

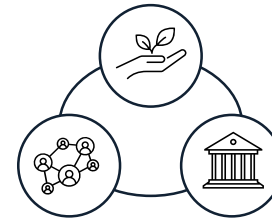
DYNASTY AM  
ESG Report  
31<sup>st</sup> August 2023



DYNASTY CREDIT SUB

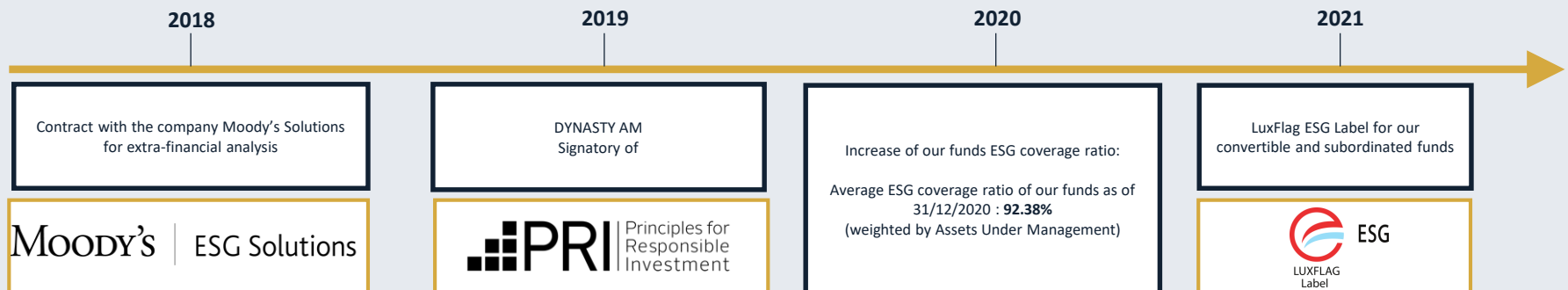
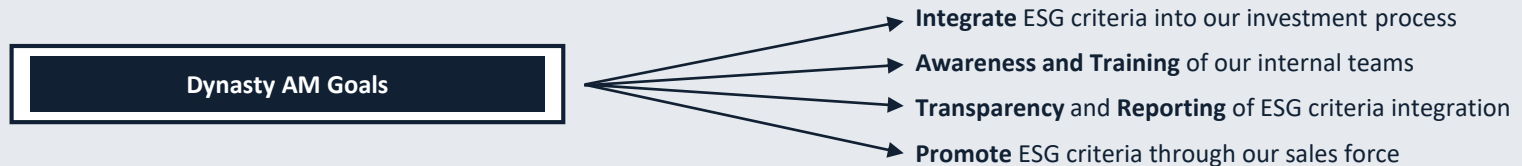


# ESG Policy



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.**

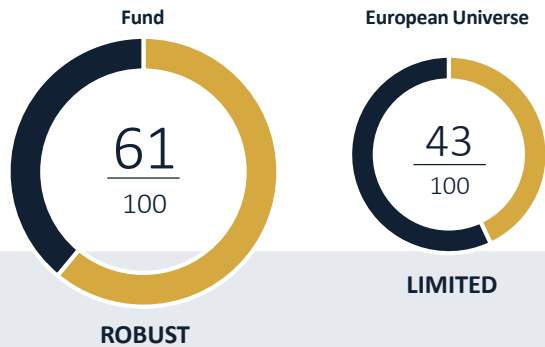
Objectives established by the working group were determined using the PRI Principles:



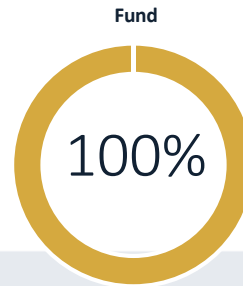


## DYNASTY CREDIT SUB

### ESG Score



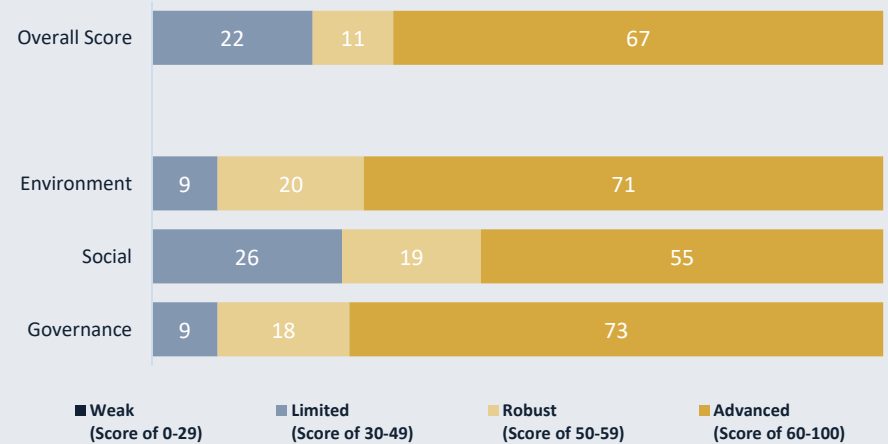
### ESG Coverage



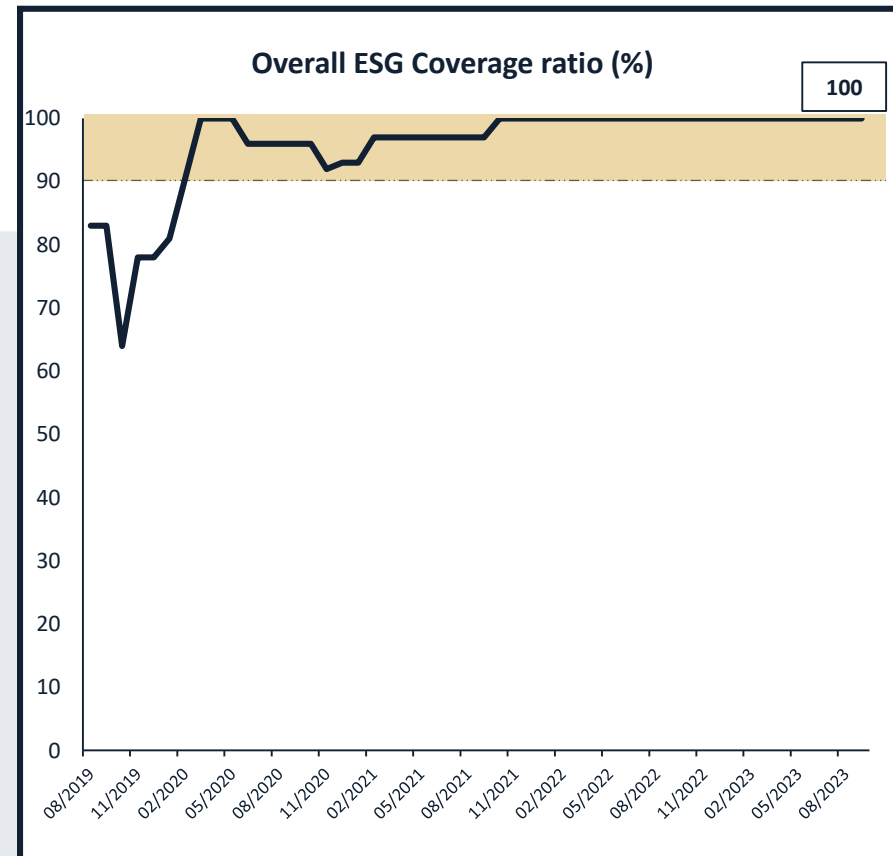
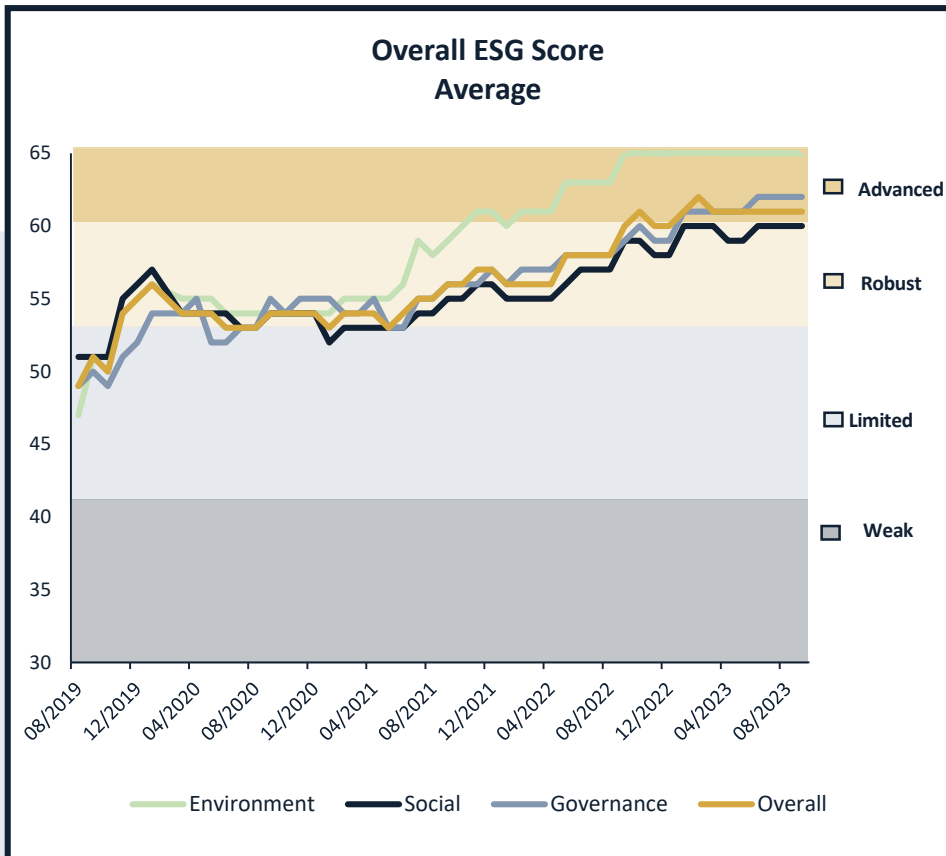
### Overall and Domain Scores

