developed by DPAM for its sovereign bond strategies. It is therefore included in the country's sustainability score and can influence it positively or negatively depending on its level and evolution compared to other issuing countries.

The second NIP is related to social issues and focuses on issues of social violations. DPAM model of sustainability of the country observes several indicators on this issue such as respect for civil liberties and political rights, respect for human rights and the level of violence within the country, commitment to major labour law conventions, the issue of equal opportunities and distribution of wealth, etc. These different indicators are included in the country's sustainability score and can influence it positively or negatively depending on its level and evolution compared to other issuing countries.

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Right through the process implemented by DPAM to defend its principles - mainly related to respect for human and labour rights. DPAM's model of sustainability of the country observes several indicators on these issues such as respect for civil liberties and political rights, respect for human rights and the level of violence within the country, commitment to major labour law conventions, the issue of equal opportunities, etc. These different indicators were included in the country's sustainability score and could influence it positively or negatively depending on its level and evolution compared to other issuing countries. The principles defended by the references given are mainly related to respect for human and labour rights. DPAM model of sustainability of the country observes several indicators on these issues such as respect for civil liberties and political rights, respect for human rights and the level of violence within the country, commitment to major labour law conventions, the issue of equal opportunities, etc. These different indicators were included in the country's sustainability score and can influence it positively or negatively depending on its level and evolution compared to other issuing countries.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors ?

The product had considered some principal adverse impacts on sustainability factors.

The investment process of the investment manager applied the DPAM Sustainable and Responsible Investments Policy. The investment manager have also complied with the BNP Paribas Asset Management RBC policies establishing a common framework across investments and economic activities that help identify industries and behaviours presenting a high risk of adverse impacts in violation of international norms.

This financial product has a binding and significant ESG integration approach at each step of the investment process and improves its ESG profile, compared to the universe of reference for ESG comparison (the Emerging Market and Developing Countries as defined by the IMF World Economic Outlook Database) based on DPAM's methodology. As such, the investment manager de facto reduces its universe of reference for ESG comparison by at least 20% based on low rated countries (lower weight) and normative exclusions.

In addition, the investment manager applied an internal extra-financial analysis on a minimum of 90% of the assets of the financial product and the average portfolio ESG score of the financial product is better than the ones of its universe of reference for ESG comparison, based on the investment manager's internal scoring methodology. Thus, principal adverse sustainability impacts were considered throughout the investment process. Besides, the BNP Paribas Asset Management Stewardship team regularly identifies adverse impacts through research, collaboration with other long-term investors, and dialogue with NGOs and other experts.

Actions to address or mitigate principal adverse sustainability impacts depended on the severity and materiality of these impacts. These actions were guided by the above mentioned framework which include the following provisions:

- Exclusion of issuers that are in violation of international norms and conventions and issuers that are involved in activities presenting an unacceptable risk to society and/or the environment;
- Engagement with issuers with the aim of encouraging them to improve their ESG practices and, thus, mitigate potential adverse impacts;
- In case of equity holdings, BNP Paribas Asset Management voting at Annual General Meetings of companies the portfolio is invested in to promote good governance and advance environmental and social issues;
- Ensuring the financial product's portfolio have supportive ESG research.

Based on the above approach, and depending on the underlying assets, the financial product considered and addressed or mitigated the following principal adverse sustainability impacts:

Corporate mandatory indicators:

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Sovereign mandatory indicators

15. GHG Intensity
16. Investee countries subject to social violations



## What were the top investments of this financial product?

Largest investments**	Sector	% Assets*	Country**
INDONESIA (REPUBLIC OF) 7.00 PCT 15-FEB-2033	Government	4,76%	Indonesia
MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 7.75 PCT 29-MAY-2031	Government	4,43%	Mexico
BONOS DE LA TESORERIA DE LA REPU 2.30 PCT 01-OCT-2028	Government	2,96%	Chile
ROMANIA (REPUBLIC OF) 4.75 PCT 11-OCT-2034	Government	2,91%	Romania
MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 7.75 PCT 23-NOV-2034	Government	2,79%	Mexico
POLAND (REPUBLIC OF) 1.75 PCT 25-APR-2032	Government	2,73%	Poland
URUGUAY (ORIENTAL REPUBLIC OF) 8.25 PCT 21-MAY-2031	Government	2,69%	Uruguay
MALAYSIA (GOVERNMENT) 3.84 PCT 15-APR-2033	Government	2,60%	Malaysia
MEXICO (UNITED MEXICAN STATES) (GOVERNMENT) 5.50 PCT 04-MAR-2027	Government	2,43%	Mexico
PERU (REPUBLIC OF) 5.40 PCT 12-AUG-2034	Government	2,40%	Peru
INDONESIA (REPUBLIC OF) 6.38 PCT 15-APR-2032	Government	2,35%	Indonesia
BRAZIL FEDERATIVE REPUBLIC OF (GOVERNMENT) 10.00 PCT 01-JAN-2029	Government	2,33%	Brazil
CZECH REPUBLIC 1.50 PCT 24-APR-2040	Government	2,32%	Czech Republic
POLAND (REPUBLIC OF) 2.75 PCT 25-APR-2028	Government	2,17%	Poland
SOUTH AFRICA (REPUBLIC OF) 8.75 PCT 28-FEB-2048	Government	1,70%	South Africa

