

# ESG REPORT

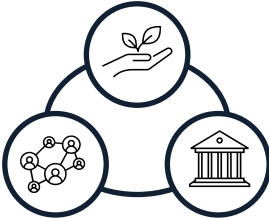
DYNASTY CREDIT SUB



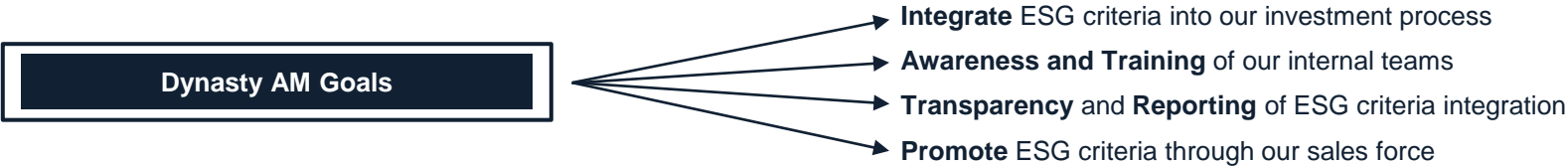
31<sup>st</sup> March 2024

# ESG POLICY

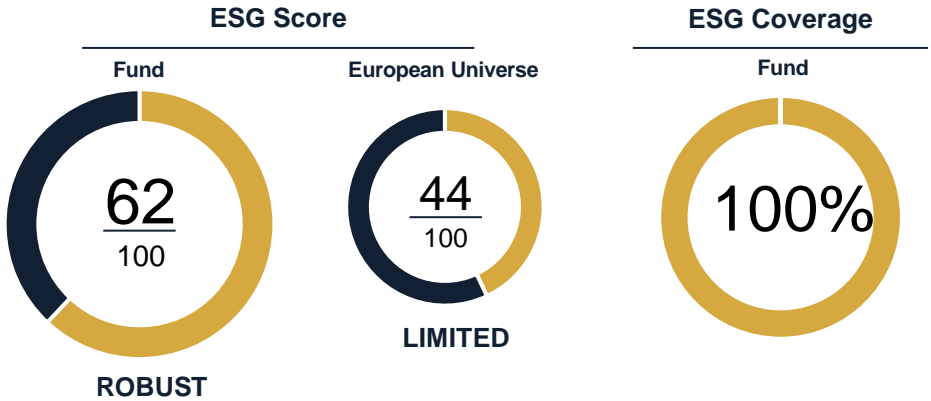
Dynasty AM S.A.'s **ESG (Environment, Social and Governance)** philosophy is based on the principle that there is a positive correlation between taking into account extra-financial criteria and generation of added value. We therefore aim to obtain the best long-term risk- return ratio for our clients,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