	Average
Overall	61
Environment	65
Social	60
Governance	62

### ESG Score Breakdown (% investment)



## DYNASTY CREDIT SUB





## DYNASTY CREDIT SUB

### 5 highest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	La Poste 5.3% 2043 (Call 2023) / La Poste 3.125% (Call 2025)	5.8%	Industrial	Advanced
2	Danone 1% Perp (call 2026)	0.7%	Consumer, Non-Cyclical	Advanced
3	Enel 6.375% Perp (Call 2028)	0.8%	Consumer, Non-Cyclical	Advanced
4	Casino 4.87% Perp (call 2024)	0.1%	Consumer, Non-Cyclical	Advanced
5	EDF 2.875% Perp (call 2026)	4.1%	Energy	Advanced

### 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Aroundtown 1.625% Perp (call 2026)	1.5%	Real Estate	Limited
2	Abertis 3.248% Perp (Call 2025)	3.5%	Industrial	Limited
3	AT&T 2.874% Perp (Call 2025)	2.2%	Communications	Limited
4	Volkswagen 3.375% Perp (Call 2024)	1.5%	Consumer Cyclical	Limited
5	Bertelsmann SE 3,5% 2075	2.9%	Communications	Limited



## DYNASTY CREDIT SUB

### 5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Eurofins Scientific 3.25% Perp (call 2025)/ 6.75% Perp (call 2028)	5.9%	Consumer, Non-Cyclical	Robust
2	La Poste 5.3% 2043 (Call 2023) / La Poste 3.125% (Call 2025)	5.8%	Transport & Logistics	Advanced
3	Arkema SA 2,75% Perp (Call 2024)/ 1,5% Perp (Call 2025)	5.1%	Chemicals	Advanced
4	Eni Spa 2.625% Perp (call 2025)	4.3%	Energy	Advanced
5	BP Capital 3.25% Perp (Call 2026)	4.3%	Energy	Limited



## 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

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
Solvay Finance 5.425% Perp (Call 2023)	0.8%	Basic materials	5
Holcim 3% Perp (Call 2024 )	1.5%	Industrial	4
Volkswagen 3.375% Perp (call 2024)	1.5%	Consumer, Cyclical	5
Bayer 4.5% 2082 (Call 2027)/ 3,125% 2079 (Call 2027)	3,7%	Consumer, Non-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.

10% max



0% (Non coverage ratio)

7.5% (sum of companies subject to critical controversies)

