

DYNAM/C  
CREDIT

# Sustainability Report 2023



## 1. About this report

Corporate social responsibility is imperative for Dynamic Credit Group B.V. and its subsidiaries (“**Dynamic Credit**”). It’s not only reflected in our mission to match savings with credit to create a more prosperous and sustainable society, but also part of the daily business. Continuous effort is spent to improving our organization’s societal footprint, striving towards carbon-neutral operations.

We are committed to integrating E(nvironment), S(ocial), and G(overnance) best practices in everything we do. To further embrace ESG in our day-to-day way of working, we have an ESG team with members from various business lines. This team has the responsibility to design, implement and monitor ESG-related initiatives.

We acknowledge that we are not perfect, and that there is still a way to go on the road-to-net-zero. We also realize that our role in the market is limited, and thus we should not over-estimate the impact we can have. However, we commit ourselves to doing what we can, and to consider our responsibility in the decisions we make.

This is the first edition of this report. It will be produced annually by our Head of Branding and Social Impact, with support from various departments throughout the organisation. Dynamic Credit is the source for all data presented in this document, unless otherwise specifically indicated. The content of this report on Dynamic Credit’s approach and corporate philosophy is only for informational purposes and does not constitute an offer to buy or sell any services, products, or investments.

The Executive Committee of Dynamic Credit sponsors the content of this report. The members of the Executive Committee are:

- **Tonko Gast**, CEO Dynamic Credit Group
- **Bouwe Kuik**, Managing Director Direct Lending
- **Jasper Koops**, Head of Portfolio Management
- **Mathieu van Straaten**, Chief Operating Officer

## 2. About us

Dynamic Credit is an experienced Dutch asset manager and direct lender, a well-known specialist on the Dutch housing- and mortgage market and one of the pioneers in making household lending an investable asset class. Dynamic Credit’s mission is to create a better match between savings and credit for a more sustainable and prosperous society. This mission is integrated in several layers of how we conduct ourselves as a company.

In 2023, Dynamic Credit’s office is based in Amsterdam. Employing around 60 colleagues (~54 FTE) with 17 nationalities, and €10 billion assets under management.

Since 2022, Dynamic Credit is majority-owned by BNP Paribas (BNPP) Asset Management. BNPP Group’s dedicated asset management business employs 3,207 people in 34 countries, including a large commercial presence in Europe and the Asia-Pacific region. Through the BNPP Group integrated model, BNPP AM has access to a broad international client base and has close relationships with BNPP’s distribution networks. Ranked the 10th largest asset manager in Europe, BNPP AM manages €540 billion of assets and benefits from the expertise of more than 500 investment professionals and around 400 client-servicing specialists, serving individual, corporate, and institutional clients in 67 countries.

## 3. Our ESG goals, strategy, and progress

We are committed to integrating ESG across our business activities. But what does that mean in practice? Below we outline our strategy, goals, and progress on the three pillars of ESG.

### 3.1 Environment

#### Goals

- **Reducing our carbon footprint:** Every year, we work towards reducing our consumption of energy and other valuable materials. We calculate the carbon footprint of our own operations and offset any residual footprint with carbon credits in certified carbon offsetting projects.
- **Providing sustainable product offering:** We actively work towards launching new sustainable products, or adding sustainable criteria to existing products, to improve the sustainability of the housing market.

#### Strategy

We contribute to a more prosperous and sustainable society by creating sustainable value for borrowers and institutional investors through lending solutions, and by setting a great example as a company.

We look for ways to reduce the environmental impact of the value chain we operate in – our own organisation, our business partners, the products we offer to investors, and the assets we have under management.

#### 3.1.1 Progress: Reducing our carbon footprint

Starting in 2021, Dynamic Credit has compensated all residual carbon footprint from business operations, which in this context means all direct emissions and indirect emissions that we cause as a company. Up until now, business partners and emissions from our mortgage portfolio have been out of scope for this footprint calculation. Below is an overview of our carbon footprint, divided into Scopes 1, 2, and 3:

Dynamic Credit Footprint 2023			
Emission category	2023 kg CO <sub>2</sub> per year	2022 kg CO <sub>2</sub> per year	Change
<b>Scope 1</b>			
-	-	-	-
<b>Scope 2</b>			
Office Amsterdam	8.192	8.297	-1%
Home office	4.519	4.202	+8%
<b>Scope 3</b>			
Operational business partners	-	-	-
Travel to the office	12.549	15.363	-18%
Business trips	3.861	3.752	+3%
Microsoft Azure usage (incl. AI)	1.291	-	-
<b>Compensated residual</b>	<b>-30.558</b>	<b>-30.548</b>	<b>+0,03%</b>
<b>Total CO<sub>2</sub> footprint after compensating</b>	<b>0</b>	<b>0</b>	<b>-</b>

#### General assumptions

- Number of weeks per year: 46 (52 weeks a year minus 5 weeks of holiday minus 1 week public holidays)
- Compensation costs (per tonne): € 25,00 ([source](#))
- Gas usage per year for 1 workday from home: 25 Nm<sup>3</sup>
- Since the Dutch railways all run on green energy, all travel that happens by train is considered emission-less.

