

DYNASTY AM
ESG Report
28th February 2022

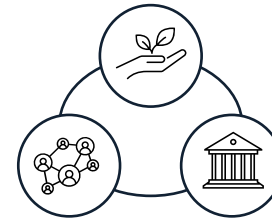


DYNASTY CREDIT SUB



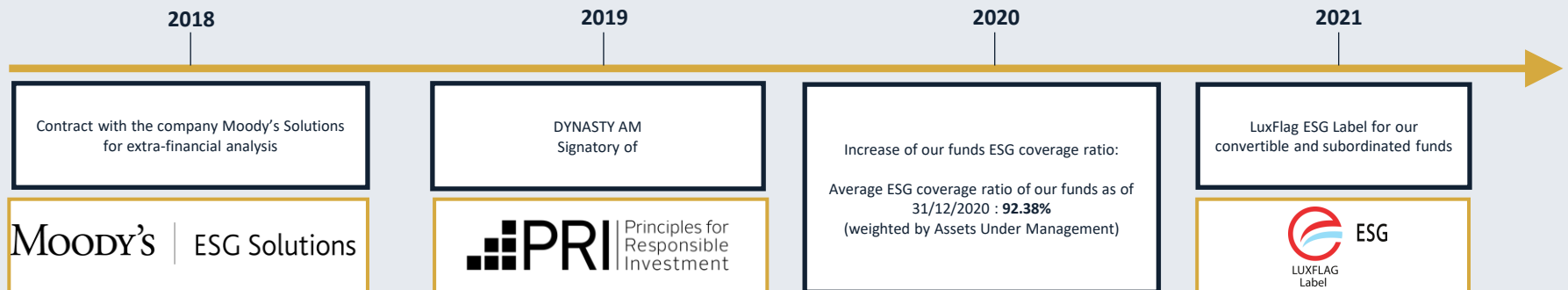
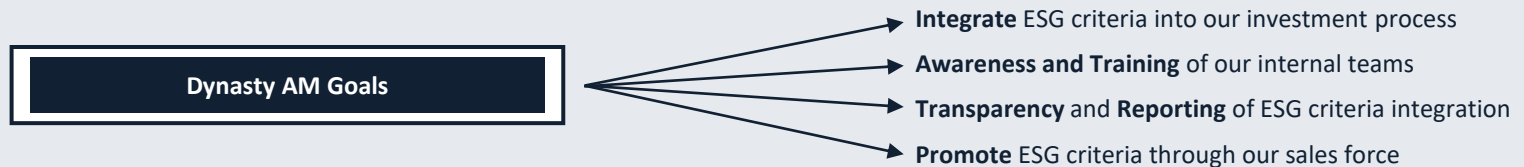


ESG Policy



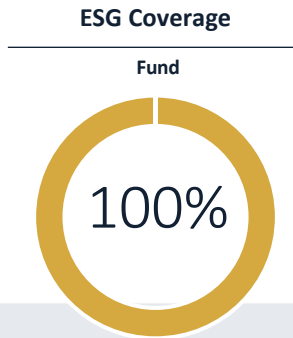
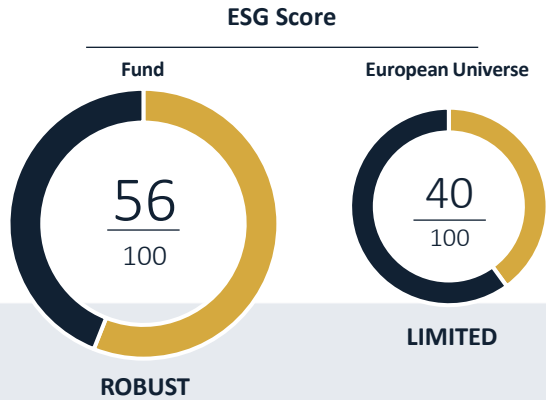
Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients, **by incorporating ESG criteria into our financial analysis.**

Objectives established by the working group were determined using the PRI Principles:





