

DECATUR ESG IMPACT REPORT

ESG Investment Policy Assessment

As signatories of the UN Principles for Responsible Investment, DCM strives to uphold the six basic principles the PRI was founded to address. Principle 6 states that “We will each report on our activities and progress towards implementing the Principles.” To that end, all signatories are afforded the opportunity to participate in an annual assessment of their efforts; the assessment is conducted by the PRI organization. This assessment is designed to provide feedback to support an asset

.... LOOKING BACK SO THAT THE VIEW
LOOKING FORWARD IS EVEN CLEARER

manager’s ongoing learning and development. We spent time in the third quarter reviewing the results of our first assessment and identifying areas where opportunities for enhancement exist.

Overall, DCM received a B on our assessment. In the category of Strategy and Governance, the firm scored an A. This category addresses topics such as having a responsible investing (RI) policy, objectives and strategies, governance, promoting RI, and ESG issues in asset allocation. DCM’s management of objectives, risk, conflicts of interest and engagement positively contributed to the score.

In the category of Listed Equity - Incorporation, DCM scored a B in the Screening and Integration sections. These sections measure what ESG factors are used to screen stocks and what ESG information is included in the investment process. Our incorporation of ESG information into the investment process and disclosure of this approach were judged additive to the process. One area

for improvement, though, is the type of ESG information that we use. DCM currently uses ESG news sentiment in the screening and integration process, and we are actively researching other information sources that may add value to our investment process.

The last section of the assessment is Active Ownership, which is comprised of Engagement and Proxy Voting. In this section, DCM scored a C. In Engagement, our process, objectives, and monitoring and communicating externally scored highly, while our description of the engagement approach, the number of engagements and public disclosure did not score well. We note that DCM is involved in a number of engagements that are long-term and were not necessarily reflected in our submitted report. In Proxy Voting, DCM received high marks for voting instructions, percentage of votes cast and disclosure to clients. However, our voting policy and public disclosure sections did not score well. While DCM has a voting policy, it was not specifically included in our submission.

Conclusion

Overall, we are pleased with the results of this first annual assessment. The category of Active Ownership is one that DCM is very focused on and provides opportunities to enhance both processes and documentation. As a result, DCM has recently updated our Active Ownership policy that addresses Integration, Engagements and Proxy Voting to more fully document our current process and include more of the criteria used in the assessment. Copies of the full PRI assessment and the updated Active Ownership policy can be obtained by emailing info@decaturcapital.com.