Publication of sustainability information

DNCA INVEST – SUSTAIN REAL ESTATE

Summary

DNCA INVEST – SUSTAIN REAL ESTATE is a sub-fund of the Luxembourg SICAV DNCA Invest managed by DNCA Finance.

The Sub-fund has a sustainable investment objective within the meaning of Article 9 of European Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (SFDR). The financial product's investments do not cause significant harm to any of the sustainable investment objectives, as indicators relating to negative impacts are taken into account in the corporate responsibility rating of our internal tool and sustainable investments comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles.

The Sub-Fund is managed in accordance with sustainable and responsible investment principles and aims to achieve exposure to the 17 United Nations Sustainable Development Goals, entities held in the portfolio (excluding cash, derivative financial instruments, and money market funds).

The investment strategy applied to the Sub-Fund is based on three steps, namely: excluding companies presenting high risks in terms of corporate responsibility; selecting issuers and companies identified as meeting the Sub-Fund's sustainable strategy objective; and building a portfolio based on fundamental analysis, liquidity, and the valuation of the companies considered.

As such, the Sub-Fund aims to invest at least 100% of its net assets in sustainable investments, of which at least 5% have an environmental objective aligned with the EU taxonomy and at least 1% have a social objective.

To assess the achievement of the sustainable investment objective, checks are carried out using indicators (e.g., the ABA internal rating method for private and public issuers). The data used in this context comes mainly from public sources and external service providers' databases. Therefore, there may be limitations in terms of the availability and quality of this data.

Furthermore, DNCA Finance has implemented due diligence procedures for underlying assets by monitoring controversies and applying exclusions based on the results of ESG analysis, as well as a shareholder engagement policy as part of its responsible investment approach.

The financial product does not have a benchmark aligned with the sustainable investment objective set.

No material detriment to the sustainable investment objective

The financial product's investments do not cause significant harm to any of the sustainable investment objectives, as the negative impacts of companies' activities on social and environmental objectives are directly incorporated into the ABA Corporate Responsibility Rating (which incorporates indicators of negative impacts on sustainability factors in Table 1 of Appendix 1 of the SFDR RTS) and may result in a downgrade of the ABA rating below the minimum rating.

In this context, DNCA Finance implements the following exclusions in accordance with its exclusion policy:

- Thermal coal and unconventional oil and gas: DNCA Finance will gradually exclude companies involved in activities related to thermal coal and unconventional oil and gas;
- Controversial weapons: issuers are excluded from all DNCA Finance portfolios;
- Non-compliance with the United Nations Global Compact: issuers that have committed serious violations of the principles of the United Nations Global Compact are included in the list of "worst offenders" by DNCA Finance and are excluded from all portfolios.
  violations" and are excluded from all portfolios.

Furthermore, the main negative impacts are included in the key performance indicators (KPIs) collected for analysis. Issuers with serious adverse impacts will receive a poor corporate responsibility rating (ABA). A minimum rating of 4 out of 10 is therefore consistent with the approach of not causing significant harm to environmental or social objectives.

Finally, issuers that do not comply with the principles of the United Nations Global Compact are poorly rated in terms of
corporate responsibility according to the ABA tool.

Issuers that are the subject of controversy or serious violations of the principles of the United Nations Global Compact (human rights or anti-corruption) based on the internal approach are excluded from the portfolio via the list of worst offenders once the internal analysis has been completed. The internal approach enables DNCA Finance to draw up a list of issuers identified as violating the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and which have been classified as "serious violations" by the DNCA Finance Ethics Committee. These issuers are therefore included in an exclusion list of "worst offenders" and are prohibited from investing.

To perform this analysis, DNCA Finance uses the database of an external data provider:

1) Extract issuers with "standard-based" alerts;
2) Eliminate irrelevant issuers;
3) Quantitative analysis of violations by the DNCA Finance Ethics Committee;
4) Include issuers identified as having committed a "serious violation" in the list of the worst companies in terms of violations.