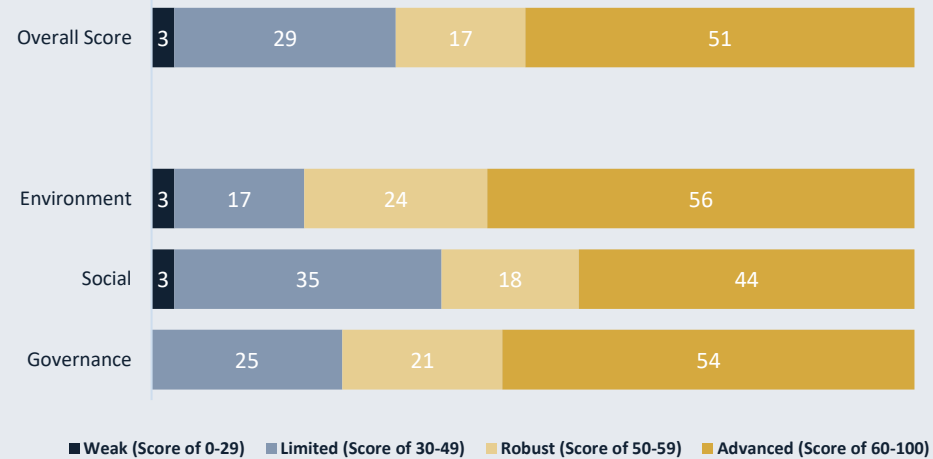
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Overall and Domain Scores

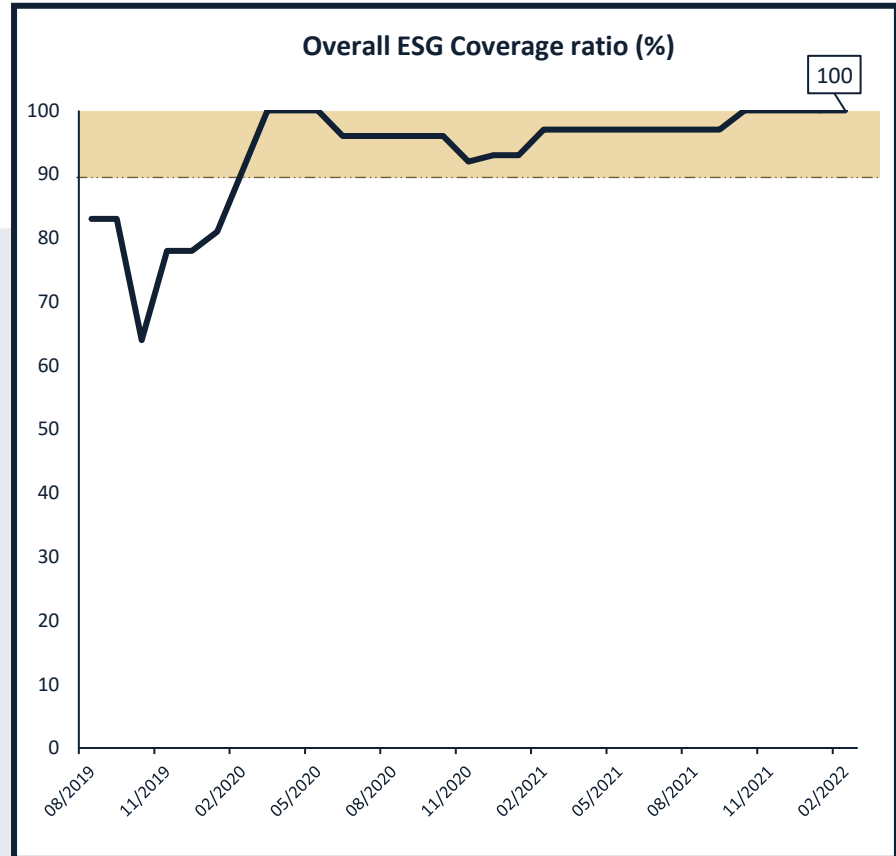
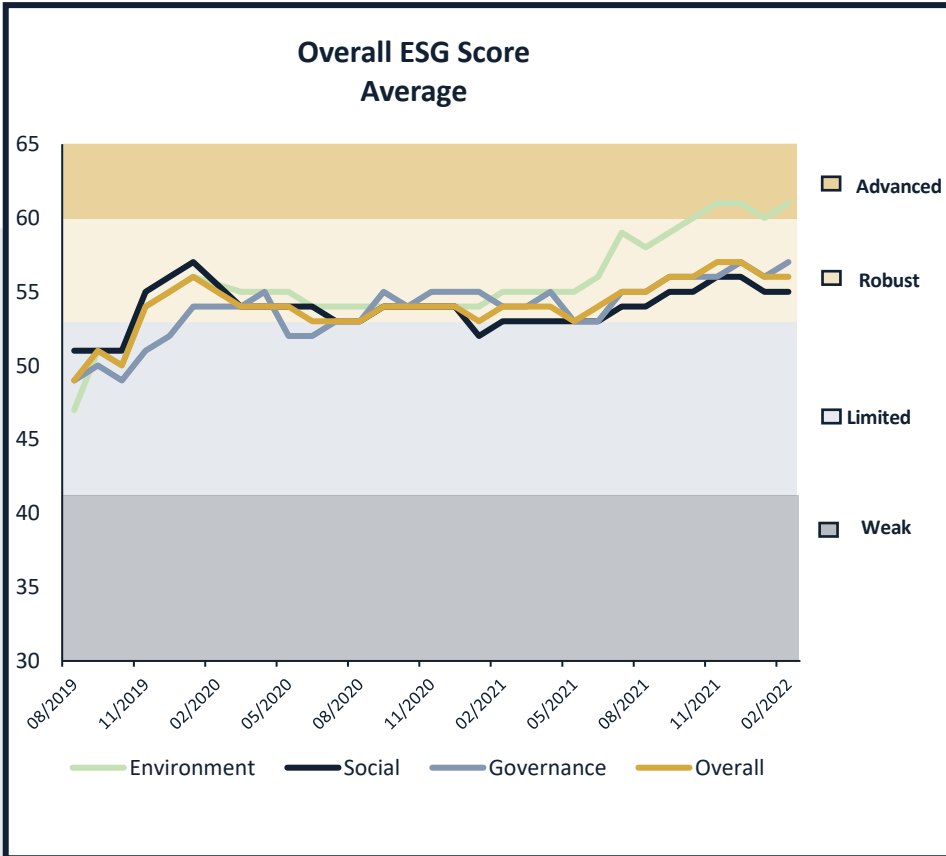
	Average
Overall	56
Environment	61
Social	55
Governance	57

