

Product name:

DPAM B - DEFENSIVE STRATEGY

Legal entity identifier:

5493008LXLVI470V5T16

**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.

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: \_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective** \_%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0.00% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

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

The Sub-fund promotes environmental and social characteristics by investing at least 75% of its net assets in (1) collective investment schemes or their sub-funds (hereinafter collectively referred to as "UCIs"), managed by DPAM or third party managers, which promote, inter alia, environmental or social characteristics within the meaning of Regulation 2019/2088 and/or which have a sustainable investment objective within the meaning of Regulation 2019/2088 (indirect investments); and/or (2) securities which meet the environmental and social characteristics promoted by it (direct investments).

- **What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the achievement of all environmental and social characteristics promoted by the Sub-fund correspond to the binding investment restrictions:

• **For direct investments (in equities or corporate bonds ):**

- a. Zero exposure to companies deemed to be non-compliant with Global Standards;
- b. Zero exposure to companies involved in controversial activities according to the definitions and thresholds stipulated by DPAM's Controversial Activities Policy (available at <https://www.dpaminvestments.com/documents/controversial-activity-policy-enBE> (Controversial Activities Policy)) ;and
- c. Zero exposure to companies facing ESG controversies of maximum severity.

• **For direct investments (in sovereign bonds):**

Zero exposure to issuers that do not meet minimum democratic requirement.

• **For investments in UCIs:**

Exposure to sub-funds which promote, inter alia, environmental or social characteristics within the meaning of Regulation 2019/2088 and/or sub-funds of UCIs which have a sustainable investment objective within the meaning of Regulation 2019/2088.

For more details, see the section below “What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable. This Sub-fund does not seek to make sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable. This Sub-fund does not seek to make sustainable investments.

— → *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable. This Sub-fund does not seek to make sustainable investments.

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

Not applicable. This Sub-fund does not seek to make sustainable investments.

**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 EU 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.*



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

**X** Yes,

• **For direct investments (in equities or corporate bonds):**

Yes, the Sub-fund considers all the principal adverse impact indicators on sustainability factors (hereinafter “PAIs”) listed in Table 1 of Appendix I of the Delegated Regulation (EU) 2022/1288. The PAIs are intrinsically linked to DPAM’s commitment to reduce the negative impact of the Sub-fund’s investments by avoiding activities or behaviours that may significantly undermine sustainable and inclusive growth. This commitment is embedded throughout the research and investment process from its inception.

In concrete terms, PAIs are incorporated into the various stages of upstream portfolio construction via exclusions and the resulting eligible universe (i), and through the investment process via fundamental analysis, controversy monitoring and ongoing dialogue with investees (ii):

1) Firstly, with regard to environmental PAIs:

a) they are analysed and monitored at the level of the investee issuers, particularly with regard to PAIs related to greenhouse gas emissions and energy performance, including through research of DPAMs in the context of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

b) after that, the Global Standards compliance filter includes a filter on environmental protection.

c) In addition, the screening and analysis based on the main ESG controversies in which companies may be involved also includes controversies related to environmental issues, such as the environmental impact of company operations (emissions, waste, energy use, biodiversity and water consumption), the environmental impact on the supply chain and the impact of products and services (carbon and environmental impact).

2) Secondly, social PAIs are systematically analysed throughout the research and investment process:

a) the Global Standards compliance filter is structured around human rights, labour rights and the prevention of corruption.

b) the exclusion filter for companies involved in controversial activities (definitions and thresholds according to DPAM’s Controversial Activities Policy) (accessible via the link <https://www.dpaminvestments.com/documents/controversial-activity-policy-enBE> (Controversial Activities Policy)).

c) In addition, the screening and analysis based on the main ESG controversies in which companies may be involved also includes controversies related to social issues, i.e. society and community, customer and employee, and controversies related to governance issues such as business ethics, including corruption and bribery.

• **For direct investments (in sovereign bonds) :**

Yes, the Sub-fund takes into consideration the environmental and social PAIs listed in table 1 of Appendix I of the Delegated Regulation (EU) 2022/1288.

The first PAI is related to environmental issues and focuses on the greenhouse gas emission intensity of the investee countries. 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 sustainability score and can influence the country sustainability score positively or negatively depending on its level and evolution relative to other issuing countries. The results of the country sustainability scores are eventually discussed with the countries concerned according to DPAM’s engagement policy via the link <https://www.dpaminvestments.com/documents/engagement-policy-enBE> (Engagement Policy).

The second PAI is related to social issues and focuses on issues of social violations. Our country sustainability model observes several indicators on this issue such as respect for civil liberties and political rights, respect for human rights and the level of violence in 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 sustainability score and can influence it positively or negatively depending on its level and evolution per country. 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.

