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

**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.

**Product name:** DNCA INVEST - GLOBAL CONVERTIBLES
**Legal entity identifier**: 213800BW6RM25BQJNQ51

## 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:** ___% | ☐ 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 |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ 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 | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments 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?

The characteristics promoted by the Sub-Fund are governance, environment, social and societal criteria.

The management of the Sub-Fund relies on the proprietary analysis tool on environment, social and governance: ABA (Above and Beyond Analysis).

As part of the promotion of such characteristics, the Sub-Fund will in particular consider the following ESG matters:

- Environment: GHG emissions, airborne pollution, waterborne pollution, water consumption, land use, etc.

- Social: Excessive CEO Compensation, gender inequality, health and safety issues, child labor, etc.
- Governance: Monitoring corruption and bribery, tax avoidance, etc.
- Global ESG quality rating.

In this way, the investment process and resulting stock picking take into account internal scoring with respect to both corporate responsibility and sustainability of companies based on an extra-financial analysis trough a proprietary tool developed internally by the Management Company, with the "best in universe" method. There may be a sector bias.

The Sub-Fund does not use a benchmark for the purpose of attaining the ESG Characteristics promoted by the Sub-Fund.

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

- ***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 by the Sub-Fund are:

  - The "Above and Beyond Analysis" ("ABA", the proprietary tool) Corporate Responsibility Score: the main sustainability indicator used by the Sub-Fund is the ABA scoring (see part "Investment Strategy") based on the Corporate Responsibility and divided into four pillars: shareholder responsibility, environmental responsibility, employer responsibility, societal responsibility.
  - The Transition to a Sustainable Economy Score: the Management Company completes this analysis by an assessment of companies' exposure to "Transition to a Sustainable Economy". This score is based on five pillars: demographic transition, healthcare transition, economic transition, lifestyle transition and ecologic transition.
  - Exposure to UN Sustainable Development Goals: the Management Company assesses for each company the part of revenues linked to one of the 17 Sustainable Development Goals of United Nations.
  - Carbon data: carbon footprint (t CO2/m$ invested) of the Sub-Fund's portfolio.
  - Carbon intensity (t CO2/m$ revenues) of the Sub-Fund's portfolio.

- ***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.

***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.

*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.

**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?**

✖ Yes, _____

The Sub-Fund is taking into account the principal adverse impacts on sustainability factors.

- The Principal Adverse Impact ("PAI") analysis is part of the Corporate Responsibility Rating (See below)

- The Management Company is implementing an "Adverse Impact on Sustainability Policy", measuring the PAI. The Policy first intend to monitor the contributions to climate change (CO2 emissions, CO2 intensity, implied temperature) in the context of the "Climate Trajectory" objectives.

Further information may be found in the annual report in respect of the Sub-Fund.

No

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

The investment process is based on the following three stages:

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

- Selection of the investment universe combining a financial (quantitative and micro-economic) and extra-financial (qualitative) approach and exclusion of issuers which have a high-risk profile in terms of corporate responsibility (rating below 2/10 in the ESG proprietary tool) or exposed to major controversies. This extra-financial filter excludes a minimum of 20% of issuers based on the extra-financial analysis describes before,

- Build the portfolio with a "Top down" approach (i.e. an approach which consists of looking to the overall portfolio),

- Selection of securities ("Bottom up" approach) on the basis of a multi-factor analysis (fundamental analysis, valuation of the credit option and characteristics of the convertible bonds) followed by the overall analysis of the portfolio.

**The ABA scoring: proprietary tool of analysis and Corporate Responsibility Rating** Corporate responsibility is a useful information's pool used to anticipate companies' risks especially looking at the interplay with their stakeholders: employees, supply chains, clients, local communities, and shareholders…, regardless of the sector of activities.