ESG Score Breakdown (% investment)





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5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	La Poste 3.125% Perp (call 2025)	2.5%	Industrial	Advanced
2	Danone 1% Perp (call 2026)	0.6%	Consumer cyclical	Advanced
3	Casino 4.87% Perp (call 2024)	1.7%	Consumer non cyclical	Advanced
4	Eni 2.625% Perp (call 2025)	3.8%	Energy	Advanced
5	Unibail-Rodamco-Westfield 2.875% Perp (call 2026)	4.3%	Real Estate	Advanced

5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	CK Hutchison 4% Perp (call 2022)	3.1%	Consumer cyclical	Weak
2	AKKA Technologies 3.5% Perp (call 2025)	0.6%	Industrial	Limited
3	Grupo Bimbo 5.95% Perp (call 2023)	2.9%	Consumer non cyclical	Limited
4	Abertis 3.248% Perp (call 2025)	3.1%	Industrial	Limited
5	Bertelsmann 3.5% 2075 (call 2027)	4.5%	Communications	Limited



DYNASTY CREDIT SUB

5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	AT&T 2.875% Perp (call 2025)	5.0%	Communications	Limited
2	Bertelsmann 3.5% 2075 (call 2027)	4.5%	Communications	Limited
3	Aroundtown 1.625% Perp (call 2026)	4.4%	Real Estate	Limited
4	Eurofins Scientific 3.25% Perp (call 2025)	4.4%	Consumer non cyclical	Robust
5	Koninklijke KPN 2% Perp (call 2024)	4.3%	Communications	Advanced



DYNASTY CREDIT SUB

We will implement a formal upstream **exclusion policy** on our **article 8** investable universe that will formally prohibit investments in companies that have as main activity :

- Thermal coal mining and extraction



- Tobacco production



- Gambling



We also comply with the U.S. Executive Order 13959 “Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies”