The results of the country sustainability scores are eventually discussed with the countries concerned according to DPAM's engagement policy via the link <https://www.dpaminvestments.com/documents/engagement-policy-enBE> (Engagement Policy).

• **For investments in UCIs:**

depending on the consideration of the PAIs by the underlying UCI. As indicated above, among its ESG investments, the Sub-fund may invest in UCIs that are classified as financial products that promote, inter alia, environmental and/or social characteristics within the meaning of Regulation 2019/2088 and/or have a sustainable investment objective within the meaning of Regulation 2019/2088.

The PAIs and the way they are taken into account may vary from one UCI to another. DPAM's approach and processes are further described in its Sustainable and Responsible Investments Policy and in the TCFD report available via the links <https://www.dpaminvestments.com/documents/sustainable-and-responsible-investments-policies-enBE> (Sustainable and Responsible Investments Policy) and <https://www.dpaminvestments.com/documents/tcf-report-enBE> (TCFD Report).

Information on the PAIs taken into consideration by the Sub-fund will be available in the annual report of DPAM B, the SICAV to which the Sub-fund belongs.

No




**What investment strategy does this financial product follow?**

The Portfolio promotes environmental and social characteristics through exclusions, fundamental research, voting and engaged dialogue according to the following scheme of portfolio construction steps as schematized at the end of the section.

A more general description of the Sub-fund's investment strategy can be found in the individual Sub-fund factsheet in the SICAV's prospectus.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

<b>ESG INTEGRATION</b>	<b>ACTIVE OWNERSHIP</b>	<b>BASIC NEGATIVE SCREENING</b>	<b>NORMATIVE &amp; NEGATIVE SCREENING</b>
<i>Inclusion in investment decisions (PAI)</i>	<i>Influencing behaviour</i>	<i>Exclusions based on activity</i>	<i>Compliance with global standards/ Exclusion of severe controversial behaviour (Min. social &amp; gov. safeguards)</i>
			
<b>ARTICLE 8</b>			

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

• **For direct investments (in equities or corporate bonds) :**

The binding investment restrictions apply to (a) companies that do not comply with the principles of the Global Standards described below, (b) companies involved in controversial activities, and (c) companies involved in ESG controversies of maximum severity:

a) Compliance of the portfolio with Global Standards: The Sub-fund does not invest in companies that do not comply with the 10 principles of the Global Compact and the United Nations Guiding Principles, ILO instruments, OECD Guidelines for Multinational Enterprises and the underlying conventions and treaties.

b) Exclusion of companies involved in controversial activities: The Sub-fund excludes securities whose business is the manufacture, use or possession of anti-personnel mines, cluster munitions, depleted uranium ammunition and armour, chemical or biological weapons. The Sub-fund also excludes securities of companies which have material exposure to the production or distribution of tobacco or raw materials and equipment for the production of tobacco, the mining of thermal coal, or the generation of electricity from coal. These exclusions and their thresholds are detailed in DPAM's Controversial Activities Policy (section on "conventional" strategies) which are accessible via the link <https://www.dpaminvestments.com/documents/controversial-activity-policy-enBE> (Controversial Activities Policy).

c) Portfolio exposure to ESG controversies of maximum severity: companies involved in ESG controversies of maximum severity are not eligible for investment. Exclusion lists of individual companies excluded under criteria (a), (b) and (c) above are regularly updated and feed into the portfolio investment monitoring systems. Security exclusions based on the binding criteria of the investment strategy apply both at the time of purchase of a position and during the holding of the position in the portfolio.

At each data series collection, DPAM establishes exclusion lists which are updated at least quarterly and on an ad hoc basis in case of position deterioration. There is one exclusion list per constraint and per strategy group, with DPAM applying a similar exclusion/restriction threshold. DPAM's risk management department is responsible for applying the necessary prevention (ex-ante risk) and control (ex-post risk) mechanisms to effectively enforce the exclusion lists in the investment portfolios of DPAM's strategies.

DPAM uses ESG research from extra-financial rating agencies to assess the severity of controversies to which companies are exposed and excludes the most severe controversies. DPAM also produces internal analyses of ESG controversies to which companies are exposed. DPAM reserves the right to exclude companies that it considers to be involved in sufficiently serious controversies.

In the event of a deterioration in the ESG profile of a company leading to its downgrading to Global Standards status or the emergence of a controversy of maximum severity regarding the company, the manager will sell the relevant investment in the interests of the Sub-fund's shareholders within three months.