Sustainable investment objective of the financial product

The Sub-Fund's objective is sustainable investment within the meaning of Article 9 of the SFDR. The Sub-Fund is managed in accordance with sustainable and responsible investment principles and aims to achieve exposure to the 17 United Nations Sustainable Development Goals of the entities held in its portfolio (excluding cash, derivative financial instruments, and money market funds).

In order to achieve the Sub-Fund's sustainable investment objective, DNCA Finance has identified global environmental and sustainability challenges, which include (but are not limited to) climate change mitigation and adaptation. These sustainable investment objectives may be clarified and updated by DNCA Finance from time to time. In this case, the Prospectus will be updated accordingly at the time of the next update.

To be eligible for the investment universe, issuers must comply with the following criteria, which are based
on a pass/fail approach:

- a minimum of 5% of revenues exposed to SDGs, according to the internal classification framework based on sustainable transition activities (demographic transition and/or healthcare transition and/or economic transition and/or lifestyle transition and/or ecological transition), as stipulated below in the section on investment strategy.

- a minimum score of 4 out of 10 for corporate responsibility (taking into account controversies and major negative impacts) combined with the exclusion policy, incorporating the principle of "Do no significant harm" for any environmental or social objective (see above).

- a minimum score of 2 out of 10 for governance (corporate governance practices).

The investment process and the resulting selection of equities and bonds in private companies therefore take into account an internal rating concerning both corporate responsibility and sustainability, based on a non-financial analysis carried out using a tool developed in-house by DNCA Finance, using the "best in universe" method. There may be a sector bias.

For public issuers, the investment process and the resulting selection of government bonds take into account an internal rating concerning the responsibility of public issuers, based on a non-financial analysis carried out using a tool developed in-house by DNCA Finance, using the minimum rating approach method.

The Sub-Fund does not use a benchmark index to achieve its sustainable objective.

Investment strategy

The investment process applied to the Sub-Fund is based on the following three steps:

- Exclusion of companies presenting high risks in terms of corporate responsibility (minimum rating of 4/10 according to DNCA Finance's internal model). This selection meets the requirements of the French SRI Label;
- Selection of issuers and companies identified as meeting the sustainable strategy objective of the Sub-Fund;
- Construction of a portfolio based on fundamental analysis and the liquidity and valuation of the companies considered.

In promoting these characteristics, the Sub-Fund will take into account the following ESG factors relating to private issuers:

- Environment: GHG emissions, air pollution, water pollution, water consumption, land use, etc.
- Social: Excessive CEO compensation, gender inequality, health and safety issues, child labor, etc.;
- Governance: Monitoring of corruption and influence peddling, tax evasion, etc.;
- Overall ESG quality rating.

ABA rating: ABA is an internally developed analysis tool and corporate responsibility rating system.

The field of corporate responsibility is an extremely useful source of information for anticipating risks for companies, particularly in their interactions with stakeholders: employees, suppliers, customers, local communities, shareholders, etc., regardless of their sector of activity.

Corporate responsibility is analyzed by the ABA tool according to four fundamental principles:

- Shareholder responsibility: board of directors and senior management, accounting practices and financial risks, etc.;
- Environmental responsibility: environmental footprint of the production chain and product life cycle or responsible sourcing, energy and water consumption, company CO2 emissions and waste management, etc.;
- Responsibility towards workers: in terms of ethics and working conditions on the production line, treatment of employees, safety, well-being, diversity, staff representation, salaries, quality of products or services sold, etc.; and
- Social responsibility: product quality, safety, and traceability; respect for local communities and human rights, etc.

Each fundamental principle is rated independently by DNCA Finance and weighted according to its importance for the target company. Each fundamental principle is broken down into a set of criteria, selected according to their relative importance (correlation with economic performance), of which there are around 25 in total. These criteria include the quality of the board of directors' assessment, CEO compensation, impact on biodiversity, climate policy and energy efficiency, etc.