The ABA analysis of corporate responsibility is broken down into four pillars:

- shareholders responsibility (board of directors and general management, accounting practices and financial risks, etc.),

- environmental responsibility (environmental footprint of the production chain and product life cycle or responsible supply, energy consumption and water consumption, company CO2 emissions and management of waste, etc.),

- responsibility towards workers ethics and working conditions of the production chain, treatment of employees – safety, well-being, diversity, employee representation, wages, quality of products or services sold, etc.), and

- societal responsibility (Product quality, safety and traceability, respect of local communities and human rights, etc).

Each pillar is rated independently by the Management Company and weighted in accordance to how material it is for the targeted company. Each pillar is broken down into a set of criteria, selected in accordance to the materiality (correlation with the economic performance), which are around 25 in total (as listed in the below table). Those criteria can be quality of board assessment,

CEO remuneration, impact on biodiversity, climate policy and energy efficiency, etc.

| | | |
|---|---|---|
| Shareholder Responsibility | Respect for minority | Control structure |
| | | Poison pill, limitation of votes |
| | Quality of Management | Size and composition of the ExCom |
| | | Rotation of leaders, checks and balances |
| | | Quality of the strategy |
| | Independence of Board and committees | Independence rate of the Board and its committees |
| | | Separation of powers of the CEO/Chair |
| | | Composition and size of the Board, fees and attendance |
| | CEO compensation | Transparence of compensation |
| | | Variable compensation consistent with objectives and results |
| | | ESG criteria in the variable compensation |
| | Accounting Risks | History of accounting irregularities (10 years) |
| | | Change in accounting methods/reporting |
| | | Independence of the statutory auditors |
| | Quality of financial reporting | Trust in guidance and transparency |
| | | Profit warning history |
| | | Access to management |
| Environmental Responsibility | Environmental management | Environmental Management System (EMS) and reporting scope |
| | | Quality and consistency of reporting, quantified objectives |
| | | Governance: dedicated director |
| | Climate policy and energy efficiency | Implementation of an energy efficiency policy |
| | | Precise reporting and quantified objectives (scope 1, 2 and 3, CO2 emissions, carbon intensity) |
| | Regulation and certification | Perimeter of the environmental certification process |
| | | Integration of regulations related to the sector |
| | | Revenue associated with green/brown activities |
| | Impact on biodiversity and externalities | Management of positive contributions to biodiversity and reporting |
| | | Integration of upstream issues in projects |
| | | History of accidents or pollution |
| | | Water consumption |
| | | Waste recycling |
| Employer Responsibility | Corporate culture and HR management | HR's position in the company's hierarchy |
| | | Leadership and culture type |
| | | Distribution of full-time employees (FTEs) |

| | | |
|---|---|---|
| | | Employee share ownership |
| | Health and safety | Establishment of committees and procedures for hygiene, safety and working conditions |
| | | Workplace accident history, lever of reporting (accident frequency, gravity, number of fatalities) |
| | | Transparency and scope of indicators |
| | Labor relations and working conditions | Quality of social dialogue, average absenteeism, turnover rates |
| | | History of employee conflicts |
| | | Quality of working conditions and compliance with legislation |
| | Training and career management | Training pan and age pyramid |
| | | Sector-specific transition issues |
| | | Employee seniority and internal mobility policy |
| | | Training budget, number of training hours/employee |
| | Promoting diversity | Share of women among employees |
| | | Share of women on management teams |
| | | Promotion of local managers |
| | Attractiveness and recruitment | Attractiveness of the sector and the company (Glassdoor rating, average salary/FTE) |
| | | Talent attraction program |
| | | Ability to hire people with key skills |
| Societal Responsibility | Product quality, safety and traceability | Product quality control process |
| | | History of quality defects |
| | | Consumer safety issues |
| | Innovation capacity and pricing power | Internal or external R&D management |
| | | Employees dedicated to R&D, R&D budget |
| | | Pricing power and brand power |
| | Supply chain management | Supply chain control and model (integrated or heavy outsourcing), limitation of cascading suppliers |
| | | History of supply chain failure |
| | | ESG included in the contracts with suppliers |
| | Customer satisfaction and market share gains | Customer satisfaction monitoring policy, change in market share |
| | | Organic growth trends |
| | | Quality of the B-to-B distribution network |
| | | Customer complaint history |
| | Respect for local communities and human rights | Respect for human rights, facilitating the right to operate |
| | | Integration of local communities |
| | | History of local conflicts |
| | Cybersecurity & the protection of personal data | Use of personal data as a business model |
| | | Protection of sensitive data and privacy |