7.5%





## DYNASTY CREDIT SUB

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		

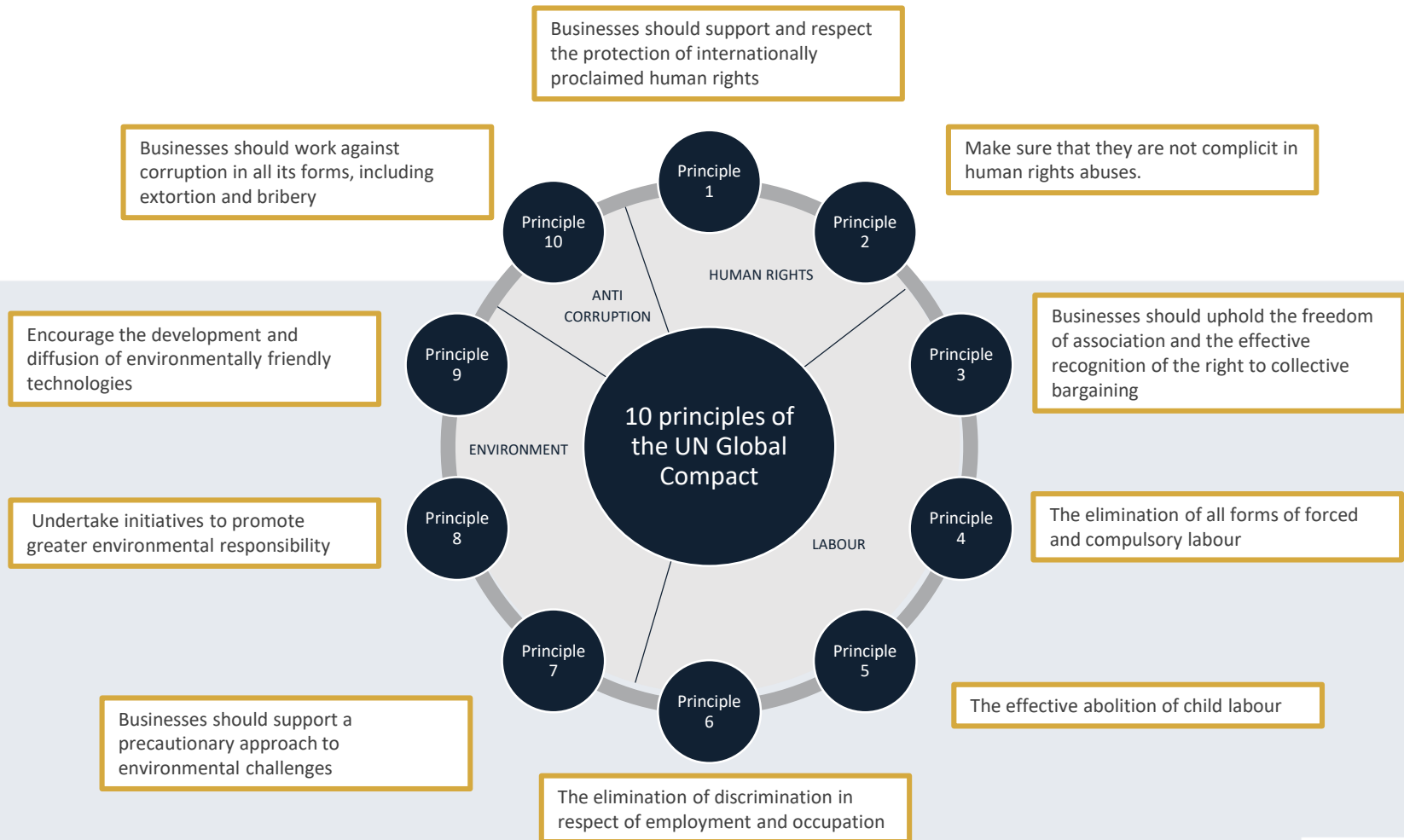
#### Anti Personal Landmines

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

#### Nuclear Weapons

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