Sustainable transition focuses on the positive impacts generated by companies through their activities, products, and services. The objective is to determine whether or not a company contributes to sustainable transition. In the model, this pillar has been broken down into five main themes: demographic transition (inclusion of seniors, access to education, etc.), medical transition (access to healthcare, medical diagnosis, combating endemic diseases, etc.), economic transition

(infrastructure development, digitization, access to connectivity, etc.), lifestyle transition (extension of product lifecycles, circular economy, sustainable mobility, etc.), and ecological transition (renewable energies, biodiversity, green mobility, etc.). Approximately 34 activities contributing to sustainable transition have been identified and integrated into the model. Sustainable transition includes the United Nations Sustainable Development Goals.

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

This in-depth analysis, which combines qualitative and quantitative research, results in a score out of 10. In promoting these characteristics, the Sub-Fund will take into account the following ESG factors relating to public issuers:

- Environment: carbon intensity and energy consumption distribution.
- Social: compliance with international standards (child labor, discrimination, freedom of association, money laundering, labor rights, human rights, freedom of the press, and torture).
- Governance: signatory to the Paris Agreement, signatory to the United Nations Convention on Biodiversity, coal phase-out policy, nuclear non-proliferation agreement.
- Global ESG risk rating and coverage.

With regard to investments in government bonds, this asset class is subject to extra-financial analysis
financial analysis based on four fundamental principles, including:

- ESG risk analysis;
- Violation of international standards;
- Adherence to international conventions;
- Climate profile.

ESG risk analysis is based on four fundamental principles, rated from 0 to 10:

- Governance: this section covers the rule of law and respect for freedom, the quality and transparency of institutions and the regulatory framework, military status and defense, and democracy.
- Environment: this pillar covers agriculture, climate change, energy, waste management, and recycling;
- Social: this pillar focuses on education and training, employment, and health;
- Society: Living conditions, freedom and respect for fundamental rights, Inequalities.

The definition of violations of international standards is based on a binary approach aimed at identifying any violations in the following areas: child labor, discrimination, freedom of association, money laundering, labor rights, human rights, freedom of the press, and torture.

Commitment to international conventions is a binary approach aimed at identifying commitment to the SDGs (United Nations Sustainable Development Goals), the Kyoto Protocol, the Paris Agreement, the United Nations Convention on Biological Diversity, the phase-out of coal, coal-fired power generation capacity, the Treaty on the Non-Proliferation of Nuclear Weapons, and the fight against money laundering and terrorist financing.

The climate profile is a combination of energy mix and its evolution, carbon intensity, and primary energy reserve.

Proportion of investments

The Sub-Fund aims to invest at least 100% of its net assets in "sustainable investments" (including at least 5% in sustainable investments with an environmental objective aligned with the EU taxonomy and at least 1% in sustainable investments with a social objective).
This percentage of net assets does not include cash, cash equivalents, derivatives, and money market funds.
These exclusions may fluctuate over time and are held on an ancillary basis, either for hedging purposes or to manage the liquidity of the portfolio and/or to reduce any specific financial risk.

Monitoring of the sustainable investment objective

To assess the achievement of the sustainable investment objective, checks are carried out using the the following indicators:

- The internal ABA rating for public and private issuers;
- The transition rating to a sustainable economy;
- The portfolio's carbon footprint (expressed in tCO2/million USD invested);
- Exposure to the United Nations Sustainable Development Goals (SDGs);
- The climate profile and level of controversy of issuers.

These indicators are defined, implemented, and monitored systematically by the management team.

In addition, DNCA Finance has implemented a Responsible Investment control system comprising both pre-trade and post-trade controls.

Pre-trade checks focus on the minimum "Liability Risk" rating and the absence of a rating. The sole purpose of the alert regarding the absence of a rating is to inform the SRI team. The checks are archived by the CRD tool, which has its own audit trail. With regard to sector exclusions, the risk department uses CRD to monitor the proper application of sector constraints relating to issuer lists (*see exclusion policy*). Issuers on the "worst offenders" list are also monitored pre-trade by the risk department.