| | | |
|---|---|---|
| | | Protection mechanisms against cyber attacks |
| | Corruption and business ethics | Governance and corruption prevention process |
| | | Operations in high-risk countries |
| | | History of corrupt or unethical practices |

Moreover, the monitoring of the level of controversy is taken into account directly in the corporate responsibility and may affect the rating.

This in-depth analysis, combining qualitative and quantitative research, leads to a rating out of 10.

***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 implements its strategy within two types of binding elements: exclusions applied for the Management Company, and exclusions specific to the strategy.

1. Exclusions applied for the Management Company:

- Exclusion based on United Nations Global Compact breaches: after analysis and decision by the Management Company, companies are listed by the Management Company on a "worst offenders" list and excluded from all portfolios

- Exclusion related to the Management Company engagement to disinvest in non-conventional oil and gas activities and coal activities based on sector activities, according to the table below:

| **Activities** | **Exclusion from March 2022** | **Issuers having their registered office in the European Union or in the EOCD** | | **Issuers having their registered office outside of the EOCD** | |
|---|---|---|---|---|---|
| | | **Exclusion from December 2027** | **Exclusion from December 2030** | **Exclusion from December 2030** | **Exclusion from December 2040** |
| **Thermal Coal Production** | From 10% of the revenues | From 5% of the revenues | Definitive exit (0% of the revenues) | From 5% of the revenues | Definitive exit (0% of the revenues) |
| **Coal-based electricity generation** | From 10% of the revenues | From 5% of the revenues | Definitive exit (0% of the revenues) | From 5% of the revenues | Definitive exit (0% of the revenues) |

| Activities | Exclusion from March 2022 | Issuers having their registered office in the European Union or in the EOCD | | Issuers having their registered office outside of the EOCD | |
|---|---|---|---|---|---|
| | | Exclusion from December 2027 | Exclusion from December 2030 | Exclusion from December 2030 | Exclusion from December 2040 |
| **Activities** | | **Exclusion from December 2030** | **Exclusion from December 2040** | **Exclusion from December 2030** | **Exclusion from December 2040** |
| **Production of unconventional oil of gas** | From 10% of the revenues | From 5% of the revenues | Definitive exit (0% of the revenues) | From 5% of the revenues | Definitive exit (0% of the revenues) |

2. Exclusions specific to the strategy followed by the Sub-Fund:

   - Exclusions of issuers which have a "Severe Risk" profile in terms of Corporate Responsibility This category represents companies with a Corporate Responsibility Rating below 2 out of 10 within our internal rating.),

   - Sectorial exclusion as defined in the Management Company's Exclusion Policy.

The above-mentioned applied exclusions which are further detailed in the Management Company's "Exclusion Policy" and "Responsible Investor Policy" are binding and further details thereon are available on the website of the Management Company (https://www.dnca-investments.com/lu/areas-of-expertise/sri). Details of the Sub-Fund's exclusion policy are also available from the Management Company upon request.

Moreover, a strict controversial weapons exclusion and sectorial exclusion policy is implemented and is available on the website of the Management Company (https://www.dnca-investments.com/lu/areas-of-expertise/sri).

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

  The Sub-Fund does not apply a minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy. Nevertheless, the achievement of the extra-financial strategy through the Corporate Responsibility and the controversies and sectorial exclusion policy is consequently leading to reduce of the scope of the investment universe.

