

# **DECA INVESTMENTS AIFM**



## **Environmental Social Governance POLICY**

**(Disclosure according to SFDR - EU 2019/2088-)**

**10.03.2021**

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## I. Background and Disclaimer

**DECA Investments AIFM (“DECA”)** a private asset management company active in the Greek market, committed to a philosophy of healthy long term growth and sustainable returns on investment, is gradually integrating **Environmental, Social and Governance (ESG) metrics**, factors and objectives into its investment philosophy, policy, strategy and processes in the whole investment life cycle (pre-investment mapping phase, due diligence phase, post investment monitoring phase) with the goal to minimize its investments risks, improve its financial returns and have a positive ESG footprint.

The ESG Metrics integration into the investment policy, strategy, and processes of DECA is an ongoing long-term gradual process, that may affect asset allocation, assets valuation, risk assessment and eventually risk and financial returns. **DECA has developed this ESG Investment Policy, which will be part of its internal policy and strategy.** The integration of the ESG Investment Policy to the overall investment philosophy of the funds for which DECA performs investment management services, aims to build a reliable policy and strategy for ESG responsible investing, to adapt to the new regulatory requirements as set by the EU Sustainable Finance Framework, to minimize risks and to maximize returns in the long-term.

DECA is committed to a philosophy of sustainable return on investments and long-term growth. With this ESG Investment Policy, DECA aims to build an ESG responsible investing procedure, to adapt to the new regulatory requirements, set by the EU SFDR (EU 2019/2088) and the EU Taxonomy Regulation (EU 2020/852), minimizing risks and maximizing returns.

The ESG Investment Policy is available to all stakeholders on the official website of the Company and will be updated in due time and course, without prior notice.

## II. Corporate Profile & Services

DECA operates under a model of corporate governance structure, with an independent investment decision making mechanism under a comprehensive investment, approval, and risk-management framework. The team consists of professionals, who are committed to try hard to generate attractive returns for the shareholders, **enhance high shareholder added value with sound corporate governance and generate attractive workplaces for the portfolio companies’ employees.** DECA follows a thorough investment process, which comprises several distinct stages including the sourcing of potential investments, financial investment analysis and valuation, ESG investment assessment, investment committee review, financial, legal, tax, technical and ESG due diligence, transaction closing, active portfolio management, company performance and ESG monitoring, value creation and exit.

### **Defining ESG Investing for DECA**

ESG Investing Definition: According to the PRI, *Responsible Investing* is an investment process and approach to investing that aims to incorporate Environmental, Social and Governance (ESG) factors into the investment decision making process, to better manage risk and generate sustainable, long-term returns. A central feature of responsible investing is the identification and analysis of significant ESG metrics (KPIs) at portfolio companies or investment targets (the combination of which reflect Risks and Opportunities), to take them into account by the design and implementation of the investment strategy.

Source: Principles for Responsible Investment (PRI).

“Sustainable Investing’ means an investment in an economic activity that contributes to:

- an **environmental objective (‘E’)**, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water, and land, on the production of waste, and greenhouse gas emissions, or on its impact on circular economy **or**
- an investment in an economic activity that contributes to a **social objective (‘S’)**, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives **or**
- that the investee companies follow **good governance practices (‘G’)**, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Source: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. Article 2, par. 17.

### III. ESG legal Frameworks and Principles acknowledged

Following relevant legal frameworks and principles are acknowledged for this ESG Policy and Strategy:

- The EU Sustainable Finance Disclosure Regulation – SFDR (EU 2019/2088)<sup>1</sup>
- The EU Taxonomy Regulation (EU 2020/852)<sup>2</sup>
- Integration of ESG metrics into the overall investment process.
- ESG risk management of investments at pre-investment phase and post investment phase.
- Integration of ESG metrics into the investment process by implementing a mix of ESG Investment strategies, in line with overall investment philosophy.
- Active shareholder ownership in portfolio companies with important stake.
- ESG issues are discussed in Investment Committee.

### IV. DECA Investments’ ESG Principles

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=DE>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=DE>

- 1) **Integration of ESG issues** into the overall investment processes, policy, and strategy in the complete investment life cycle (pre-investment evaluation phase, due diligence phase, post investment monitoring phase). Incorporating pre investment ESG assessment and ongoing post investment ESG assessment of portfolio companies and taking into account the sector, segment, size and countries of operation of the candidate investee company.
- 2) **Active integration of ESG metrics into the investment process** with the implementation of ESG investment strategy, which are in line with the overall investment philosophy, and the application of transparency and disclosure of the important and relevant ESG KPIs.
- 3) **Active shareholders in portfolio companies.** Strategic goal is the ongoing performance and ESG improvement of portfolio companies with the incorporation of ESG metrics into their strategy and disclosure of their material ESG metrics (e.g., in an annual sustainability report).

**V. DECA's main ESG considerations in its Investment Policy:**

- A. Will **exclude** certain sectors and segments (some absolutely and some conditionally) with high risk and potential negative impact on ESG issues
- B. Will actively seek sectors, segments, and investments with **positive (best)** impact on ESG issues, or low risk
- C. Will be (in its capacity of investment manager of the fund(s) **active** shareholders of portfolio companies and seek ESG improvement of investee companies.

DECA has adopted the following process to design an efficient SFDR compliant investment policy and strategy considering the ESG Risks and Opportunities in the investment decision making process. DECA takes into consideration following ESG steps in its investment process:

- ESG Assessment & Screening at pre-investment phase.
- ESG Evaluation by the Investment Committee. The Investment Committee is responsible for ensuring that the ESG principles and policy of DECA are extended to the portfolio companies.
- DECA Investment Universe.
- ESG Due Diligence.
- DECA Portfolio Construction, decided by Investment Committee
- Ongoing ESG Review & Improvement. Ongoing active shareholder engagement (ESG post-set Questionnaire).

DECA's scope is to integrate ESG metrics, into the existing investment philosophy of the funds for which it performs investment management services to the extent allowed by the investment management agreement, and process both at pre-investment and post-investment phases. DECA's focus is to adopt and apply the DECA ESG principles. This will be accomplished through incorporating ESG assessment at pre- and post-investment phases. Most important aspect is the ongoing ESG monitoring and review.

## **VI. DECA's Implementation Stages of ESG Investment Strategy**

**Pre-Investment Phase.** Assessment and analysis of markets, sectors, ESG assessment (ESG Questionnaire). Application of ESG filters on the specific companies in the investment pipeline. ESG due diligence with approval by Investment Committee.

**Post-Investment Phase:** Portfolio ESG performance. Portfolio monitoring, review, improvement based on pre-set ESG strategy & ESG metrics, ESG performance measurement, attribution and evaluation, active shareholder. ESG monitoring, review & improvement, exit & re-investment.

## **VII. DECA's ESG Investment Strategy Filters:**

**DECA will consider the following ESG investment filters at its ESG Investment Strategy:**

- Negative - Exclusionary ESG screening strategy (pre-defined sectors, segments, countries, regions excluded).
- Positive / Best in Class ESG screening strategy (pre-defined preferred sectors, segments selected). Norms – based sub – strategy.
- Proactive application of DECA pre-set and listed ESG metrics.
- Active shareholder engagement.

## **Transparency and Disclosure**

This ESG Investment Policy and Strategy is in accordance with Articles 3 and 4 of the EU SFDR Regulation (EU 2019/2088).