• **For direct investments (in sovereign bonds):**

The Sub-fund does not invest in countries considered not to meet minimum democratic requirements. To determine whether a country does not meet these minimum requirements the manager applies a methodology which is primarily based on the classifications of the International NGO Freedom House ("not free") and The Economist Intelligence Unit ("authoritarian regime").

This exclusion and the underlying methodology are detailed in DPAM's Controversial Activities Policy (section on "Sovereign Bonds") which can be accessed via the link <https://www.dpaminvestments.com/documents/controversial-activity-policy-enBE> (Controversial Activities Policy).

• **For investments in UCIs:**

depending on the consideration of the PAIs by the underlying UCI. As indicated above, among its ESG investments, the Sub-fund may invest in UCIs that are classified as financial products that promote, inter alia, environmental and/or social characteristics within the meaning of Regulation 2019/2088 and/or have a sustainable investment

objective within the meaning of Regulation 2019/2088. In selecting these UCIs for the Sub-fund, DPAM therefore takes into account the integration of environmental, social and/or governance criteria by the third party manager in the management of these funds.

The list of collective investment schemes in which the Sub-fund may invest is updated on a regular basis by DPAM and on an ad hoc basis in case of deterioration. At least once a year, DPAM conducts an analysis of the underlying collective investment schemes in order to verify the extent to which their selection methodology is aligned with the environmental and/or social characteristics that the Sub-fund aims to promote.

In addition, DPAM engages in a regular dialogue with the managers of these collective investment schemes. If a UCI no longer has the aforementioned classification (Article 8 or Article 9 according to Regulation 2019/2088) according to the information declared in its prospectus or information document, DPAM will sell the investment in the UCI concerned in the interest of the Sub-fund's shareholders within six months if such a sale is necessary in order to comply, at the overall level of the Sub-fund, with the promoted environmental and social characteristics.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

not applicable

● ***What is the policy to assess good governance practices of the investee companies?***

• **For direct investments (in equities or corporate bonds) :**

Good governance criteria are an integral part of DPAM's active ownership, engagement and sustainable and responsible investment policies and are included in the investment decision process through the different steps described in the section "What are the binding elements of the investment strategy used to select investments to achieve each of the environmental or social characteristics promoted by this financial product?" above.

DPAM takes these criteria into account in the following ways :

i. Portfolio compliance with Global Standards: Prevention of corruption is one of the four main themes of the 10 principles of the UN Global Compact.

ii. Portfolio exposure to ESG controversies of maximum severity: Good governance criteria (business ethics, political lobbying, corporate governance, corruption and accountability of governance bodies on ESG aspects) are the subject of the analysis of controversies, their severity and corrective measures.

iii. Qualitative ESG approach: DPAM's fundamental research is largely devoted to corporate governance and governance issues.

iv. DPAM's voting policy helps to promote good corporate governance practices (separation of powers, independence and adequacy of the board of directors, respect for minority shareholders' rights, quality of internal and external audit, etc.).

DPAM's engagement policy is linked to this voting policy and applies its principles. Governance issues are also an integral part of the monitoring of investments, notably through DPAM's voting policy and engagement policy, which can be accessed via the link <https://www.dpaminvestments.com/documents/dpam-voting-policy-enBE> (Voting Policy) and <https://www.dpaminvestments.com/documents/engagement-policy-enBE> (Engagement Policy)

• **For direct investments (in sovereign bonds) :**

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

**For investments in UCIs:**

depending on the consideration of the PAIs by the underlying UCI. The promotion of environmental and social characteristics through investments in UCIs is done via UCIs that promote, inter alia, environmental or social characteristics within the meaning of Regulation 2019/2088 or have a sustainable investment objective within the meaning of

that Regulation.

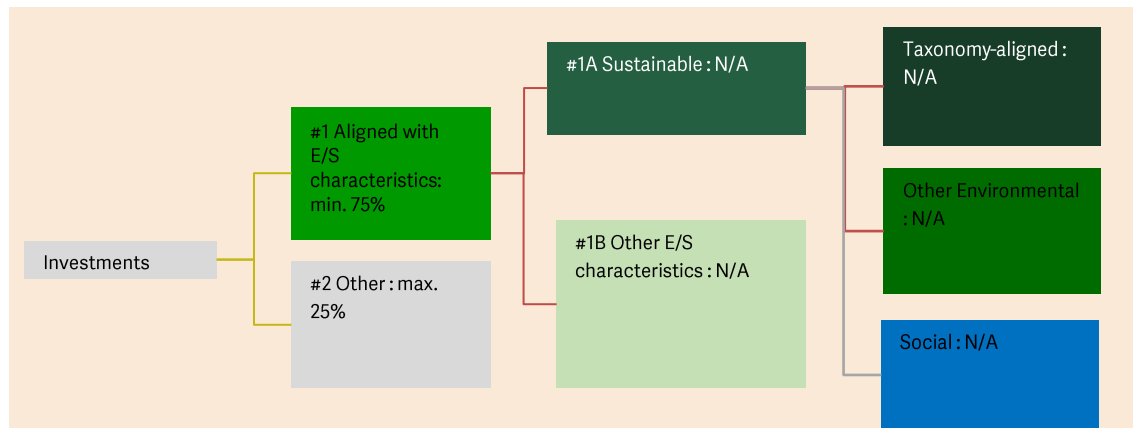
In accordance with Regulation 2019/2088, the companies in which investments are made by these UCIs must apply good governance practices. The way in which compliance with this requirement is verified may vary from one UCI to another.