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

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

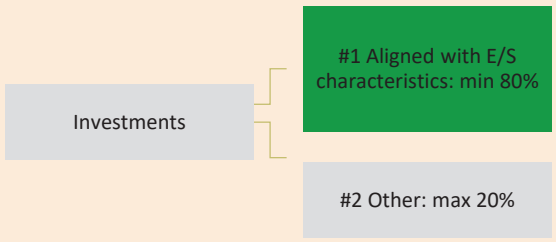
The Governance is one the assessment axes of the Corporate Responsibility: The Shareholder Responsibility. It is rated out of 10 based on 6 criteria: sound management structures (i.e. the quality of the management the board and committees of the issuer), overall issuers' remuneration of staff (focusing on the CEO's remuneration) and tax compliance (alignment of the tax rate with the local economic presence, presence in tax havens, change in the tax rate over 10 years), a good employee relation, the quality of the financial communication, the accounting risks and the respect for minority shareholders. Around thirty KPIs allow the assessment of the governance practices associated with these 6 criteria. In addition, controversies related to the good governance practices impact the overall rating.

**Asset allocation** describes the share of investments in specific assets.

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

The Sub-Fund intends to invest 80% minimum of its net assets in investments aligned with the environmental and social characteristics it promotes. The remaining portion of the Fund's investment portfolio ("#2Other") will consist of financial derivative instruments for hedging and/or exposure and/or efficient portfolio management purposes as well as deposits at sight, money market funds, money market instruments and other deposits for liquidity purposes.

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.




**#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.

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

The Sub-Fund does not invest in financial derivative instruments in order to attain the environmental or social characteristics it promotes.

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

Not applicable

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **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.

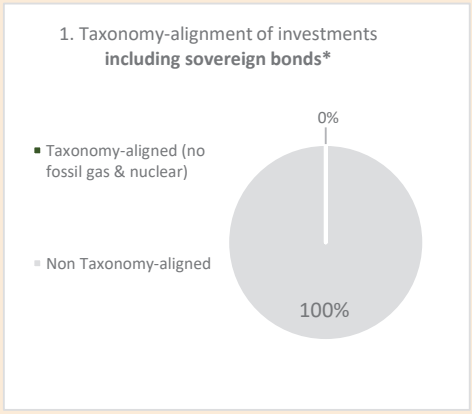
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[28]?**

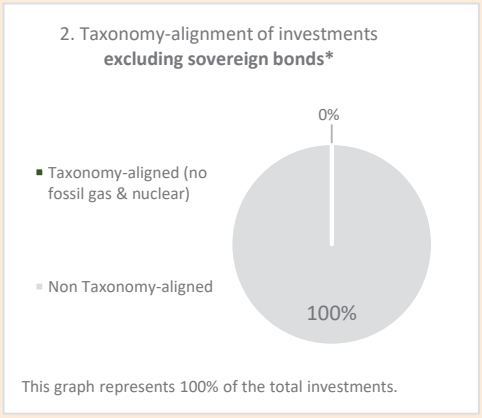
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

***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.*

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

0%

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?**

Not applicable.

[28] 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 objective – 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.

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

Not applicable.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

The Sub-Fund may also invest in financial derivative instruments for hedging and/or increasing exposure and/or efficient portfolio management purposes as well as in deposits at sight, money market funds, money market instruments and other deposits on an ancillary basis for liquidity purposes.

There are no specific environmental or social safeguards linked to the use of derivatives and other assets included under "#2 Other".

**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?**

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

The reference benchmark of the Sub-Fund does not intend to be consistent with the environmental or social characteristics promoted by the Sub-Fund.

- ***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.dnca-investments.com/lu/funds/dnca-invest-global-convertibles/units/a-lu2595402673 by clicking on section "Documents" and accesssing the ESG inforation under the sub-section "SRI Documents".