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



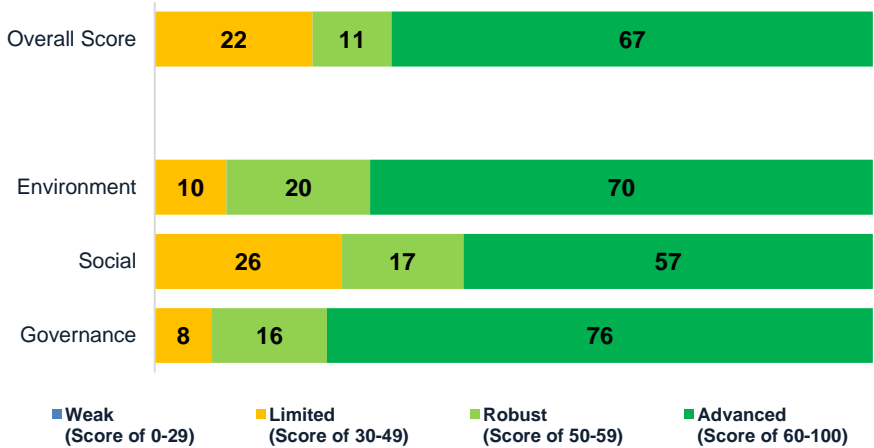
# DYNASTY CREDIT