

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

DPAM L BONDS EUR INFLATION-LINKED

Legal entity identifier:

391200BNS4QDFDHVPP76

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 lay down 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**

☐ 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**: ____%

☒ ☐ ☒ **No**

☐ 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 __% 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**



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

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

The Sub-fund promotes environmental and social characteristics:

- by excluding countries that do not respect a minimum of democratic requirements;
- by systematically applying a policy for impact bonds (such as green and social bonds).

The Sub-fund has not designated a benchmark to achieve the environmental and social characteristics promoted under Article 8 of the Regulation.

● **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 attainment of all of the environmental and social characteristics promoted by the Sub-fund correspond to the binding investment restrictions:

- a) Zero exposure to issuers that do not respect a minimum of democratic requirements.
- b) A percentage of impact bonds ("Green, Social & Sustainability bonds") in the portfolio is higher than the benchmark.

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

● **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

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.

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.



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

☒ Yes,

the Sub-fund takes into account the primary adverse (hereinafter "PAIs") environmental and social impacts listed in Table 1 of Annex I of the Delegated Regulation (EU) 2022/1288 which are applicable to investments in sovereign or supranational issuers.

The PAIs are intrinsically linked to the Manager's commitment to reduce the negative impact of the Sub-fund's investments by avoiding activities or behaviours that may significantly hinder sustainable and inclusive growth. This commitment is incorporated throughout the research and investment process from its inception.

The first PAI relates to environmental issues and focuses on the greenhouse gas emission intensity of the investee countries. The indicator is an integral component of the country sustainability model that the Manager developed for its sovereign bond strategies. Consequently, it is included in the country's sustainability score and can influence it positively or negatively depending on its level and development compared to other issuer countries. The results of the country sustainability scores are optionally discussed with the countries concerned according to the Manager's engagement policy, which is available at www.dpamfunds.com

The second PAI relates to social issues and focuses on issues of social violations. Our country sustainability model monitors a number of 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 key 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 emitting countries. The results of the country sustainability scores are optionally discussed with the countries concerned according to the Manager's engagement policy, which is available at www.dpamfunds.com

The Manager's approach and processes are further described in its Sustainable and Responsible Investments Policy and in the TCFD report, which are available at www.dpamfunds.com.

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

☐ No



What investment strategy does this financial product follow?

The Sub-fund invests primarily in a diversified portfolio of international bonds. The Sub-fund favours quality bonds issued by reputable issuers. The Manager defines the investment policy, in particular as regards the duration of investments, on the basis of an analysis of the political, financial and economic situations. The Sub-fund is actively managed. The sub-fund may use derivatives to exploit or hedge against market fluctuations, or for efficient portfolio management.

● **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?**

The Sub-fund applies binding investment restrictions: (a) exclusion of countries that do not meet minimum democratic requirements and (b) an impact bond policy:

- a) the exclusion of countries that do not respect a minimum of democratic requirements, To determine whether a country does not meet this minimum requirement the manager applies a methodology that is mainly 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 is available at www.dpamfunds.com (Controversial Activities Policy).

- b) Impact bond policy: the percentage of impact bonds ("Green, Social & Sustainability bonds") in the portfolio is higher than the benchmark investment universe.

More information can be found in the "Green, Social Sustainability Government Bonds Policy" section of the Manager's Sustainable & Responsible Investment policy available at www.dpamfunds.com.

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

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.

In the event that a country is downgraded, the Manager will sell the relevant investment in the interest of the sub-fund's shareholders within three months.

- **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?**

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.

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



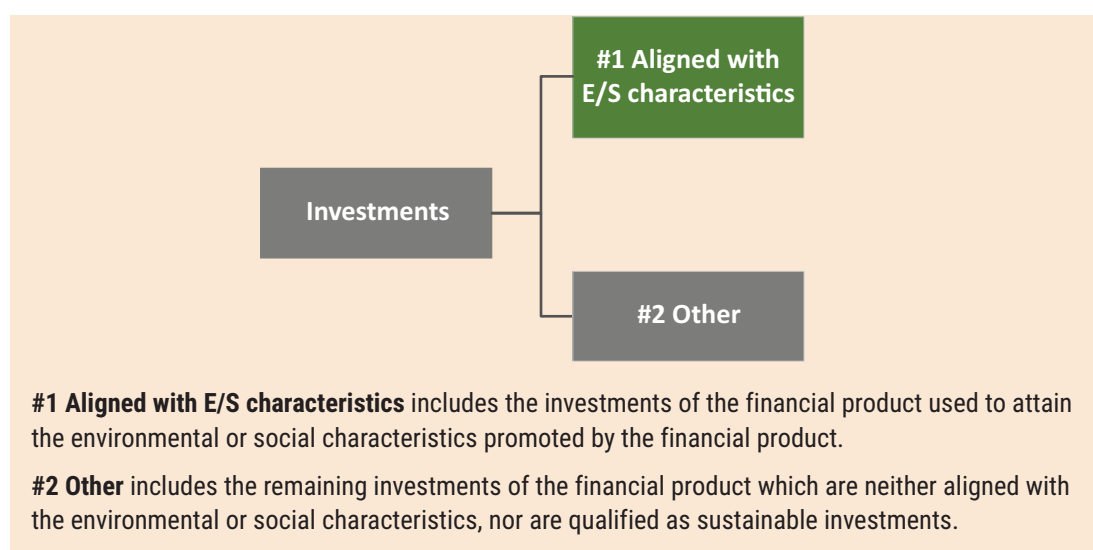
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

By applying the investment strategy described above, the Sub-fund invests a minimum of 80% of its assets in securities that meet the environmental and social characteristics it promotes (in the table referred to as “#1 Aligned with E/S characteristics”).



- **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.

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.

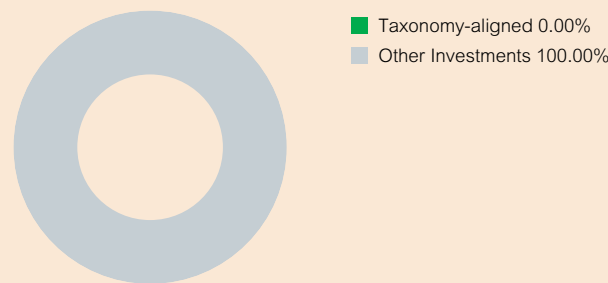


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

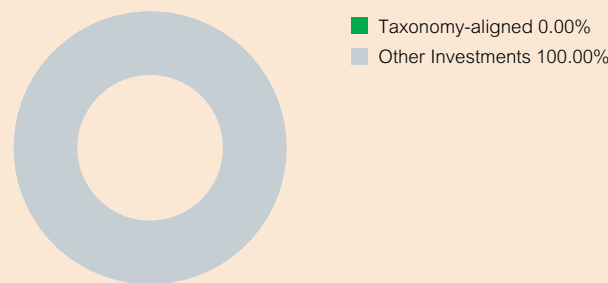
This Sub-fund does not seek to make sustainable investments and makes no commitment to align its investments with the European taxonomy.

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.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



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

● **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.



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 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.



What is the minimum share of socially sustainable investments?

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



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 whole Fund, excluding the:

- Liquid assets (excluding treasury bills)
- Derivative instruments
- Collective investment schemes
- Issuers 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 for the purpose of achieving investment objectives, portfolio diversification, liquidity management and risk hedging.

This remaining proportion will not exceed 20% of the Sub-fund.

There are no minimum environmental or social guarantees.



Sustainability indicators measure how the sustainable objectives of this financial product are attained.

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.dpamfunds.com (Fund/sub-fund/share class/"Sustainability transparency" tab).