Source of data: BNP Paribas Asset Management, expressed as a quarterly weighted average.

The largest investments are based on official accounting data and are based on the transaction date.

\* Any percentage differences with the financial statement portfolios result from a rounding difference.

\*\* Any difference with the portfolio statements above are coming from the use of different data's sources.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is 1<sup>st</sup> April 2023 to 31 December 2023



## What was the proportion of sustainability-related investments?

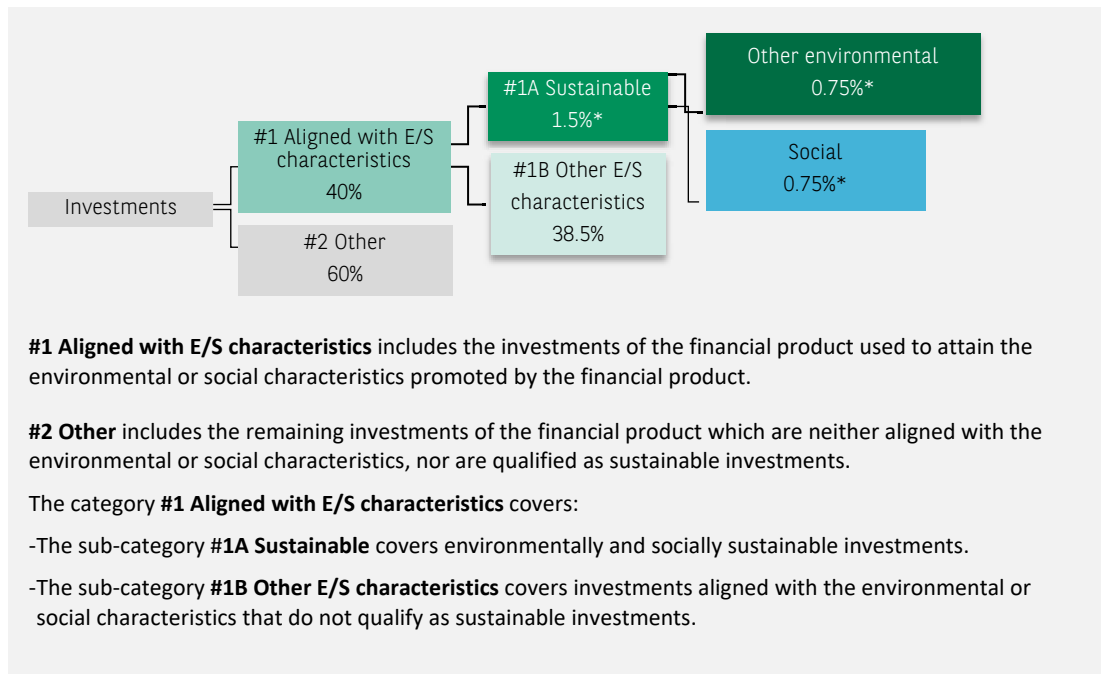
### ● *What was the asset allocation ?*

The proportion of the investments of the financial product used to meet the environmental or social characteristics promoted, in accordance with the binding elements of the investment strategy of the financial product is **40%**.

The proportion of sustainable investments of the financial product is **1.5%**.

The remaining proportion of the investments is mainly used as described under the question: "What investments were included under 'other', what was their purpose and were there any minimum environmental or social safeguards?".