EXCLUSION

Thermal coal mining and extraction

Holding Name	ISIN	Portfolio Weight
None in portfolio		

Tobacco production

Holding Name	ISIN	Portfolio Weight
None in portfolio		

Gambling

Holding Name	ISIN	Portfolio Weight
None in portfolio		

Chinese Military-Industrial Complex Companies

Holding Name	ISIN	Portfolio Weight
None in portfolio		

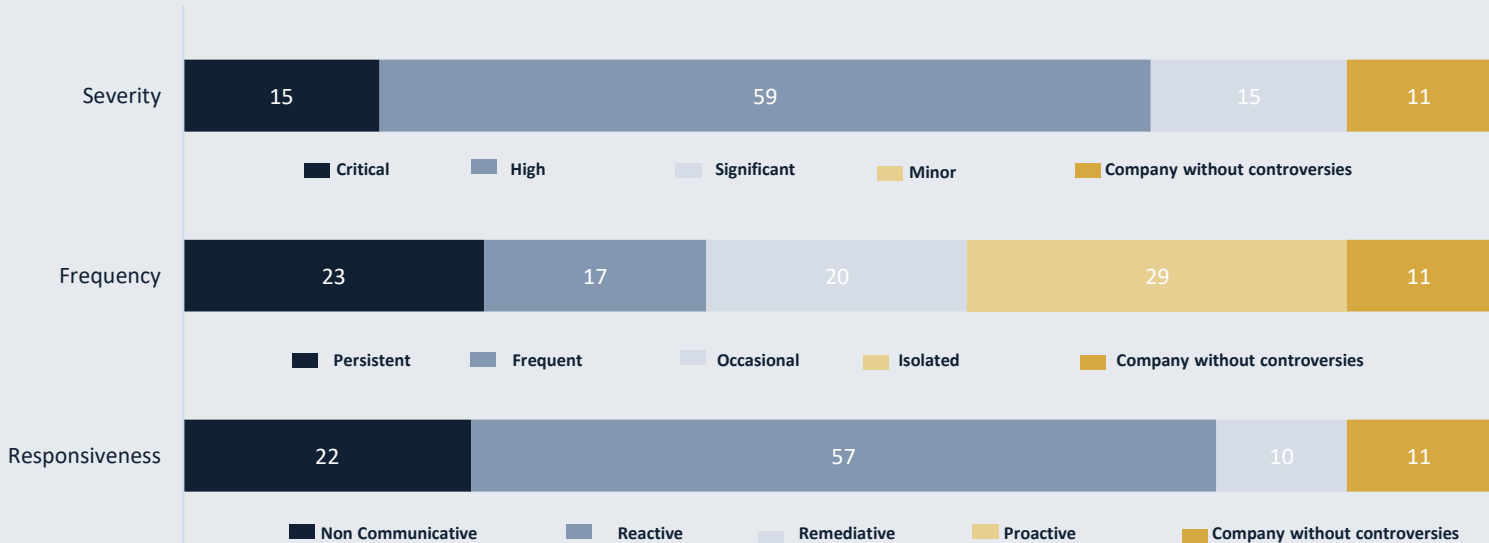


DYNASTY CREDIT SUB

Controversies are analyzed along three axes

- (1) The **severity** of the controversy : having an accidental minor oil spill is a controversial event, but we think it is less impacting than being directly involved in the employment of children or the production of cluster munition. There are 4 categories of severity of controversies: minor, significant, high, critical
- (2) The **frequency** of the controversy is the event isolated, occasional, frequent or persistent. Is it thus a one-off event or can it be considered business behavior of the company
- (3) The **responsiveness** of the company to the controversy in question. Has the company been proactive in its communication, or do they prefer the silent approach. There are 4 categories of responsiveness: proactive, remediative, reactive or non communicative

Controversies Breakdown (% investment)





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We have decided to include a **special filter** on companies subject to critical controversies (i.e., the most severe) in domains we consider to be the most impacting.

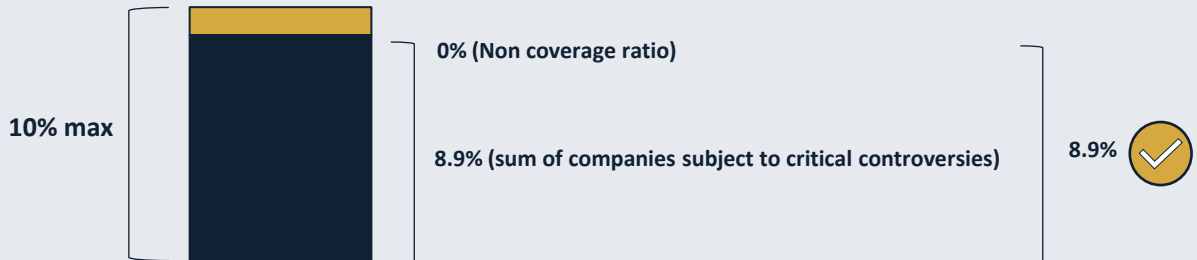
These domains are :

- (1) Environmental Strategy
- (2) Climate Change
- (3) Waste
- (4) Fundamental Human Rights
- (5) Audit and Internal Controls

Companies subject to critical controversies*

Holding Name	Portfolio Weight	Sector (GICS)	Domains impacted by the critical controversy
Lafarge Holcim 3% Perp (call 2024)	3.2%	Industrial	4
Eni 2.625% Perp (call 2025)	3.8%	Energy	4 - 5
Renault Float Perp (call 2022)	1.9%	Consumer cyclical	5

*These companies will remain investable, but the sum of these investments may not exceed a ratio of **10%** of the portfolio in case the investment universe is European or **20%** of the portfolio if the investment universe is global. Furthermore, these ratios are to be cumulated within the non-coverage ratios.





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If the **critical** controversy is linked to one of the following **sub domains** the company is not eligible for investment and if the company is subject to the controversy whilst already in the portfolio the fund manager has **3 months** to sell the position, whilst the company will be added to the list of **excluded investments**.