## DYNASTY CREDIT SUB

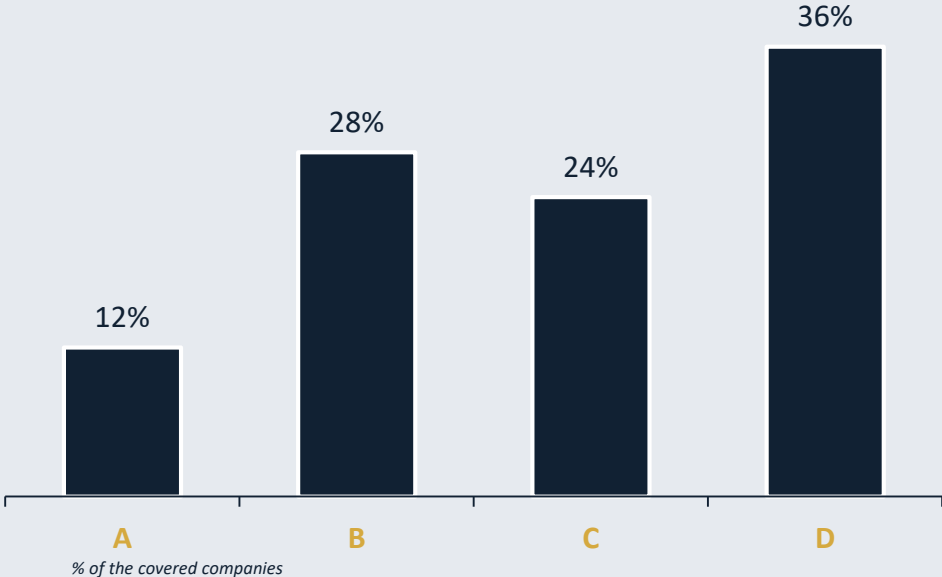


# DYNASTY CREDIT SUB

## Carbon Footprint (of investments)

A B C D

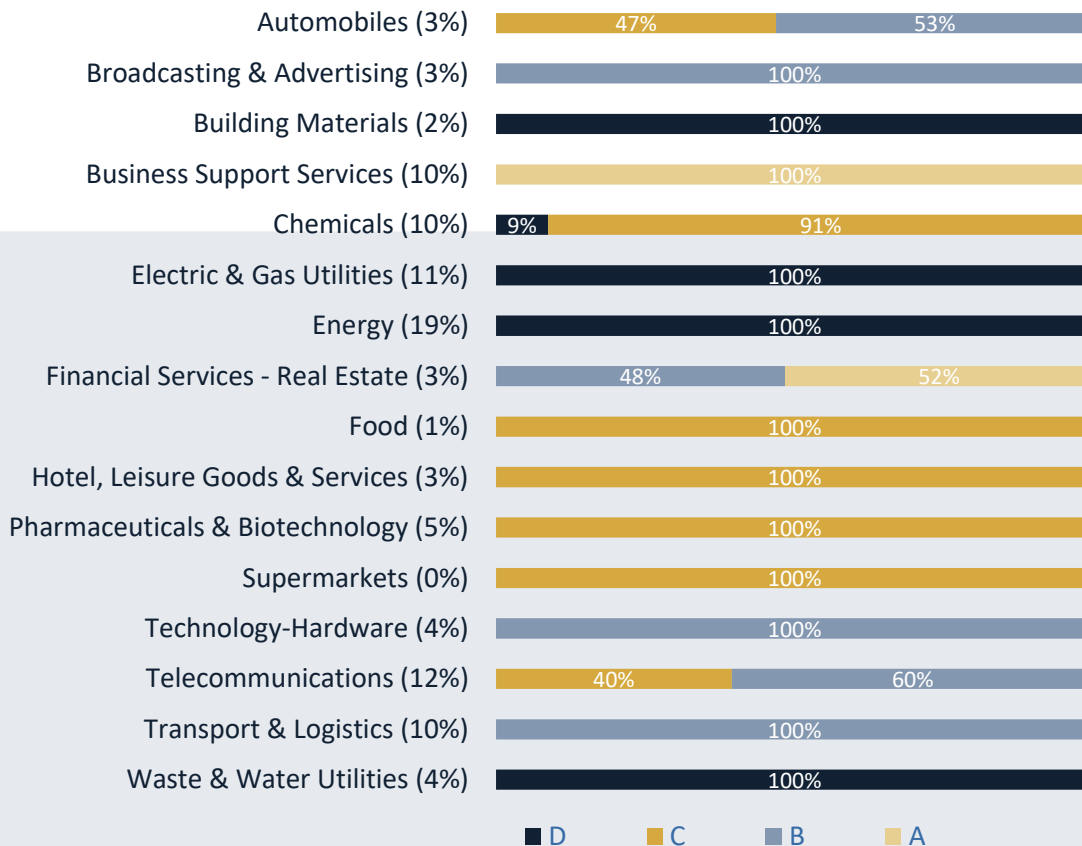
High



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**.