**Asset allocation** describes the share of investments in specific assets.



### ● *In which economic sectors were the investments made ?*

Sectors	% Asset
Government	97,21%
Cash	2,68%
Industrials	0,07%
Materials	0,03%

Source of data: BNP Paribas Asset Management, expressed as a quarterly weighted average. The largest investments are based on official accounting data and are based on the transaction date.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



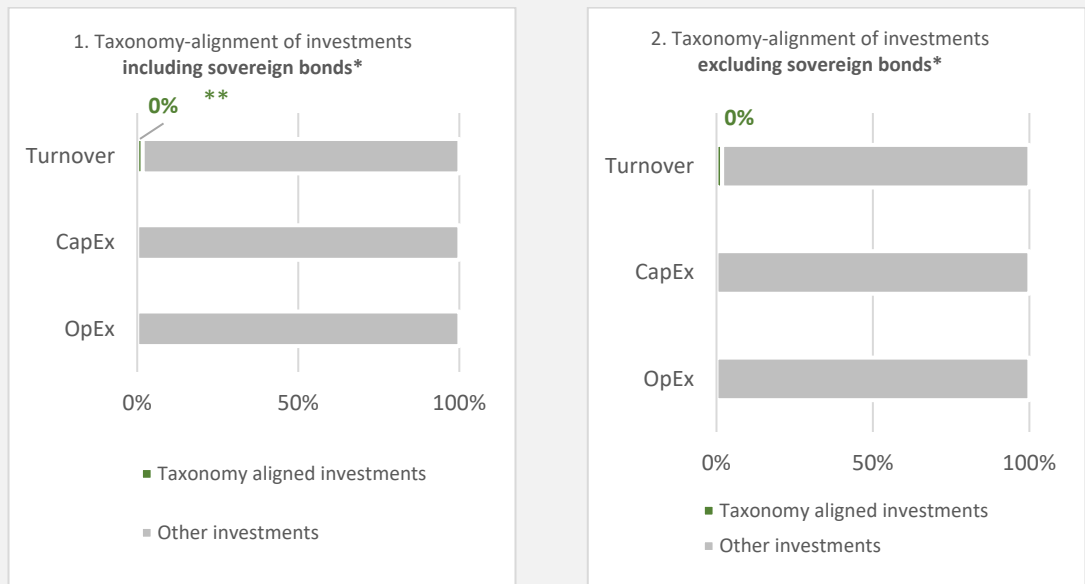
## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable. To date, the EU Taxonomy does not provide a methodology for determining the alignment of sovereign bonds with the EU Taxonomy. These obligations are therefore not covered by the EU Taxonomy or its eligibility and technical selection criteria. The financial product invests mainly in bonds and/or other debt securities issued (or guaranteed) by emerging countries (including local authorities and public bodies (or similar) thereof) or by international public bodies selected on the basis of criteria related to sustainable development.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy <sup>1</sup>?

- Yes:
  - In fossil gas
  - In nuclear energy
- No:

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

\*\* Real taxonomy aligned

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of investments made in transitional and enabling activities?**

The share of investments in transitional and enabling activities within the meaning of the Regulations Taxonomy is 0% for transitional activities and 0% for enabling activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods ?**

Not applicable for the first periodic report.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective that are not aligned with the European Taxonomy Regulation is **0.75%**.



**What was the share of socially sustainable investments?**

Socially sustainable investments represent **0.75%** of the financial product.



**What investments were included under 'other', what was their purpose and were there any minimum environmental or social safeguards?**

Binding ESG screenings carried out in accordance with the investment strategy described above are applied to the entire portfolio, excluding: Cash; Derivatives & deposits; Collective investment undertakings. The financial product may invest or hold these types of assets for the purpose of achieving investment objectives, portfolio diversification, liquidity management and risk hedging. These investments, if any, are made in compliance with the internal processes, including the risk management policy and the RBC policy as minimum environmental or social safeguards. The risk management policy comprises procedures as are necessary to enable the management company to assess for each financial product it manages the exposure of that product to market, liquidity, sustainability and counterparty risks.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period ?**

During the reference period, the Fund monitored the investment actions and milestones as described in its methodology, namely:

On a six-monthly basis, a normative screening has been established on the basis of compliance with democratic minimums, excluding countries that do not meet a democratic minimum as defined by the Manager's controversial activities policy (accessible via the link [https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006839/DPAM\\_policy\\_Controversial\\_activities.pdf](https://res.cloudinary.com/degroof-petercam-asset-management/image/upload/v1614006839/DPAM_policy_Controversial_activities.pdf)).

On a six-monthly basis, the eligible universe has been ranked best-in-class based on the country sustainability model in order to invest a minimum of 40% of assets under management in the top

quartile countries and a maximum of 10% of assets under management in the bottom quartile countries.



## How did this financial product perform compared to the reference benchmark?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

- *How does the reference benchmark differ from a broad market index?*  
Not applicable
- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*  
Not applicable
- *How did this financial product perform compared with the reference benchmark?*  
Not applicable
- *How did this financial product perform compared with the broad market index?*  
Not applicable

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.