SUB



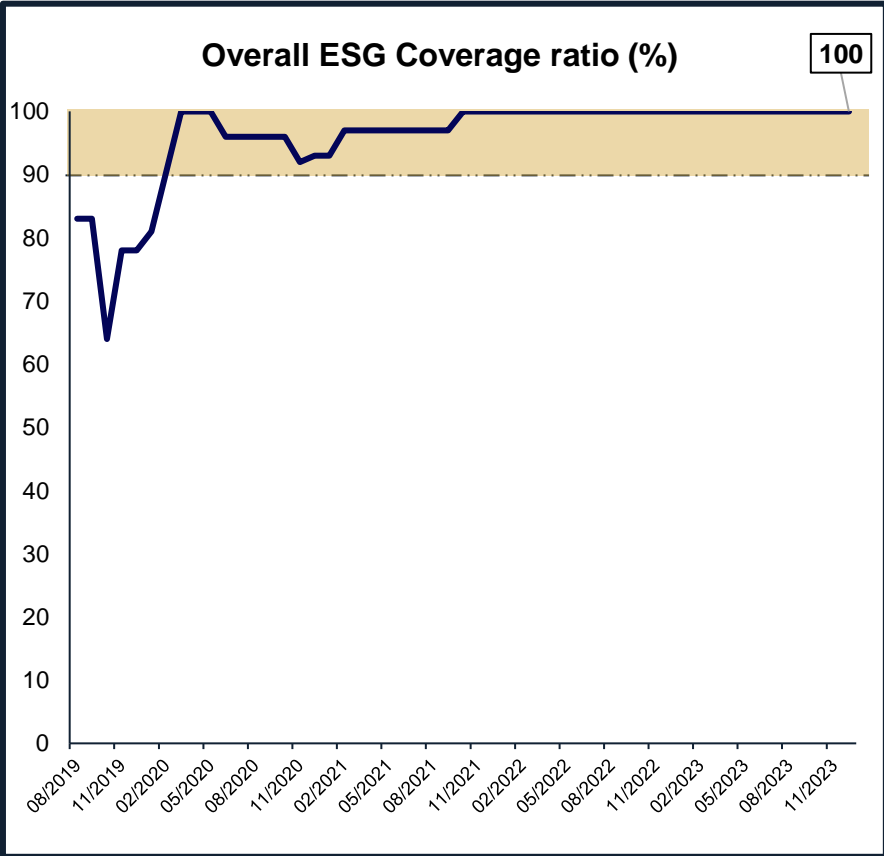
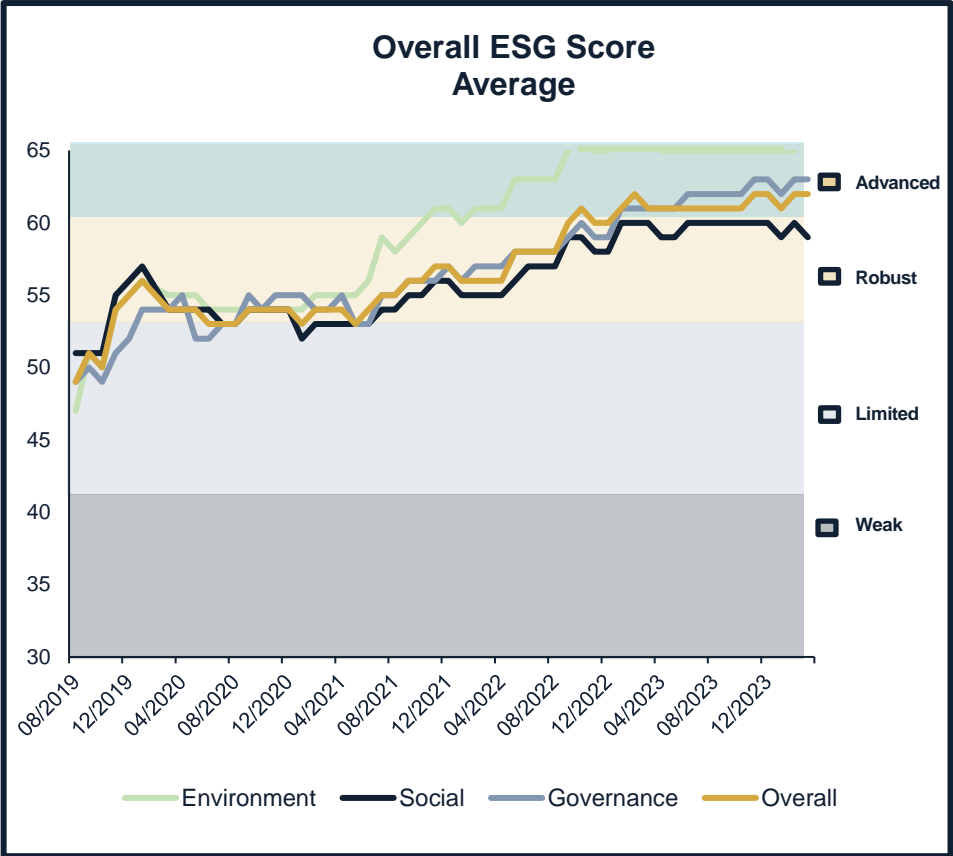
## Overall and Domain Scores