The post-trade controls listed below are integrated into the constraint monitoring control system:

- Compliance of SRI-labeled funds tracked in ABA with the appropriate label's benchmark;
- No investments are made in issuers targeted by exclusion policies;
- The minimum AIM, sustainable transition, and climate (transition/contribution) ratings are respected;
- Other SRI constraints specific to certain UCITS.

Methods

The methods used to measure the achievement of the sustainable investment objective differ depending on whether the issuers are private or public.

For private issuers, the sustainability indicators used by the Sub-Fund are as follows:

- The Above and Beyond Analysis (ABA) corporate responsibility rating (internal tool): the main sustainability indicator used by the Sub-Fund is the ABA rating (see the "Investment Strategy" section), which is based on corporate responsibility and divided into four fundamental principles: shareholder responsibility, environmental responsibility, employer responsibility, and social responsibility.
- The transition to a sustainable economy rating: DNCA Finance concludes this analysis with an assessment of companies' exposure to the "transition to a sustainable economy." This rating is based on five fundamental principles: demographic transition, health transition, economic transition, lifestyle transition, and ecological transition.
- Exposure to the United Nations Sustainable Development Goals: DNCA Finance assesses for each company's share of revenue linked to one of the 17 United Nations Sustainable Development Goals.
- Carbon data: carbon footprint (t CO2/m$ invested) of the Sub-Fund's portfolio;
- Carbon emissions intensity (t CO2/m$ invested) of the Sub-Fund's portfolio.

For public issuers, the sustainability indicators used by the Sub-Fund are as follows:

- The "Above and Beyond Analysis" (ABA, the internal tool): a model designed to assess public issuers on based on four fundamental principles: governance, the environment, social issues, and society;
- Climate profile: DNCA Finance concludes this analysis with an assessment of issuers' climate profiles based on the composition and evolution of energy, carbon intensity, and resource stocks;
- Carbon data: carbon footprint (t CO2/m$ of debt) of the Sub-Fund's portfolio;
- The carbon intensity (t CO2/m$ GDP) of the Sub-Fund's portfolio;

- The proportion of the Sub-Fund's portfolio in controversial issuers based on several criteria such as respect for freedom, child labor, human rights, torture practices, money laundering, etc.

Sources and processing of data

The data used to achieve the Sub-Fund's sustainable investment objective comes from public sources, databases from specialized external providers, direct dialogue with issuers, and internal analysis carried out by DNCA Finance.

DNCA Finance has chosen to rely on an internal model, ABA (Above and Beyond Analysis), with the aim of offering a rating system that we control entirely, with information from companies constituting the majority of the data used. In this context, the data is controlled and integrated into a proprietary analysis grid.

As part of its responsible investment approach, DNCA Finance specifies that the data used in its proprietary ABA rating model is sourced exclusively from public information provided by issuers. This data is audited, published, and reflects the operational reality of companies. Thus, the entire ESG rating methodology applied by DNCA Finance to private issuers is based on actual data, excluding any estimated or modeled data.

Estimated data is only used when it comes from specialized external providers (such as MSCI, CDP, or equivalents) and concerns specific cases such as the development of exclusion lists (normative or sectoral) or the calculation of DNCA Finance's climate trajectory, as presented in particular in the environmental pressures report. This approach demonstrates a commitment to both transparency and rigor in the integration of ESG criteria into investment processes.

In order to comply with the principles of its responsible investment policy and respond to new environmental and regulatory challenges, DNCA Finance has engaged external ESG data providers and is implementing a project to enhance its processes with a view to:

- Improve and enhance the reliability of issuers' data and indicators of impact and effects on climate and biodiversity;
- Provide information on activities aligned with the European Taxonomy;
- Enrich the existing ESG analysis process (in particular by integrating physical and climate risks) and enable its systematic use (through the use of an "ABA Quant" rating assessed across the entire investment universe);
- Expand the scope of other ESG processes.

