

DYNAM/C
CREDIT

Responsible Investment Policy

March 2021



1. Committed to Responsible Investment

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.

Striving towards reducing our carbon footprint, by holding office in a climate-neutral office building, using only electric company cars, and encouraging our employees to travel by public transport. Just a few examples of what we do in our day-to-day business to become more sustainable.

Working towards financial inclusion in the Netherlands, by bridging the existing funding gap to make affordable mortgages more accessible, and by 'demystifying' the mortgage process towards borrowers, encouraging conscious choices.

With every loan we invest in, we take reasonable steps to make sure the borrower can afford the loan, and we never act predatory.

By signing the United Nations' Principles for Responsible Investments, we commit to integrating ESG (Environment, Social, Governance) factors into everything that we do, both on the direct lending and asset management side of our business.

Dynamic Credit is committed to responsible investments, and to show this we have developed this responsible investment policy, to ensure that our activities as a direct lender and asset manager are in line with this mission.

Thanks for reading,

Tonko Gast

CEO

2. Our definition of Responsible Investment

As a direct lender and asset manager, we have integrated responsible investment in both sides of the investment process.

Guiding our actions towards responsible investment are the United Nations' [Principles for Responsible Investment \(PRI\)](#). These are guidelines that encourage the integration of environmental, social, and corporate governmental factors (ESG) in the investment process, active ownership throughout the entire portfolio and working towards broad acceptance of these principles in the market.

By applying these principles, we believe we can better align our business goals with the broader objectives and challenges of society. We see this as an essential part of both our fiduciary duty to our investors and our duty of care to our borrowers, striving to offer clients on both sides of our business a responsible solution.

Below we specify the steps taken to integrate ESG factors into our business:

3.1 Environment

1. Promotion of sustainability measures

We actively engage our new and existing borrowers to make sustainable choices in the mortgage application process, together with sustainable partners by offering advice and purchasing routes for sustainable measures in and around their homes.

2. Analysis and reporting on carbon impact portfolios

Incorporated in our extensive reporting routine towards investors is an analysis on the carbon impact of their portfolio of mortgage investments. This way we facilitate our investors with the climate related impact of the portfolio and compensation scenarios.

3. Exclusion of coal related investment

We set the same standards for our investors as we do for ourselves. We do not work with, nor invest in companies that are involved in the mining or processing of coal, due to the destructive nature on the environment.

3.2 Social

1. Working towards more financial inclusion

- By actively working on inviting foreign investors to enter the Dutch mortgage market, we try to bridge the existing funding gap in the Netherlands. By doing this, we make affordable mortgages more accessible.

- We dedicate 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 try to 'demystify' the mortgage process for borrowers, encouraging them to conscious choices.

2. Responsible lending

At the core of our direct lending business is the desire to ensure borrowers get a mortgage that matches their needs and our requirements of a responsible loan. This also means we exclude those with backgrounds that we deem irresponsible, such as those working in the drugs and sex industry, where there is a risk of money laundering and criminal activities.

3. Consumer protection

To protect our borrowers from irresponsible lending, we have set in place these measures:

- Underwriting criteria that ensure responsible lending. Our underwriters are extensively trained on these criteria, and adherence to these criteria is strictly monitored. An internal Credit Committee oversees underwriting and judges on special cases.
- Special Servicing is offered for borrowers who have difficulty meeting their mortgage payments. Measures include a budget coach or structuring a repayment plan. The desired outcome is always for the borrower to be able to keep living in their house.
- Exclusion of entrepreneurs in the hospitality sector, which is a risky group from a credit perspective.
- Exclusion of incapacitated people, to ensure that no fraudulent loans are given out to unknowing borrowers.

4. Exclusion of companies in controversial fields

Due to the destructive nature their products have on society and the environment, we do not work with, nor invest in companies that are involved in the production or distribution of controversial weapons and cluster munition.

3.3 Governance

Despite the high pace and the hectic times we live in, every Dynamic Credit employee is committed to conducting business in an open and transparent manner. Honesty and acting in a deeply ethical way are key in the Dynamic Credit DNA.

1. Code of Conduct

This way of working, that is implicitly present in every employee, is made explicit in our code of conduct, that covers following topics such as money laundering, client interest and insider dealing.

2. Remuneration policy

The remuneration policy of Dynamic Credit is consistent with the integration of sustainability risks. Environmental and social responsibility is part of the performance criteria each Employee is assessed on. This aligns Dynamic Credit's mission with the remuneration of its employees.

3. Stewardship

We define stewardship towards our investors as the responsible allocation and management of investments to create long term value, leading to sustainable benefits for the economy, the environment and society.

With regards to our borrowers, we see stewardship as being a responsible lender, by honoring the full scope of our duty of care in both the allocation and servicing of loans.

With respect to active ownership, we see it as our duty to engage with our borrowers to make sustainable choices in and around their house.

4. Reporting & Disclosure

We aim to be open and transparent on the degree of sustainability of our funds and mandates, to promote the channeling towards sustainable investments, and to prevent greenwashing. We act in line with the Sustainable Finance Disclosure regulation (SFDR), initiated by the European Parliament and the council of the European Union. Therefore, this responsible investment policy and the Adverse Impact Statement are published and accessible through our website (www.dynamiccredit.com) and the marketing materials and pre-contractual information complies with this regulation.

5. Monitoring & Review

The Risk & Compliance department monitors compliance with the responsible investment policy and conducts and coordinates the review of our policy on an annual basis according to our strict internal control framework and publish it on our website (www.dynamiccredit.com).