## **How we measure our emissions in the different categories, and how we attempt to reduce it**

### Travel to the office

We determine the emissions caused by travel to the office and home office energy usage through a survey sent out to all staff. Through a variety of questions, we establish how often employees travel to the office, which mode(s) of transportation they use, and the distance they travel. The survey data is input for a model to calculate carbon emissions of travel.

As our company cars are electric and under contract with a supplier that offers green energy, these are considered to have very limited emissions. Colleagues without company car travel mostly to the office by public transport or by bicycle, with a few exceptions. We are monitoring the emissions from this last category and will take action if needed.

### Business trips

Even though we try to reduce this to a minimum, sometimes our business goals require us to travel abroad for meetings or conferences. This year showed a slight increase in business trips compared to last year.

In order to bring the footprint of business travel down, our Employee Handbook prescribes that if these trips can go by train, they should go by train.

### Amsterdam office energy usage

Dynamic Credit is headquartered in a shared office space. Every year, we receive an overview of our share of energy usage from the building. A few things to note:

- Electricity in the building has been provided by wind energy since 2021 and is thus considered low emissions.
- Warm water is supplied through Amsterdam's heating network, which mainly uses heat from waste incineration plants, biomass and power plants. This means we have limited control over emissions from heating.

We have implemented measures to reduce electricity usage from our IT-infrastructure, such as computers shutting down automatically after 20.00h.

### Home office energy usage

We establish the emissions caused by home office energy usage through a survey sent out to all staff. Through a variety of questions, we establish how often employees work from home, what their technical set-up looks like, and if they have green energy or solar at home. The survey data is input for a model to calculate carbon emissions of working from home.

Currently we do not work towards reducing emissions from home offices, but we plan on developing initiatives to promote more conscious energy usage amongst colleagues in the near future.

### Data center energy usage

An important variable that's missing in this list is our own data center, on which we run all office software and hardware, including databases, reporting services, and security & monitoring services. Our data centre is outsourced, and it was specifically picked in 2015 because it was the first of its kind in the Netherlands that was ISO14001 certified for environmental management. It is climate neutral and therefore does not contribute to our carbon footprint.

## **Process for reducing and compensating residual carbon footprint**

We are constantly looking for ways to reduce emissions from our own business operations. However, some emissions we cannot avoid. We have committed ourselves to compensating residual emissions within the scope of our operational footprint calculation. We also engage in efforts to reduce the carbon footprint of our

mortgage portfolio (see 3.1.2. Sustainable Product Offering) and to engage with our business partners on their own road to net zero, but we currently do not include these in our footprint calculation.

This is what the carbon compensating process looked like in 2023:

1. Our ESG team pre-selects several carbon offsetting projects from the Gold Standard Marketplace, an accredited platform that aims to ensure safeguards and assesses sustainable development impacts in the voluntary carbon market. The ESG-team ensures that there is some diversity in terms of location and theme and chooses projects that address multiple sustainable development goals.
2. The selected projects are then screened by our internal Fraud department, for any irregularities.
3. Upon green light from the Fraud department, the projects are put up for an internal vote, where colleagues can vote on their favourite project.
4. The carbon compensation budget is split proportionally over the different projects, and carbon credits are purchased through the Gold Standard Marketplace.

#### **Carbon footprint ambition for 2024**

We have the ambition to include a portion of the carbon footprint of our largest business partners as well in our own footprint. As this is currently still under development, we cannot include all business partners in the carbon footprint of 2023. We conducted an initial exploration on the existing ESG platforms of our most important business partners and have included any footprint we could find in our overview. Below are the results of that initial exploration.

#### Quion

Quion is our partner for servicing existing clients of the bijBouwe and Dynamic buy-to-let mortgages. Quion launched their first ESG initiatives in 2022. Initiatives include mapping their own CO<sub>2</sub> footprint, electrification of their car fleet, employee wellbeing initiatives and permanent compliancy education of the management team. This information was shared with us in a strategic meeting. As one of the largest mortgage servicers in the Netherlands, Quion will have to report on sustainable metrics and their carbon footprint due to the new CSRD reporting legislation, starting with the annual report of 2026.

