

DYNAM/C
CREDIT

Responsible Investment Policy

September 2023



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.

Making real impact on the sustainability of the Dutch housing market, by only financing homes with an energy label D or worse if the borrower provides an improvement plan to C or better. This way, we focus our attention towards the least sustainable homes – there where the impact of energy saving measures is the highest.

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, committing to the national and international targets for reducing carbon emission.

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 the investment process. The scope of this policy covers all our mortgage activities (Direct Lending) and our asset management activities (Diversified Loan Strategy).

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 governance 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.

We also include ESG factors in the annual review of our mortgage products and processes. This review is done based on our ESG product policy, which is published on our consumer-facing websites (www.bijbouw.nl / www.dynamiccredit.nl). The ESG product policy commits to respect internationally recognized human rights standards and to act in a sustainable way.

3. ESG Integration

Below we specify the actions we take to integrate ESG factors into our business:

3.1 Environment

1. Promotion of sustainability measures

As first mover in the market, we focus our efforts on the housing segment with the worst energy performance, by only accepting collaterals with an energy label D or worse if the borrower provides and executes an improvement plan to improve the energy label to C or better. We aim to help the borrower through this process, making this a collaborative effort instead of a simple gatekeeping exercise.

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

2. Carbon impact & climate risk of 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.

We also provide investors with a detailed description of the climate risks their portfolio is exposed to, in order to inspire awareness and positive action.

3. Exclusion of coal related investments

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 & duty of care

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.
- We have a detailed customer care policy in place, in which we outline a broad range of preventive measures that we can offer to help borrowers who fear that they will have difficulty meeting their mortgage payments. This includes measures such as a jobcoach or a payment pause. The borrower can initiate these conversations themselves, or we approach the borrower if we receive a signal that payment issues are a possibility.
- When a borrower is in arrears, we approach the borrower to discuss ways to restore the affordability of the mortgage. 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.

- As we see an increased risk of payment problems for entrepreneurs in the hospitality sector, we exclude this group, partly because of our duty of care.

3. 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.
- 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, sex, and gambling industry, where there is a higher risk of money laundering and criminal activities.

3.3 Governance

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 to ensure:

- Compliance with Law, Regulations and Company policies
- Money Laundering and Terrorist Financing
- Fraud, Bribery and Corruption
- Putting Client's interest first
- Incident management
- Employee relations
- Conflict of interest
- 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.

4. Stewardship and engagement

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. We strive not only to secure favorable returns but also to foster sustainable benefits.

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. As stewards of financial resources, we honor our duty of care by ensuring that loans are granted and managed with sensitivity and prudence. This approach not only safeguards the financial interests of borrowers but also contributes to their broader financial well-being, reinforcing our dedication to their long-term prosperity.

With respect to engagement, we see it as our duty to engage with our borrowers on environmental and social topics. We actively reach out to our borrowers, prioritizing the ones with the lowest energy performance, nurturing a collaborative environment that empowers them to make sustainable choices in and around their homes. By providing guidance, support, and financing, we enable borrowers to embrace conscious decisions. This will ultimately lead to more resilient portfolios.

5. Roles and responsibilities

Managing Board

The Managing Board is responsible for ensuring that responsible investment and sustainability goals are embedded in the corporate strategy, and to serve as promoters of responsible investment in the market.

Risk & Compliance

The Risk & Compliance function is responsible for maintaining this Policy, for monitoring compliance with this Policy and for training and educating Employees.

Portfolio managers of the investment products

The portfolio managers that are in control of our investment products are responsible for integrating responsible investments and sustainability goals in the investment process and portfolios managed.

Employees

All our employees are responsible for adhering to the requirements as set out in this Policy and to notify management of opportunities that arise that can further our long-term sustainability goals.

6. Training & Education

Our employees have easy access to the training and education platform of the BNP Paribas Group. They are encouraged and facilitated in enrolling in classes on climate change, responsible investment practices, ESG factors, and the importance of sustainability in financial decision-making.

7. 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 is published and accessible through our website (www.dynamiccredit.com) and the marketing materials and pre-contractual information complies with this regulation.

8. Monitoring & Review

The Risk & Compliance function 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).