These data have been integrated into the information system and are gradually being incorporated.

Service providers used:

Prestataire	Utilisation
MSCI	Données brutes / entreprises
	Taxonomie
	Principales Incidences Négative (PAI)
	Risque physique et de transition (VAR Climat)
ISS Ethix	Armes controversées
ISS Proxy Echange	Conseil pour le vote aux AG
CDP	Données Carbone
	Données eau et usage des sols
CDP Temperature Ratings	Température induite

Finally, DNCA Finance is implementing a process to monitor the quality of ESG data received from its suppliers, in particular by setting up a cross-functional sustainable investment committee, one of whose tasks is to monitor and support the operational processes of the business teams, including the following points implemented at the data committee level

(ESG data sourcing, flow instruction, ESG data structuring (data dictionary/repository), dissemination of ESG data from the repository to any business tools).

ESG analysis of securities is carried out under the supervision of the management and expertise division of the responsible investment team. It reviews, using the ABA tool, the analysis of liability risk, the analysis of the contribution to sustainable transition, the monitoring of controversies, news flow, and meetings with company executives. The analysis is carried out exclusively in-house and does not include any ratings from external agencies.

Limitations of methods and data

The approach adopted by DNCA Finance's management teams to construct their ESG analysis may have several limitations, including:

- The availability and quality of ESG data provided by the companies analyzed;
- Differences in coverage depending on the sector or geographical area;
- Differences in methodologies between different data providers.

These limitations may affect the comparability and accuracy of ESG assessments, but they do not impact the achievement of the sustainable investment objective, as DNCA Finance has opted for a continuous approach to ESG processes in order to mitigate these shortcomings. DNCA Finance has therefore opted for a gradual approach to the implementation of ESG policies, enabling pragmatic application and integration of ESG issues throughout its value chain.

Due diligence

DNCA Finance has implemented due diligence with regard to underlying assets by monitoring controversies and applying exclusions based on the results of ESG analysis.

Investments are therefore reviewed in accordance with the responsible investment policy and the exclusion policy.

DNCA Finance has a due diligence mechanism in place, which consists of:

- Identifying the nature of the negative impacts (ESG impacts) associated with its investment activities;
- Assessing and prioritizing negative impacts;
- Managing (preventing, mitigating, ending) some of the negative impacts;
- Monitoring the implementation of results (measuring the effectiveness of actions);
- Adjust the strategy for managing negative impacts if necessary.

The principles adopted by DNCA Finance are:

- Monitoring impacts for which DNCA Finance has set quantitative targets (notably carbon footprint and portfolio-induced temperature);
- Measurement with a view to managing biodiversity footprint indicators: water management and land use. land use.

Engagement policies

DNCA Finance implements a shareholder engagement policy as part of its responsible investment approach responsible approach.

This policy is based in particular on:

- Regular dialogue with companies, enabling the effective consideration of ESG issues to be assessed;
- Proactive engagement, aimed at encouraging companies to improve their transparency and management of ESG issues;
- Reactive engagement, triggered in response to a significant controversy or incident.

This policy is described in the document "*Shareholder Engagement and Voting Policy*" available on the DNCA Finance website (https://www.dnca-investments.com/documents/40).

In addition, DNCA Finance analyzes and assesses controversies involving companies, both in relation to corporate responsibility and compliance with the United Nations Global Compact. This process makes it possible to classify the
the major or severe nature of controversies and, where applicable, classify the company concerned as a Worst Offender.

Companies classified as Worst Offenders are excluded from the eligible investment universe. This policy is described in the "*Exclusion Policy*" document available on the DNCA Finance website (https://www.dnca-investments.com/documents/7).

Achievement of the sustainable investment objective

The financial product does not have a benchmark aligned with the sustainable investment objective set.