#### Stater

Stater is one of the largest mortgage servicers in the Netherlands and is our partner for servicing existing clients in the Dynamic residential mortgage portfolio we manage. Their ESG policy is mature, with a 5-pillar approach (customer support, climate neutrality, being a good employer, corporate social responsibility, and governance), with 10 concrete goals connected to these pillars. This policy is [published on their website](#). Starting with the annual report of 2026, they are required to report on their sustainability metrics and carbon footprint as part of the CSRD legislation. From that point onwards, we will incorporate a relative portion of their CO<sub>2</sub> footprint in our own reporting.

#### Proud Experts

As our partner in all underwriting and customer service, Proud Experts is another important business partner. Their ESG platform is not as developed as our other operational partners. There is nothing concrete to mention here, which will be a topic of discussion in our strategic meetings.

#### Microsoft

Microsoft is one of our largest IT-partners, providing our office software & cloud computing software, and AI capabilities. As such, it's considered an important share of our carbon footprint. In 2020, Microsoft committed to becoming carbon negative, water positive, zero waste, and to protect more land than they use by 2030. [Read more about it in their recent sustainability report](#).

## Atlassian

Our other main IT-partner is Atlassian, through our use of their Confluence and Jira platforms. Atlassian is committed to achieve net zero by 2040 and has a 4-pillar approach: Planet (net-zero future), Customers (moving forward as a rights-aligned business), People (unleashing the potential of their team), and Community (a new approach to corporate philanthropy). [You can find their most recent sustainability report here.](#)

### 3.1.2 **Progress: Sustainable product offering**

The housing market is responsible for a significant portion of the total carbon footprint of the Netherlands. As an important stakeholder in the housing market, we feel it is our obligation to stimulate our borrowers to improve the energy efficiency of their homes.

Possibilities to finance energy-saving measures have been part of our mortgage propositions since inception, and great effort was spent to stimulate borrowers to finance energy-saving measures for their homes. However, the pace was still lagging. To help speed up the energy transition of Dutch homes, we decided to implement an energy label norm of energy label C at the end of 2023. Borrowers who want to finance a property with label D or worse can only do so with a plan to improve it to at least C. This is not meant to exclude properties – we believe that this helps to protect our borrowers' investments so that they are not left behind in the transition to a low-carbon and environmentally sustainable society, contributing to a more inclusive and resilient transition for all stakeholders involved.

#### **Loans connected to energy efficiency initiatives**

We have spent considerable time on promoting sustainable measures, including writing blogs and developing visual content to aid borrowers and financial advisors in making a correct assessment on the business case of investing in sustainability measures.

An important KPI for Dynamic Credit is the number of borrowers that choose to implement sustainable measures in their homes, the amount they spend on these measures, and the division of energy labels in our portfolios.

- Of all bijBouwe mortgage loans originated in 2023, 26% contained an energy saving component.
- On average, only about 19% of bijBouwe collaterals with a known energy label have a label of D or worse, compared to a market average of 24,5% ([CLO, 15-8-24](#)).

#### **Progress on energy efficiency loans initiative**

In the race towards a climate neutral housing market, we realized that more effort should go towards stimulating the implementation of energy savings measures. We believe that a large market, offering multiple financing options, is crucial to improving awareness and stimulating action.

Therefore, we have spent considerable internal resources to develop a market for a new type of energy efficiency loan for homeowners. Significant progress has been made in our efforts to improve market conditions in 2023 and 2024, and the foundations of a proprietary product offering have been laid.

#### **Environment: How we could do better**

One of Dynamic Credit's focus areas for innovation is applying artificial intelligence (AI) in our business. However, this innovation conflicts directly with our goal to reduce our carbon footprint, as the training of AI models is responsible for an incredible amount of energy consumption in data centres. As we are excited about the opportunities that AI can offer us in our day-to-day operations, we run the risk of growing our carbon footprint on this specific topic, rather than shrinking it. To ensure we keep our AI footprint under control, we will make use of existing AI models as much as we can and work with IT service providers that have plans in place to reduce their carbon emissions.

