



J & E Davy Holdings Unlimited Company – ESG Disclosures under Investment Firms Regulation (IFR)

Davy House, 49 Dawson Street, Dublin 2.

30th June 2025

1. Davy

The Davy ESG strategy was formulated in 2022, based on a materiality analysis of our business at that time. That analysis spoke to the primacy of our client investments from a climate and broader sustainability perspective, with other material issues including:

- Energy management.
- Water, waste and procurement in our operations.
- Employee engagement and wellbeing.
- Employee equality, diversity and inclusion.
- Community engagement and charity.
- Suitability of our wealth offerings.
- Promotion of effective capital markets.

A sub-committee of the Davy Executive Committee (ExCO) was established to formulate and oversee the implementation of a multi-annual strategy and roadmap, including the standing up of an architecture and related systems for the management of ESG-related risks.

The Davy Sustainability Executive Committee (SEC) meets monthly to review progress and champion the ESG agenda across our organisation and is made up of key decisions from across our business.

The multi-annual strategy and annual action plan are subject to annual ExCO and Board review as part of planning, with progress review periodically via scorecards and more detailed reviews.

A strategic commitment to ESG is embedded across our cultural framework, with the Davy purpose being to deliver exceptional client outcomes underpinned by a value of proud legacy.

ESG-related risks embed across our programme of work as well as being the subject of a separate programme module, under the management of the Davy Head of Enterprise Risk.

Detail on ESG-related initiatives in 2024, most of which can be directly related to the management of ESG-related risk, can be found in the Davy Sustainability Report 2024.

2. ESG-related Risks

ESG risks are risks that stem from the current or prospective impacts of ESG factors on Davy that could cause an actual or potential material negative impact on:

- Davy's earnings, capital, franchise value or reputation.
- Davy's regulatory standing.
- The long-term sustainability of our clients' operations and financial wellbeing.
- The communities and environment in which we and our clients operate.

They fall across the three categories of environmental, social and governance and are both transitional (i.e. under-pinned by policy and market-related changes) and physical in nature and can be characterized as follows:

Environmental Risk: The risks associated with the impact of climate change and how the firm utilizes natural resources and the effect of its operations on the environment. Environmental Risk is further sub-categorized into:

- **Transition Risks:** The risks arising from disruptions and shifts associated with the transition to a low-carbon economy.

- **Physical Risks:** The risks related to potential financial implications from physical phenomena and associated climate trends.

Social Risk: Relates to issues relating to the rights, well-being and interests of people and communities.

Governance Risk: Relates to issues relating to the governance of the Firm and stakeholder companies.

3. ESG Governance

Corporate Governance is the set of mechanisms by which authority is exercised, decisions are taken, and the Firm is effectively supervised. Risk Governance refers to the elements of an organization's overall governance mechanisms that relate to risk management and mitigation.

Davy corporate and risk governance relevant to the management of ESG risks is as follows:

- **Davy Board:** overall accountability for ESG strategy and related risk profile.
- **Board Risk & Compliance Committee (BRCC):** delegated responsibility for assessing and monitoring the risks and the internal controls of the Firm, assisting the Board in overseeing the implementation of strategy.
- **Executive Committee:** overarching responsibility for ESG strategy execution.
- **Sustainability Executive Committee (SEC):** delegated responsibility for ESG strategy execution;
- **Enterprise Risk Management Committee (ERMC):** responsible for monitoring Davy's risk profile and risk governance, including ESG.

With the exception of the SEC, which has a dedicated sustainability remit, ESG considerations embed as part of general corporate strategy and risk management processes with periodic reviews.

There is an established process for an annual review of our climate, social and governance risks, led by the chair of the Sustainability Executive Committee and its membership.

4. ESG Risk Management

Davy is integrating ESG risk management on a proportionate basis into its overall risk management approach. The manner of integration is set out in a Board-approved ESG Risk Management Framework and is aligned with the overall Davy Risk Management Framework (RMF).

Risk Management Framework

ESG is embedded in the overall Risk Management Framework of Davy in adopting the approach to treat ESG as a risk driver of the Risk Profile. The RMF sets out Davy's approach to risk management and reflects the Risk Culture of the firm.

The RMF includes establishing the:

- Common principles for the risk management process of identifying, assessing, monitoring, mitigating and controlling risks to Davy.
- Standard definitions of risk terms and classifications to ensure consistent application.
- Clear roles and accountabilities for the management of risk.
- Governance mechanisms by which risk oversight is exercised and risk decisions taken.
- Standards on risk policies and reporting to ensure consistent application.
- Principles for setting Risk Appetite to articulate tolerances for the adverse outcomes of taking risk.