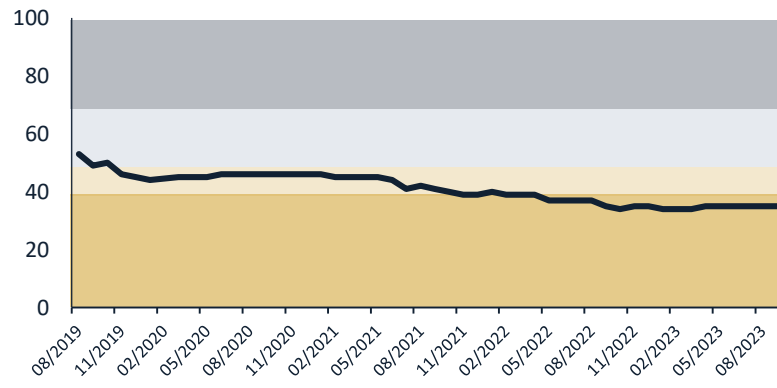
Holding Name	Portfolio Weight	UN Global Compact principle	Dynasty AM Status	Start of engagement	Time remaining below 2 years ?
Volkswagen 3.375% Perp (Call 2023)	1.5%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 3,125% 2079 (Call 2027)	3,7%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.5%	Principles No. 1,2, 10	Not Active		



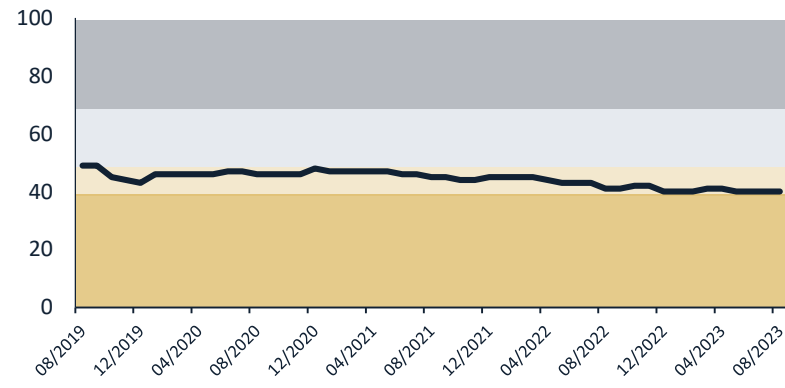
## DYNASTY CREDIT SUB

### ESG RISKS

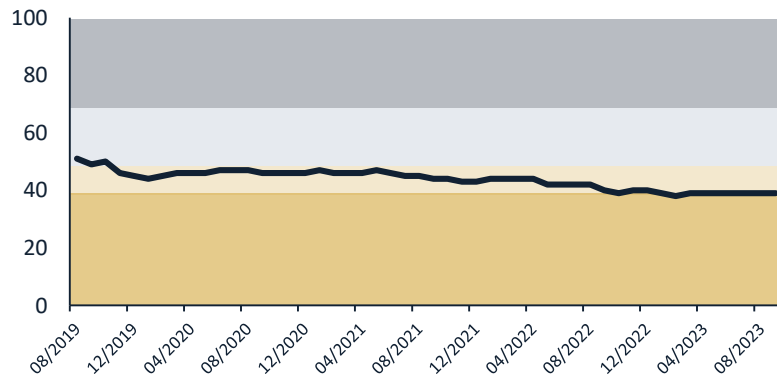
#### Environment



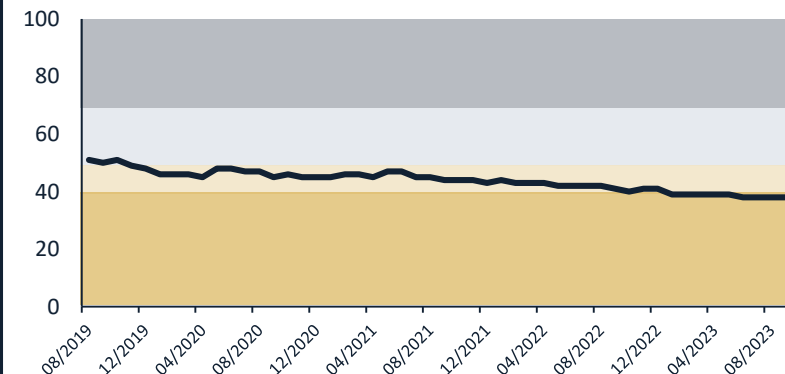
#### Social



#### Overall



#### Governance



- 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 ?
Volkswagen 3.375% Perp (Call 2023)	1.5%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 3,125% 2079 (Call 2027)	3,7%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.5%	Principles No. 1,2, 10	Not Active		



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# Get in touch

## /Sales contact

**DYNASTY AM S.A.**  
13-15, route d'Esch  
L-1470 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](mailto:laurent.pluchard@dynasty-am.lu)

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





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