## What is the asset allocation planned for this financial product?

By applying the investment strategy described above, the Sub-fund invests a minimum of 75% of its assets:

- in securities that satisfy the environmental and social characteristics it promotes; or
- in UCIs which promote, inter alia, environmental or social characteristics within the meaning of Article 8 of Regulation 2019/2088 or have a sustainable investment objective within the meaning of Article 9 of Regulation 2019/2088.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

### ● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivative products, if any, used to achieve the investment objectives will not be used to promote the environmental and/or social aspects.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

This Sub-fund does not seek to make sustainable investments and makes no commitment to align its investments with the European taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?<sup>1</sup>**

Yes

In fossil gas

In nuclear energy

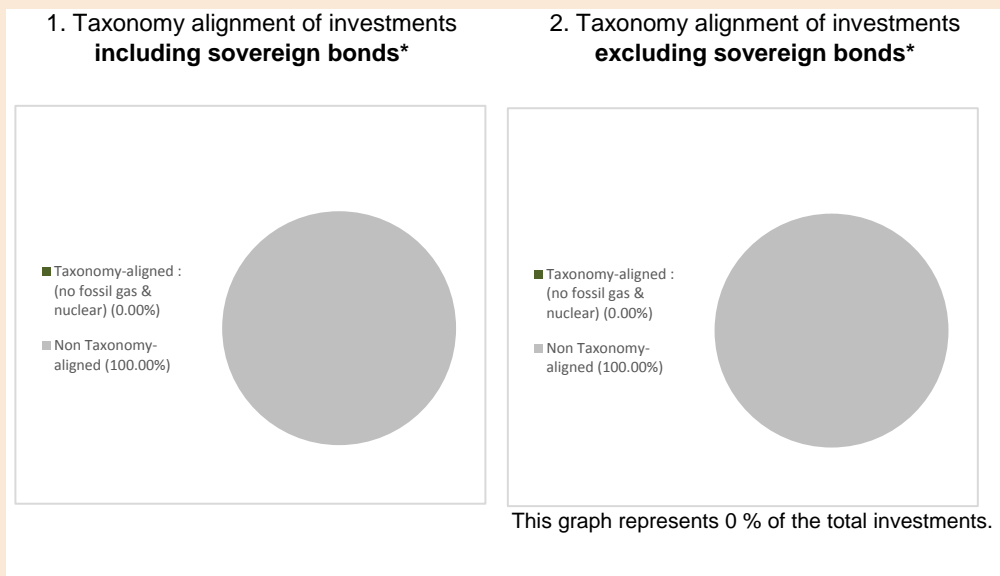
No

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<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 objectives - 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.



**The two graphs below show in green the minimum percentage of investments that are 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*

**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.

● **What is the minimum share of investments in transitional and enabling activities?**

This Sub-fund does not seek to make sustainable investments or invest in enabling and/or transitional activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

This Sub-fund does not seek to make sustainable investments or sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

This Sub-fund does not seek to make sustainable investments or sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



## What investments are included under “#2 Other”, what is their purpose and are 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 Sub-fund, excluding:

- Liquidity (excluding treasury bills)
- Derivative instruments
- Issuers (including Collective investment undertakings) that do not report sufficient information or are insufficiently covered by ESG research to judge their environmental and/or social characteristics.

The Sub-fund may invest or hold these types of assets in order to achieve its investment objectives, for portfolio diversification, liquidity management and for risk hedging purposes.

The remaining proportion will not exceed 25% of the Sub-fund.

There are no minimum environmental or social guarantees.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

N/A

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

N/A

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

N/A

- **How does the designated index differ from a relevant broad market index?**

N/A

- **Where can the methodology used for the calculation of the designated index be found?**

N/A



## Where can I find more product specific information online?

More product-specific information can be found on the website: <https://www.funds.dpaminvestments.com/funds.html> (Fund/Sub-fund/Share class/“Sustainability transparency” tab).

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