## 3.2 Social

### Goals

- **Stimulating financial inclusion:** through our products and communication
- **Stakeholder engagement and community outreach activities:** by volunteering time and resources to local charities and projects
- **Improving the wellbeing of our colleagues:** through improved mobility & learning and development

### Strategy

We aim to address social inequality through our company's actions, stimulating financial inclusion in our society. We also want to contribute to socially conscious projects in our local community. Lastly, we are always looking for ways to improve employee wellbeing.

### 3.2.1 Progress: Stimulating financial inclusion

For our mortgage business, we stimulate financial inclusion by dedicating a large part of our time towards creating informative content and a simple yet clear user-interface to grant access to our mortgage platform. In doing so, we aim to 'demystify' the mortgage process for borrowers, encouraging them to make conscious choices.

#### Number of blogs posted on our websites

In 2023, we posted 18 new blogs on our websites, reaching over 35,000 readers with free, informative content. Topics include sustainable information such as *the impact of energy labels on the maximum mortgage*, *our vision on sustainable housing*, and *research into sustainability as part of mortgage advice*.

#### Promoting debt consolidation

In our Diversified Loan Strategy, we actively source household loans as an investment strategy. A key element of this strategy is debt consolidation. Reducing exposure of overpriced debt allows consumers to have more financial freedom. In 2023, 58% of all the purchased loans had debt consolidation as its purpose.

### 3.2.2 Progress: Stakeholder engagement and community outreach activities

As part of the BNP Paribas Group, Dynamic Credit participates in the BNP Paribas NL Territory CSR Committee. This committee aims to develop a strategy and implement initiatives to improve the direct impact the organization has on Dutch society. An important pillar for the Committee is Corporate Philanthropy, where a donation of time or resources for a good cause.

#### Number of hours volunteered in 2023

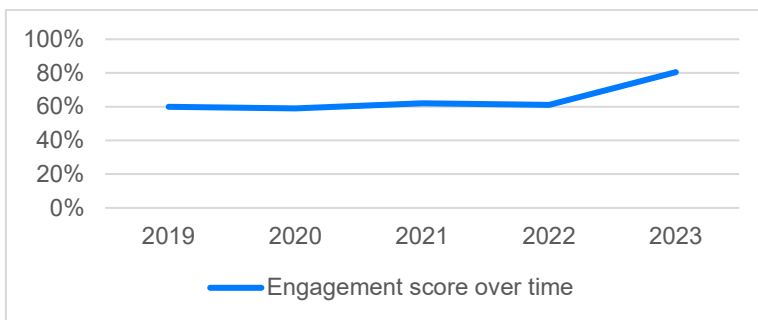
Dynamic Credit employees volunteered 76 hours during working hours in 2023, as part of the volunteering platform of BNP Paribas, with a large focus on the Community Impact Week, a global event where multiple volunteering events are organized in one week.

### 3.2.3 Progress: Improving the wellbeing of our colleagues

An important part of our social impact is with the people that work for us. With happy colleagues, we can make a bigger contribution to our other goals.

#### Internal engagement score

Multiple times a year, we take stock of the levels of internal engagement within the company through an engagement survey. In this survey, we tackle the key topics that can improve or harm engagement and ask employees how they rate Dynamic Credit as a company. The outcomes of the survey give valuable insights into the state of wellbeing of our colleagues, and where we should focus our efforts on improvement. The engagement score of 2023 was measured twice, with an average score of **80.5%**.



#### Flexible working conditions

Dynamic Credit colleagues consider their working conditions as quite flexible, as mentioned in the engagement survey. We maintain a 50/50 policy for working from home, and colleagues have a large degree of freedom when and how they arrange their working hours.

#### Teambuilding & events

To help foster engagement between employees, each team is allotted a budget for teambuilding activities, on top of the monthly social events and annual events such as the company summer party, summer barbecue and Christmas party.

#### Improving mobility

An important part of wellbeing and vitality is having regular exercise. That's why we spent time on preparing a company bike lease plan, to stimulate healthy lifestyles with financial benefits. This plan has been launched in early 2024.

#### Learning and development

At Dynamic Credit, learning and development is considered a very important part of professional and personal growth. All colleagues at Dynamic Credit have access to a broad range of online trainings and classes, to expand their knowledge and skillset. Additionally, colleagues can make a case for learning and discuss these with their team leads in order to get access to more traditional training or coaching programmes.

#### Social: How we could do better

While the number of hours we are volunteering is growing, it is not at the level that we want it to be. We will therefore grow our efforts to bring about positive change to our communities and will look for ways to bring more tangible impact with the hours we volunteer.