	Average
Overall	62
Environment	65
Social	59
Governance	63

## 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 3.125% Perp (Call 2025)	3.1%	Industriel	Advanced
2	Enel 6.375% Perp (Call 2028) / 4.75% (Call 2029)	2.5%	Consumer, Non-Cyclical	Advanced
3	Danone 1% Perp (Call 2026)	0.7%	Consumer, Non-Cyclical	Advanced
4	Casino 4.87% Perp (Call 2024)	0.1%	Consumer, Non-Cyclical	Advanced
5	Electricité de France 2.875% Perp (Call 2026)	4.4%	Utilities	Advanced

## 5 lowest rated ESG positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	Aroundtown 1.625% Perp (Call 2026)	2.4%	Real Estate	Limited
2	Abertis 3.248% Perp (Call 2025)	3.1%	Industrial	Limited
3	Volkswagen 3.375% Perp (Call 2024)	1.6%	Consumer, Cyclical	Limited
4	Bertelsmann 3% 2075 Perp (Call 2027)	3.2%	Communications	Limited
5	Gazprom 3.897% Perp (Call 2025)	1.3%	Energy	Limited

# DYNASTY CREDIT SUB

5 largest positions

Rank	Holding Name	Portfolio Weight	Sector (GICS)	Rating
1	BP Capital Markets 3.25% Perp (Call 2026)	4.7%	Energy	Limited
2	Eni Spa 2.625% Perp (Call 2025)	4.6%	Energy	Advanced
3	Electricité de France 2.875% Perp (Call 2026)	4.4%	Utilities	Advanced
4	Infineon Technologies 2.875% Perp (Call 2025)	4.0%	Technology	Advanced
5	Evonik 1.375% (Call 2026)	3.7%	Basic Materials	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

Holding Name	ISIN	Portfolio Weight
None in portfolio		

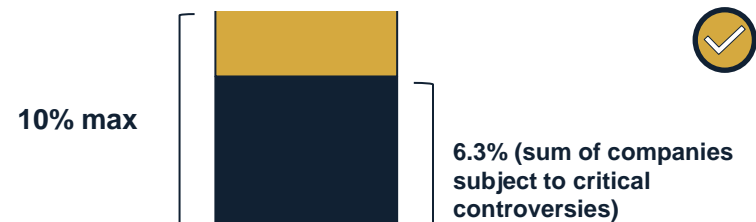


# DYNASTY CREDIT SUB

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
Holcim 3% Perp (Call 2024 )	1.6%	Industrial	4
Volkswagen 3.375% Perp (Call 2024)	1.6%	Consumer, Cyclical	5
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	3.1%	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.



