Publication of sustainability information

DNCA INVEST – ALPHAPLAY EUROLAND EQUITIES

Summary

DNCA INVEST – ALPHAPLAY EUROLAND EQUITIES is a sub-fund of the Luxembourg SICAV DNCA Invest managed by DNCA Finance.

The Sub-fund promotes environmental and social characteristics within the meaning of Article 8 of European Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (SFDR), and although it does not have sustainable investment as its objective, it contains a minimum of 20% sustainable investments.

The characteristics promoted by the Sub-Fund are governance, the environment, and social and societal criteria. In promoting these characteristics, the Sub-Fund will take into account ESG factors specific to each pillar.

The Sub-Fund is managed using the internally developed ABA (Above and Beyond Analysis) analysis tool and a restrictive exclusion policy.

The investment strategy applied to the Sub-Fund is based on the selection of an investment universe combining a financial and extra-financial approach; the construction of the portfolio using a macroeconomic approach and fundamental analysis taking into account ESG criteria and the valuation of the selected securities.

As such, the Sub-Fund aims to invest at least 80% of its net assets in investments that comply with the environmental and social characteristics it promotes, and 20% of these assets are directly invested in sustainable investments.

To assess whether investments comply with these characteristics, checks are carried out using indicators (e.g., the ABA internal rating method). 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 the 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 sub-fund does not have a benchmark indicator to meet the environmental or social characteristics promoted by the financial product.

Sustainable investment

This financial product promotes environmental or social characteristics and, although it does not aim to be a sustainable investment, it contains a minimum of 20% sustainable investments.

These 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 integrated into the ABA Corporate Responsibility Rating (which incorporates indicators of negative impacts on sustainability factors in Table 1 of Annex 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 DNCA Finance's list of "worst offenders" and are excluded from all portfolios.

Furthermore, the main negative impacts are included in the key performance indicators (KPIs) collected for analysis. Issuers with significant adverse impacts will receive a poor corporate responsibility rating (ABA). A minimum rating of 2 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 given a poor corporate responsibility rating
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.

Environmental or social characteristics of the financial product

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

The Sub-Fund is managed using an environmental, social, and governance analysis tool developed
internally: ABA (Above and Beyond Analysis).

In promoting these characteristics, the Sub-Fund will take into account the following ESG factors in particular:

- Environment: GHG emissions, air pollution, water pollution, water consumption, land use, etc.;
- Social: Exorbitant 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.

In this context, the investment process and the resulting *stock picking* take into account an internal rating based on corporate responsibility and the sustainable transition of companies based on extra-financial analysis using a proprietary tool developed by the Management Company, with a "*best in universe*" approach. There may be a sector bias.

The Sub-Fund does not use a benchmark index to achieve the ESG characteristics it promotes.

Investment strategy

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

- Selection of the investment universe combining a financial and extra-financial approach, in particular by excluding issuers with a high risk profile in terms of corporate responsibility (rating below 2/10 according to the internal ESG tool) or exposed to major controversies;
- Portfolio construction using a macroeconomic approach;
- Fundamental analysis taking into account ESG criteria and the valuation of selected securities.

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 corporate risks, 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 component 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.

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.

Proportion of investments

The Sub-Fund aims to invest at least 80% of its net assets in investments that comply with the environmental and social characteristics it promotes, and 20% of these assets are directly invested in sustainable investments.

The remaining portion of the Sub-Fund's net assets will consist of derivative financial instruments for hedging and/or exposure and/or efficient portfolio management purposes, as well as demand deposits, money market funds, money market instruments, and other deposits for liquidity purposes.

Monitoring of environmental or social characteristics

To assess whether investments comply with the environmental or social characteristics promoted by the Sub-Fund, checks are carried out using the following indicators:

- The internal ABA rating;
- The rating of the transition to a sustainable economy;
- The portfolio's carbon footprint (expressed in tCO2/million USD invested);
- Exposure to the United Nations Sustainable Development Goals (SDGs).

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:

- No investments are made in issuers targeted by exclusion policies;
- Minimum AIM, sustainable transition, and climate (transition/contribution) ratings are respected.

Methods

The methods used to determine whether the Sub-Fund meets social or environmental characteristics 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) 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 completes 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 each company's share of revenue linked to one of the 17 United Nations Sustainable Development Goals.
  company assesses the 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.

Sources and processing of data

The data used to achieve each of the environmental or social characteristics promoted by the Sub-Fund 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 in its entirety, 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 control 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 deployed 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 do not influence the extent to which the environmental or social characteristics promoted are achieved, 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 thus 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 negative impacts (ESG impacts) related to 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);
- Adjusting the negative impact management strategy 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);
- Measuring biodiversity footprint indicators for management purposes: water management and 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 rates controversies involving companies, both in terms of corporate responsibility and compliance with the United Nations Global Compact. This process makes it possible to rate the major or severe nature of controversies and, where appropriate, to 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).

Benchmark

The Sub-Fund's benchmark index does not meet the environmental or social characteristics promoted by the Sub-Fund.