- Cluster Munitions



- Controversial Weapons



- Nuclear Weapons



- Anti Personal Mines



- Anti Personal Landmines



EXCLUSION

Cluster Munitions

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

Anti Personal Mines

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

Controversial Weapons

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		

Anti Personal Landmines

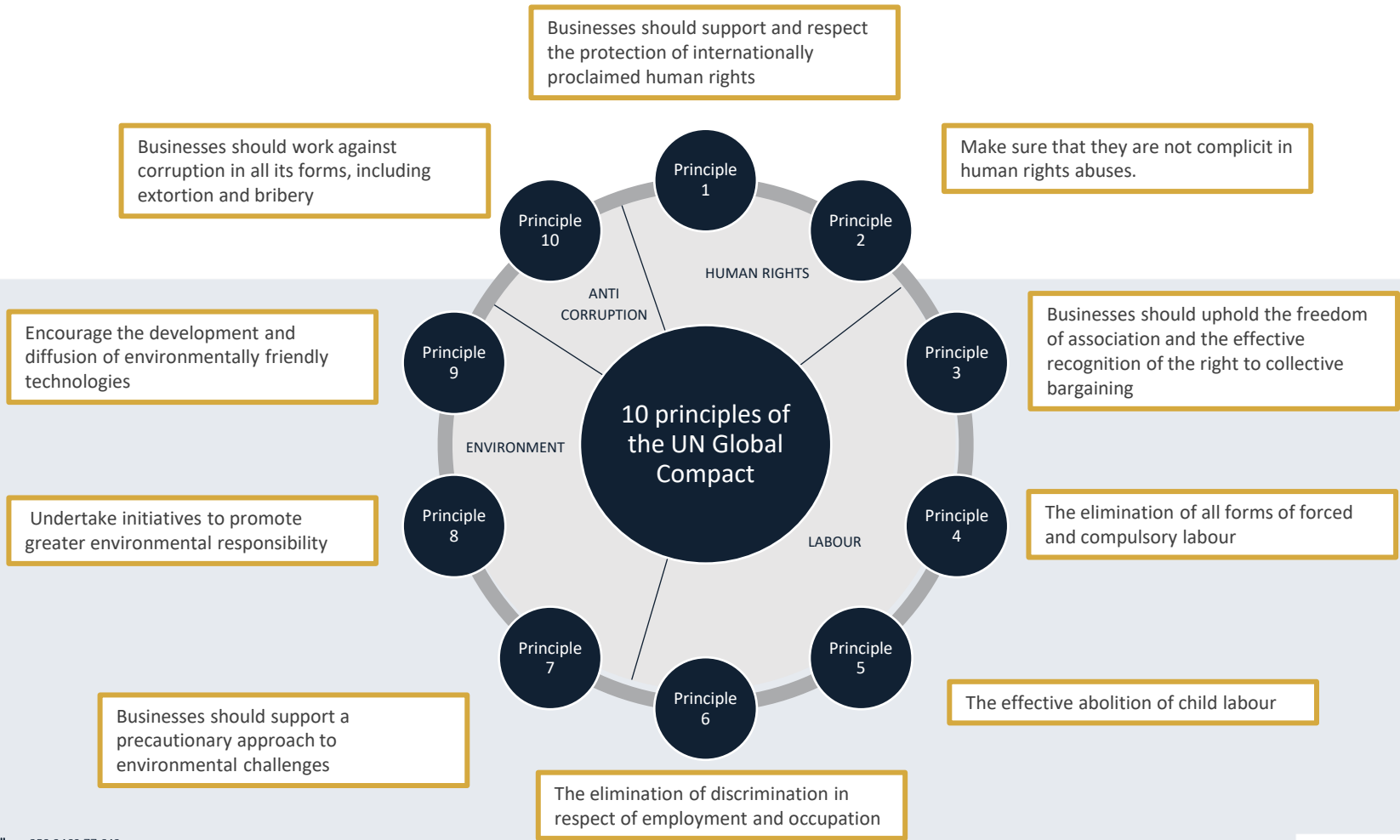
Holding Name	ISIN	Portfolio Weight
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None in portfolio		

Nuclear Weapons

Holding Name	ISIN	Portfolio Weight
<input type="text"/>	<input type="text"/>	<input type="text"/>
None in portfolio		