# 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

None in portfolio

### Controversial Weapons

Holding Name	ISIN	Portfolio Weight

None in portfolio

### Nuclear Weapons

Holding Name	ISIN	Portfolio Weight

None in portfolio

### Anti Personal Mines

Holding Name	ISIN	Portfolio Weight

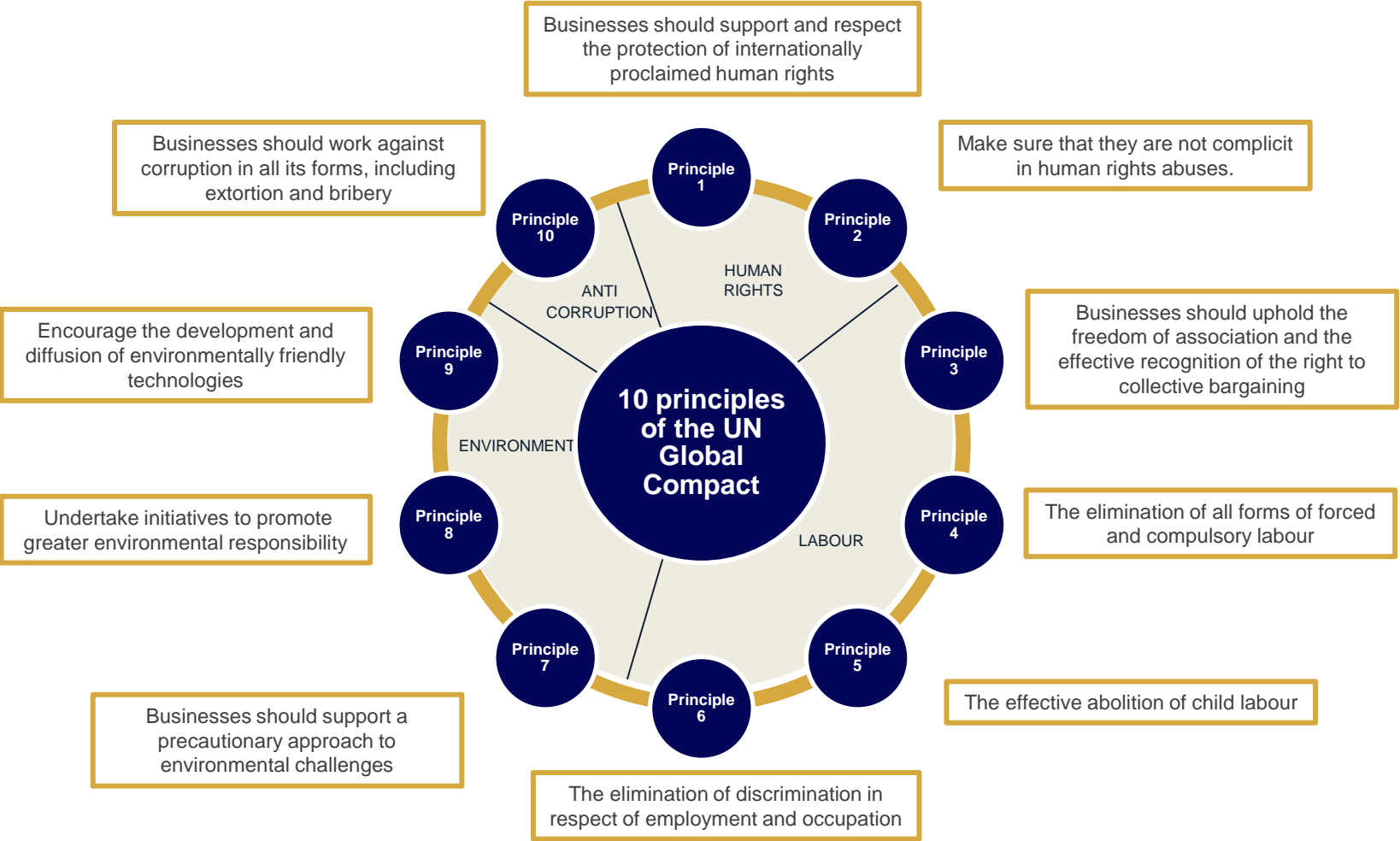
None in portfolio

