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## RESPONSIBLE INVESTMENT POLICY

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***“At DECALIA, the concept of ESG is not seen as a mere slogan, but as a principle of economic sustainability.”***

*Rodolfo De Benedetti - Partner & Chairman of DECALIA Strategic ESG Committee*

## **INTRODUCTION**

In 1987, the World Commission on Environment and Development of the United Nations published the Brundtland Report that defined “Sustainability” as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. DECALIA believes that the concept of “Sustainability” has a significant and visible impact on the investment.

As a fiduciary of its clients, DECALIA seeks to act in the best interests of its clients. While this duty is interpreted as acting in the best financial interest of the client the group believes that a company’s environmental, social and governance practices affect its valuation and investment returns. DECALIA considers that, within the context of programs whose core objective is to maximize economic return, investing responsibly aligns us with the broader objectives of our clients.

DECALIA has committed to maintaining an investment approach that incorporates Environmental, Social and Governance (“ESG”) factors as well as responsible investment considerations. However, assessing a company’s governance practice has always been a key part of DECALIA’s investment process, as the Group firmly believes that companies which are well governed and operate transparently are well placed to increase shareholder value over time.

## **RESPONSIBLE INVESTMENT GUIDELINES**

DECALIA is a signatory to the UN Principles for Responsible Investment since 2020, therefore, it commits to the following 6 principles:

- 1. We will incorporate ESG issues into the investment analysis and decision-making process.*
- 2. We will be active owners and incorporate ESG issues into our investment policies.*
- 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
- 4. We will promote acceptance and implementation of the Principles within the financial sector.*
- 5. We will cooperate to enhance our effectiveness in implementing the Principles.*
- 6. We will report on our activities and progress towards implementing the Principles.*

DECALIA, as a group, avoids to invest actively in companies that fail to comply with the United Nations Global Compact principles, the United Nations Guiding Principles for Business and Human Rights and the International Labour Organization’s principles. Currently, the Group has a list of restricting investments in relation to these issues (“Excluded Companies”) which evolves over time.

The Group aims to invest in companies whose products and services meet and help achieve the United Nations Sustainable Development Goals (SDGs).

Given the huge discrepancy and low correlation between the third-party ESG ratings of various agencies (i.e. Bloomberg, Sustainalytics, MSCI etc.), DECALIA decided to develop an internal ESG framework with a proper ESG Team made of trained analysts and to implement an internal rating system in order to mitigate the dependence on third-party data providers.

As an active shareholder, DECALIA believes that engaging with companies is critical to better understand the business and the investment case. The Group focuses the engagement on a selected group of companies where there is the feeling to have an opportunity to improve their profile in one or all three pillars (E,S & G). DECALIA has multiple ways of engaging with investee companies: via e-mail, conference calls, physical meetings with management, attendance to roadshows, and sector conferences or through the exercise of voting rights.

In addition to this policy, DECALIA has built the following standalone policies and statements to ensure the responsible investment guidelines are complied with:

- DECALIA Exclusion Policy
- DECALIA Engagement Policy
- DECALIA Voting Policy
- DECALIA ESG Rating Methodology

## SUSTAINABILITY GOVERNANCE

DECALIA SA has established one Strategic ESG Committee at the group level and one Operational ESG Committee for each of its business lines (Wealth Management, Asset Management and Private Markets).

The primary purpose of these panels is to define the general ESG strategy, the guidelines and implement the best ESG practices within DECALIA SA.

As a confirmation of the concrete commitment of the Group to promote a sustainable approach across-the-board, several partners of DECALIA are active members of both Strategic and Operational ESG Committees.

DECALIA SA has a dedicated ESG Team subordinated to the Executive Committee. The ESG Team coordinates the ESG Committees.

The Operational ESG Committees are subordinated to the Strategic ESG Committee, which in turn is subordinated to the Executive Committee.

### Strategic ESG Committee

#### Participants

- Partner & Head of Fund Managers and Product Strategy (Chairman)

- Partner & Head of Business Development
- ESG Team
- Head of Equities
- Head of Compliance
- Head of Discretionary Portfolio Management
- Lead portfolio manager - Private Markets

#### Frequency

- At least twice a year

#### Discussion Topics

- DECALIA ESG Strategy
- ESG guidelines and principles
- Policy Framework (i.e. ESG Policy, Voting Policy)
- Engagement objectives
- Regulatory Framework
- ESG Risk & Control
- ESG Research Budget

#### **Operational ESG Committee**

##### Participants

- ESG Team
- Head of Compliance
- Members of Asset Management (Involvement as necessary)
- Members of Wealth Management (Involvement as necessary)
- Members of Private Markets (Involvement as necessary)
- Members of Business Development (Involvement as necessary)

##### Discussion Topics

- ESG investment process and discussion of controversial cases
- Reporting Activity
- ESG Risk Monitoring
- Regulatory Framework and ESG Labels

This policy was approved by the Executive Committee on Tuesday, February 7<sup>th</sup> 2023 and goes into effect immediately.