Risk Appetite Statement

A well-developed Risk Appetite Statement is a cornerstone of a sound and effective risk management together with a strong risk culture and well-defined responsibilities for risk management and control functions.

Risk appetite is the nature and extent of risk that Davy is willing to take, accept, or tolerate in pursuit of its business objectives and achievement of its strategy as set by the Board. The Risk Appetite Statement is an articulation of how Davy's appetite for and tolerance of risk will be expressed for each of its principal risks.

Davy's commitment to the UN Principles of Responsible Investing and UN Global Compact Principles are reflected in the Risk Appetite Statement.

Climate Risk Capital Requirements

ESG risks are considered as part of Davy's annual Internal Capital Adequacy Assessment Process (ICAAP) exercise which is conducted annually. To meet regulatory and voluntary reporting requirements, Davy shall disclose the outcomes of strategic assessments of climate-related risks where necessary and required and use them to inform strategic planning and ICAAP processes.

The ICAAP is a key process that facilitates the Board and senior management in identifying, measuring, and monitoring the Firm's risks and ensuring that it holds adequate financial resources to support its risk profile.

Climate Risk is not deemed to materially affect Davy's balance sheet or operations within the ICAAP period.

External Risk Horizon Review

Davy undertakes periodic external risk horizon scanning reviews, to identify and assess new and emerging risks that can potentially pose a threat to the successful achievement of our business strategy, objectives and/or financial planning outcomes.

ESG risks may be captured as stand-alone risks or more commonly be treated as 'risk-drivers' of other risks such as operational risk or business and strategic risks.

The Firm's Risk Profile is monitored and reported at least quarterly to relevant governance fora and helps inform Risk Appetite setting, Business Strategy, Objectives and Financial Planning, economic capital assessment and stress testing activities as well as the formulation of risk mitigation strategies and potential areas for policy development.

Risk Policies

Risk Policies are reviewed in the ordinary course of business to assess appropriate updates to take account of the firm's strategy, risk profile and risk identification.

Where ESG risk factors are assessed to potentially impact on the risk profile of the firm or underlying risk, this will be appropriately addressed in the relevant risk policy. Typically, this includes identifying the ESG risks relevant to the risk type, capturing related risk mitigation standards and setting out the minimum standards to manage the risk in line with risk appetite and in compliance with regulation.

Compliance

Davy complies with the EU Sustainable Finance Disclosure Regulation and Investment Firm Regulation as illustrated by the separate disclosures accessible on the Davy website as follows:

- SFDR Article 3: Davy's policies on the Integration of Sustainability Risks in the Investment Decision-making Process.
- SFDR Article 4 (1)(a): Davy's due diligence policies with respect to the Principal Adverse Impacts of Investment Decisions on Sustainability.
- SFDR Article 5: Information on how Davy's Remuneration Policy is consistent with the integration of sustainability risks.

Principal Adverse Indicators

Further, Davy publishes an annual Gender Pay Gap Report and is compliant with the UK's Modern Slavery Act 2015 – both documents are available on the Davy corporate website.

Davy is subject to and operates within the EBA corporate governance requirements as set out in the Guidelines on internal governance under Directive (EU) 2019/2034.

5. Business Model & Strategy

ESG-related risks emerging from business-led reviews in 2025 include:

- Climate-related risks to business continuity or extreme weather.
- Loss of market relevance because of not keeping pace with ESG-related demand.
- Stranded assets in the case of our wealth, corporate or institutional clients.
- Failure to comply fully with emerging evolving ESG-related regulation.
- Davy relationships or investments linked to social violations and climate risk.
- Unequal prospective client access to Davy products and services.
- Client loss from third party impersonation of the Davy brand.
- Stranded staff skills because of emerging technologies.

None of the risks profiled are expected to materially effect Davy's balance sheet or business operations in the short to medium term, with appropriate mitigants embedded across our general and ESG-specific risk management architecture (see Section 4).

Findings are subject to challenge from 2LOD risk officers and Enterprise Risk Management Committee (ERMC) and Board Risk and Compliance Committee (BRCC) review.

6. Related Resources

Public Resources relevant to this statement are as follows:

- [Davy Annual Sustainability Report, 2024;](#)
- [Davy Gender Pay Gap Report, 2024;](#)
- [SFDR \(Davy Statement on Principal Adverse Indicators, 2024\);](#)
- [Davy Responsible Investment Policy;](#)
- Davy UNPRI Report, 2024.

To meet regulatory and voluntary reporting requirements, Davy shall disclose the outcomes of strategic assessments of climate-related risks where necessary .