### Anti Personal Landmines

Holding Name	ISIN	Portfolio Weight

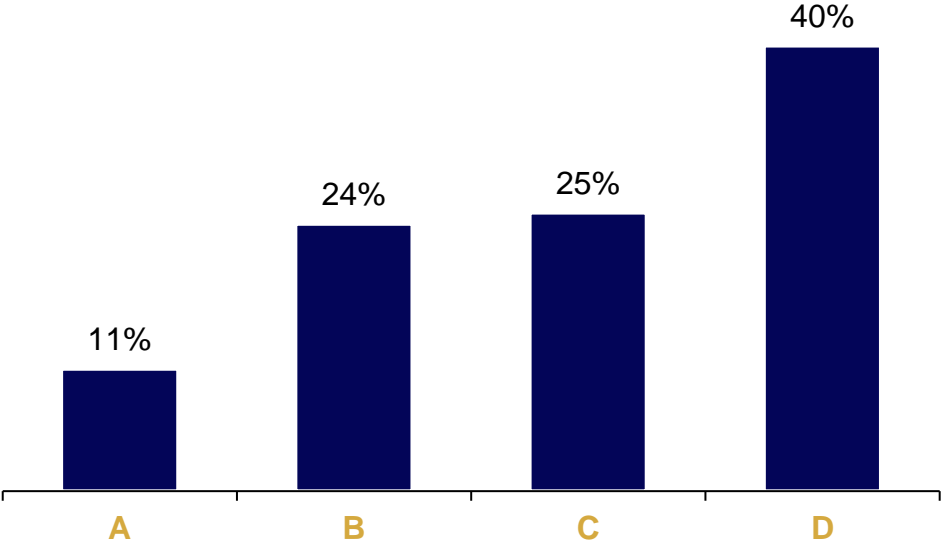
None in portfolio

# DYNASTY CREDIT SUB



# DYNASTY CREDIT SUB

**Carbon Footprint (of investments)**

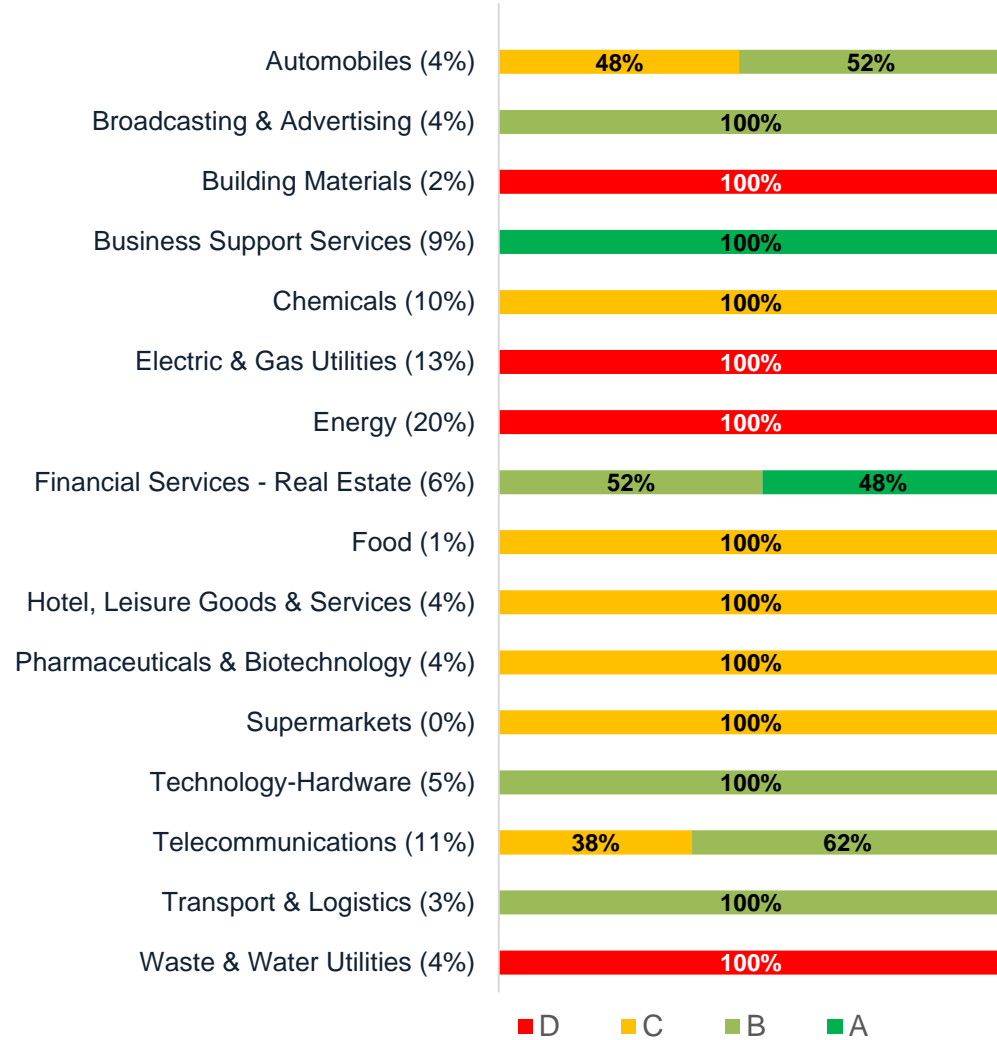


Scale	Emissions (T CO2 Equivalent)*	Categories
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