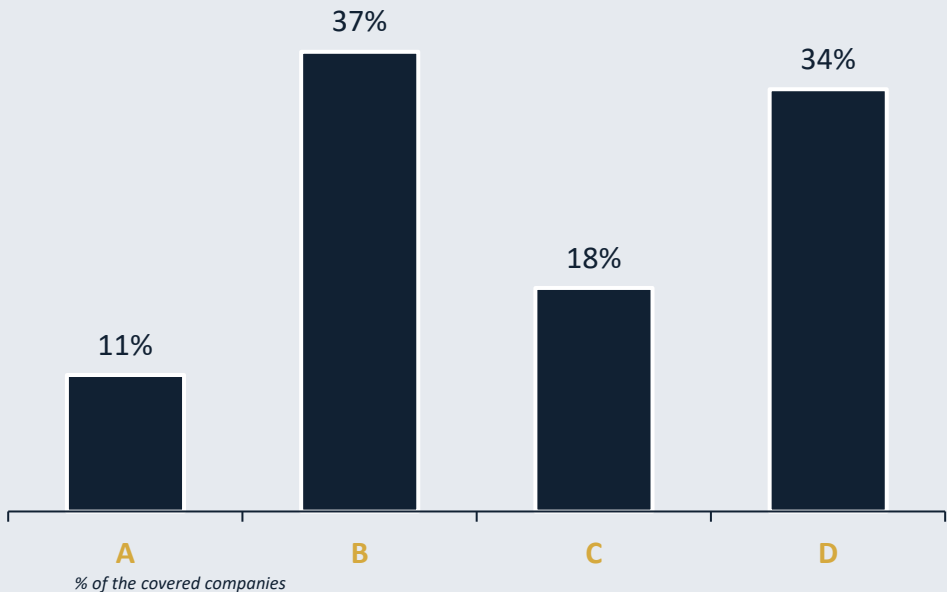
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Carbon Footprint (of investments)

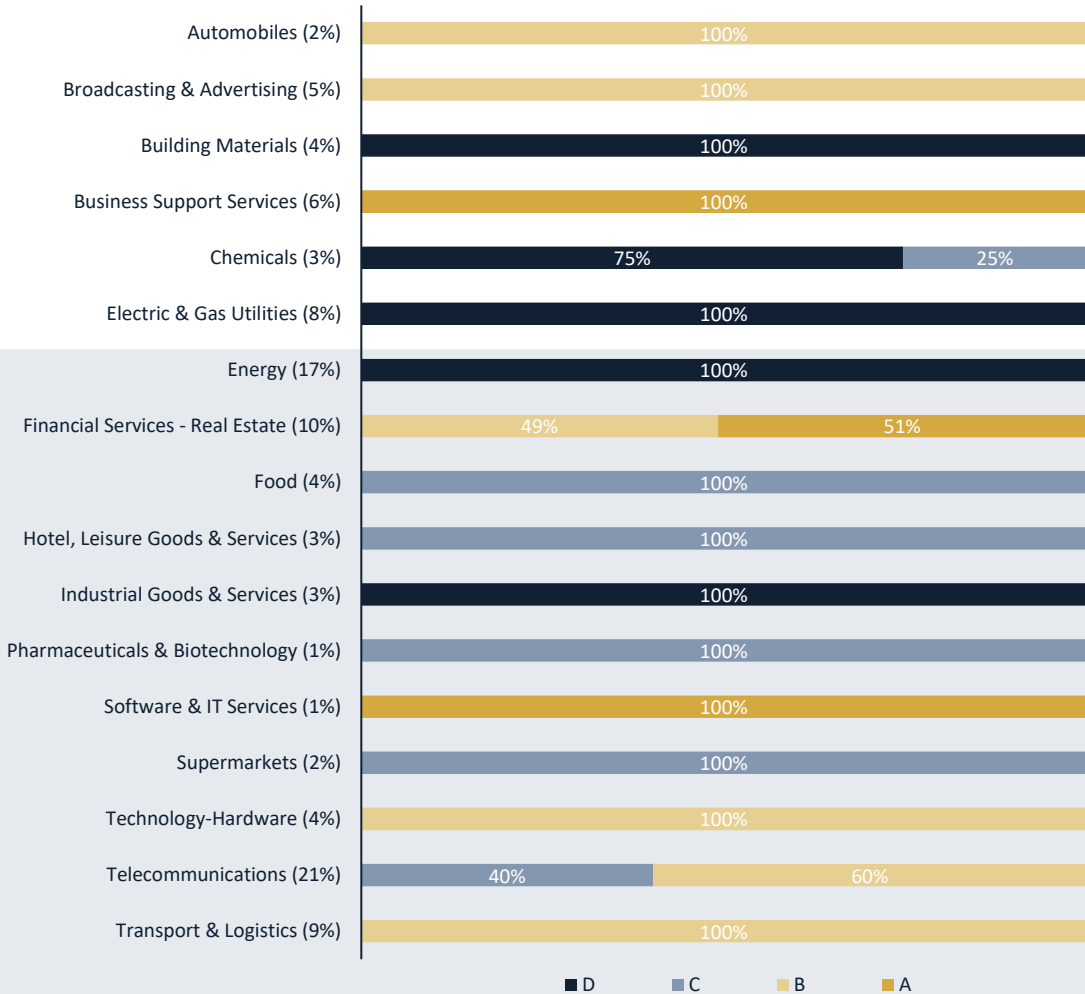


Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

* Scope 1 & 2



DYNASTY CREDIT SUB



Carbon Footprint Breakdown by Sector *(of investments)*



Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

* Scope 1 & 2



DYNASTY CREDIT SUB

We associated each **principle** to a specific **analysis' criteria**:

- Principle 1 and 2: Human Rights → Fundamental Human Rights
- Principle 3: Human Resources → Social Dialogue
- Principle 4 and 5: Human Rights → Child and Forced Labour
- Principle 6: Human Rights → Non-Discrimination
- Principle 7 and 8: Environment → Environmental Strategy
- Principle 9: Environment → Use and Disposal of Products
- Principle 10: Business Behavior → Corruption

If a company has a **controversy** linked to one of these criteria and the status of the controversy in question is considered “**Critical**”, an **engagement process** shall be undertaken with companies.

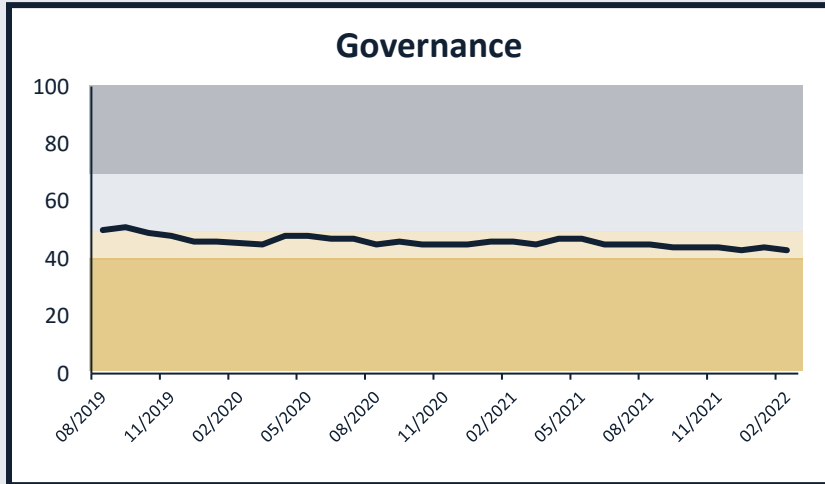
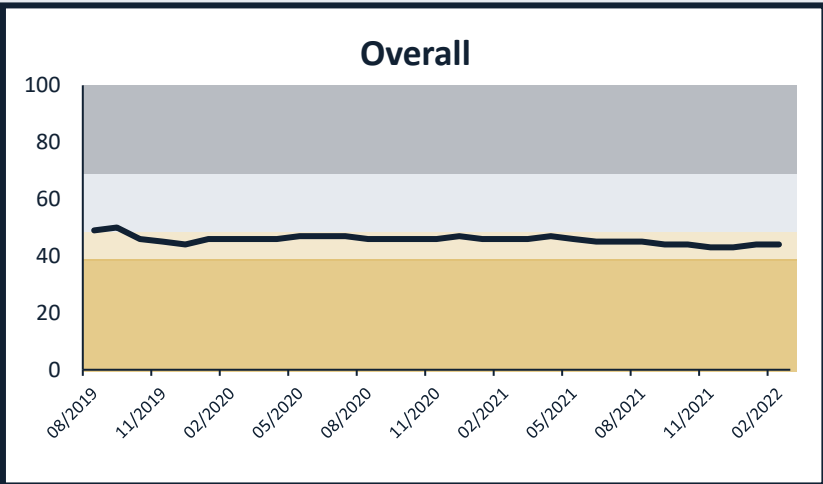
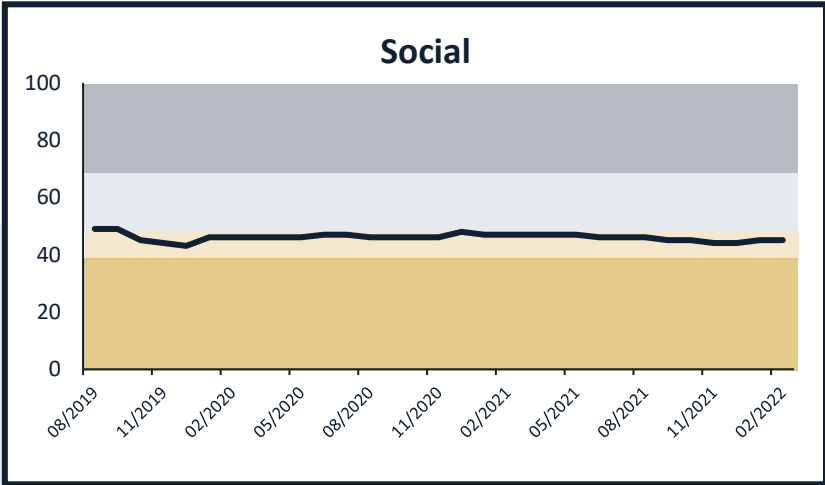
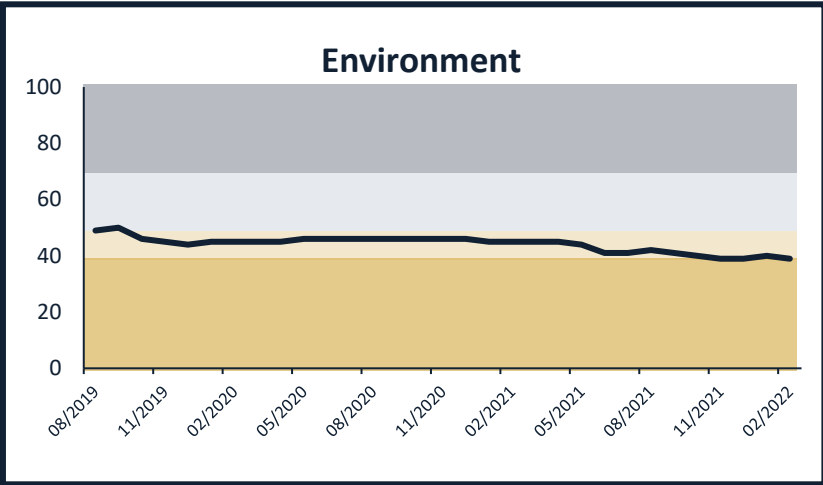
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Lafarge Holcim 3% Perp (call 2024)	3.23%	Principles No. 1, 2, 10	Ongoing Controversy	07/09/2021	Yes
TotalEnergies 3.369% Perp (call 2026)	0.66%	Principle No. 10	Not Active		
TotalEnergies 2.625% Perp (call 2025)	3.52%	Principle No. 10	Not Active		
TotalEnergies 1.75% Perp (call 2024)	0.64%	Principle No. 10	Not Active		
Eni 2.625% Perp (call 2025)	3.78%	Principles No. 1, 2	Not Active		
Renault 1.25% Perp (call 2022)	1.89%	Principles No. 9, 10	Not Active		