## 3.3 Governance

### Goals

- **Policies and procedures:** in place to ensure our company meets the highest standards.
- **Climate risk & carbon reporting:** Incorporated in our extensive reporting routine towards investors is an analysis on the carbon impact of their portfolio of mortgage investments, to facilitate them in their road to net zero. We also provide investors with a detailed description of the climate risks their portfolio is exposed to, to inspire awareness and positive action.
- **Ethical and sustainable market development:** spending our time and resources to initiatives that promote a more ethical and sustainable mortgage market.

### Strategy

We want to run our business in a responsible and transparent manner. This means having policies and procedures in place to that promote ethical and responsible conduct. We hold ourselves and our business partners accountable for their actions, and strive towards transparency throughout our company and the broader value chain we operate in.

### 3.3.1 Progress: Policies and procedures

Dynamic Credit has many policies and procedures in place that promote ethical and sustainable company conduct. We adhere ourselves, and the organizations that we work with, to the highest standards.

Below you'll find a (non-exhaustive) list of ESG-related policies:

- **AML & CTF Policy** – the anti-money laundering and counter-terrorist financing
- **Anti-Bribery & Anti-Corruption Policy** – our responsibility to upholding a zero-tolerance position on bribery and corruption.
- **Code of Conduct** – inspiring responsible business conduct, that every employee must sign and adhere to.
- **Conflicts of Interest Policy** – policy and procedure to identify, assess, manage, and mitigate any potential conflict of interest.
- **DC PARP Policy** - a product approval policy and review process that ensures that new and existing products are aligned with the interests of our client in a balanced way.
- **DC ESG Beleid Hypotheken** – a policy to ensure that ESG-factors are considered in the decisions we make as a direct lender.
- **DCG Remuneration Policy** - ensuring effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight in compensation.
- **Dynamic Credit Responsible Investment Policy** – we commit to respecting internationally recognized human rights standards and to act in a responsible and sustainable way.
- **Gifts & Entertainment Policy** – to ensure that business judgment and decision making is not influenced by undue personal interests.
- **Prevention of Market Abuse & PAD Policy** – having appropriate controls in place to ensure employees and supervisory board members do not take advantage of confidential information or engage in market manipulation.
- **Product Governance Policy** – we must understand the financial instruments we offer, assess the compatibility of the financial instruments with the need of the clients, and offer them only when it is in the best interest of the client.
- **Whistleblowing policy** – ensuring that clients and potential employees always have a way to confidentially reach our Compliance department and share a grievance they have with us.

Adherence to these policies is monitored, and the policies are reviewed regularly to stay on top of developments.

### 3.3.2 **Progress: Reporting, disclosure, and transparency**

Corporate social responsibility has become an established element of reporting requirements for financial institutions as more and more financial institutions are assessing the climate related impact of their portfolio. Dynamic Credit facilitates investors in these efforts by providing detailed carbon footprint reporting on the total CO<sub>2</sub>emissions of the households associated with mortgage loans in the portfolio, based on the carbon footprint methodology framework designed by the Platform Carbon Accounting Financials. Furthermore, Dynamic Credit has developed a climate risk report to give insight into climate risks such as flooding, extreme weather, and drought for its mortgage portfolios, and sought out attention from the media to accelerate public discourse on climate risk and its impact on Dutch houses.

Dynamic Credit is fully committed to comply with SFDR regulations and has therefore, amongst other things, disclosed its Responsible Investment Policy and Remuneration Policy on the website. Dynamic Credit's Diversified Loan Fund is classified as SFDR Article 6 fund, and we are collaborating with BNP Paribas Asset Management on the SFDR Article 8 fund Dutch Residential Mortgage fund.

### 3.3.3 **Progress: Ethical and sustainable market developments**

We spend our scarce time and resources to join committees from market parties, regulators and policymakers that aim to stimulate a more ethical and sustainable mortgage market.

#### **Active committees with a designated colleague**

In 2023, designated colleagues participated in each of these committees:

- An HDN Thinktank on improving the sustainability of the mortgage market.
- The HDN platform for active mortgage servicing, to improve the servicing of existing mortgage clients throughout the lifetime of their mortgage.
- Multiple NHG committees to tackle current issues such as sustainability and mortgage servicing.
- Verbond van Verzekeraars, a platform that serves as a spokesperson for insurers in the housing market, collaborating on important themes such as climate adaptation and lending criteria.

#### **Governance: How we could do better**

Even though we spend considerable time on market development, there is always more we can do. However, as a small company, we find our capacity sometimes limits us in contributing more to market initiatives. That said, we will always be on the lookout on ways to add value to public discourse on the topics that affect the sector we participate in.