\* Scope 1 & 2

% of the covered companies

# 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.

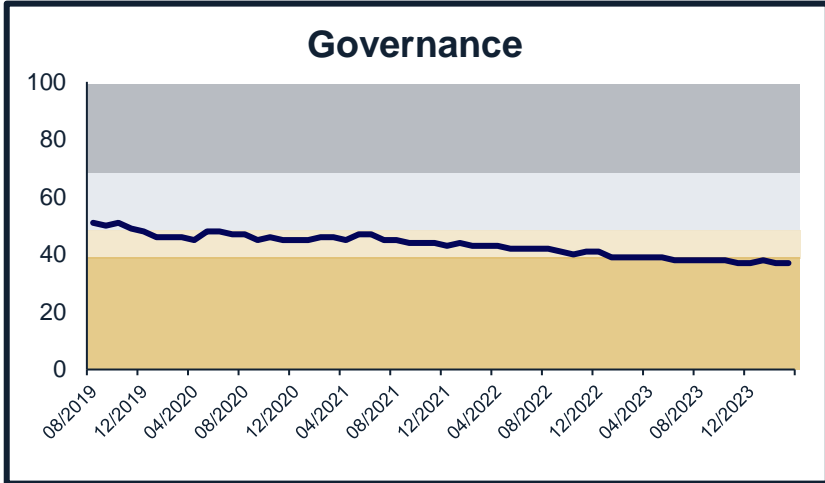
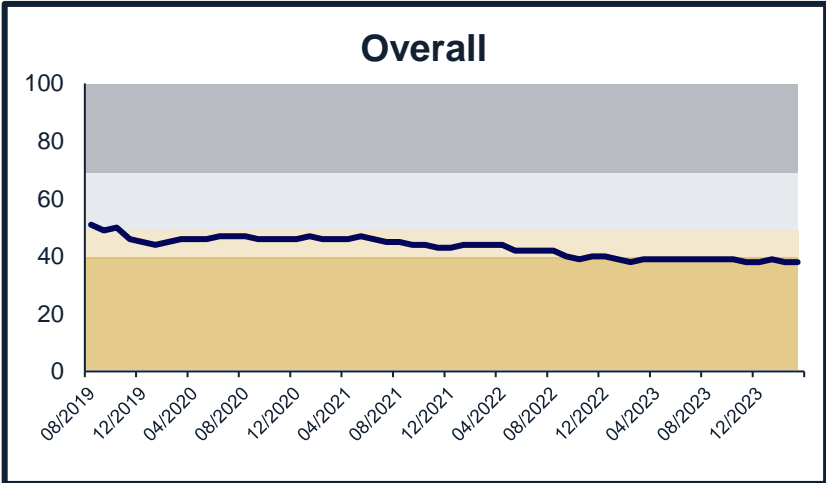
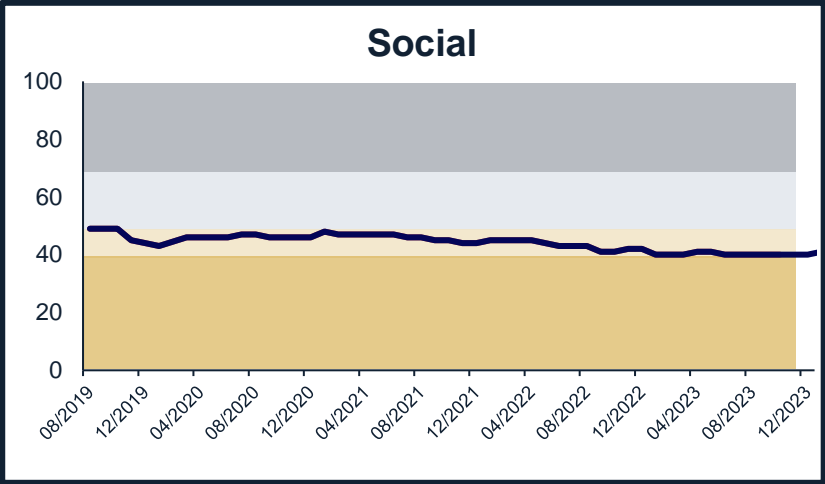
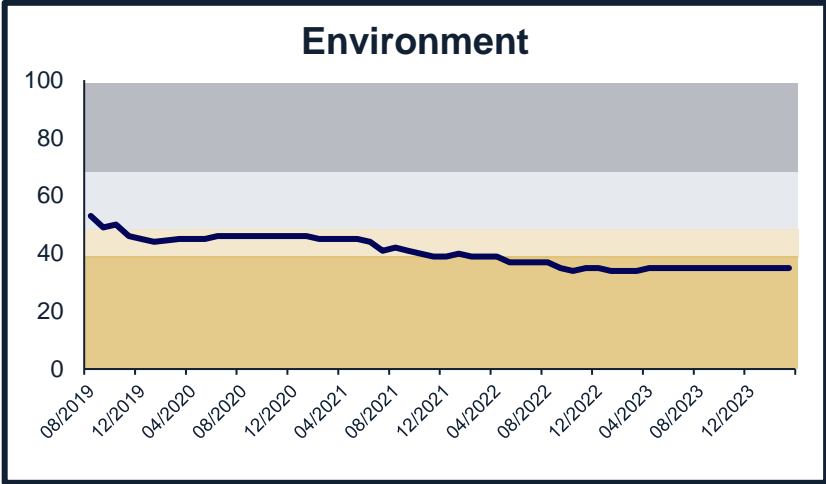
If this engagement does not lead to the desired change in a period of **2 years** from the **start** of this engagement, the company will join our **Global Compact Exclusion List**.

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)	1.6%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	3.1%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.6%	Principles No. 1,2, 10	Not Active		



# DYNASTY CREDIT SUB

## 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



ESG



LuxFlag Compliant

### 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



ESG



LuxFlag Compliant

### 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)	1.6%	Principles No. 9, 10	Not active		
Bayer 4.5% 2082 (Call 2027)/ 6.625% 2083 (Call 2028)	3.1%	Principle No. 9	Not Active		
Holcim 3% Perp (Call 2024)	1.6%	Principles No. 1,2, 10	Not Active		





# Get in touch/ Sales contact

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# Thank You