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ESG RISKS



- Advanced
- Robust
- Limited
- Weak



DYNASTY CREDIT SUB

LuxFLAG ESG Label – Exclusion List

List of sectors and activities, in which investments must be **excluded**:

- (1) Controversial Weapons
- (2) Controversial Jurisdictions
- (3) Tobacco
- (4) Controversial Behavior



Controversial Weapons

Holding Name	ISIN	Portfolio Weight
None in portfolio		

Controversial Jurisdictions

Holding Name	ISIN	Portfolio Weight
None in portfolio		

Tobacco

Holding Name	ISIN	Portfolio Weight
None in portfolio		



DYNASTY CREDIT SUB

LuxFLAG ESG Label – Exclusion List

List of sectors and activities, in which investments must be **excluded**:

- (1) Controversial Weapons
- (2) Controversial Jurisdictions
- (3) Tobacco
- (4) Controversial Behavior



Controversial Behavior

Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Lafarge Holcim 3% Perp (call 2024)	3.23%	Principles No. 1, 2, 10	Ongoing Controversy	07/09/2021	Yes
TotalEnergies 3.369% Perp (call 2026)	0.66%	Principle No. 10	Not Active		
TotalEnergies 2.625% Perp (call 2025)	3.52%	Principle No. 10	Not Active		
TotalEnergies 1.75% Perp (call 2024)	0.64%	Principle No. 10	Not Active		
Eni 2.625% Perp (call 2025)	3.78%	Principles No. 1, 2	Not Active		
Renault 1.25% Perp (call 2022)	1.89%	Principles No. 9, 10	Not Active		



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Get in touch

/Sales contact



DYNASTY AM S.A.
16, Avenue Marie-Thérèse
L-2132 Luxembourg
Tel. : **+352 24 69 77**

Laurent PLUCHARD
Partner - Head of Development

Tel: +352 2469 77 642
Mobile: +352 621 380 785
laurent.pluchard@dynasty-am.lu

Henri RAYOT
Sales [Europe]
Tel: +352 2469 77 644
Mobile: +352 621 379 155
henri.rayot@dynasty-am.lu

Mehdi KOURICHI
Sales [France]
Tel: +352 621 526 951
mehdi.kourichi@dynasty-am.lu



— Thank you
Passion for YIELD



Dynasty
Asset Management