

J & E Davy Unlimited Company - ESG disclosures under Investment Firms Regulations (IFR) (Unaudited)

Davy House, 49 Dawson Street, Dublin 2.

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ESG factors are environmental, social or governance matters that may have a positive or negative impact on J & E Davy.

ESG risks are risks that stem from the current or prospective impacts of ESG factors on J & E 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.

Davy defines the key sub-categories of climate related risks and environmental risks that impact our business as follows:

Transition risks: The risks arising from disruptions and shifts associated with the transition to a low- carbon economy, which could lead to higher business costs, lower revenues, stranded assets. These include:

- **Policy and legal risks** e.g., imposition of a carbon tax, climate-related litigation.²
- **Technology risks** e.g., old technology replaced by cleaner technology.
- **Market demand/supply** risks e.g., changing consumer behaviour; and
- **Reputational risks** e.g., reduced client satisfaction of companies with a reputation of harming the climate.

Physical risks: The risks related to potential financial implications from physical phenomena and associated climate trends which disrupt operations, supply value chains or damage property. These include:

Chronic risks e.g., long term trends – extreme weather events, chronic weather patterns, sea level rises, temperature changes, etc; and

Acute risks e.g., events such as floods, storms, water stress, resource scarcity, biodiversity loss, pollution, fires, heatwaves, or droughts

A definitive list of social and governance factors has not been provided by regulators; however, J & E Davy takes account of a range of factors informed by UN Sustainability Development Goals and other standards relevant to our industry.

Corporate Social Responsibility

Davy has long been conscious of its Corporate Social Responsibility (CSR) and our CSR strategy is a fundamental component of our business guided by our core values of Client Success, One Davy, and Proud Legacy.

We understand the importance of being a good corporate citizen, ethically and responsibly managing all aspects of our business so that we can make a difference that matters in our community, workplace, environment and marketplace among our employees, clients, and other stakeholders.

Community

As a business and as individual employees, we look to support our local communities through charitable giving and community efforts. Davy partners with two charities every year so we can make a difference that matters. We also support our employees who, as individuals or in groups, are contributing to our community, by matching funds raised for charitable causes and supporting volunteering efforts.

Workplace

We aim to create the best workplace possible, supporting our employees to reach their full potential and maximise their career progression, while prioritising their health and wellbeing.

Environment

Making a positive contribution to the environment in which we operate is a company priority. The Sustainability Executive Committee (SEC) is a cross-departmental committee that includes representatives from our sustainability consultancy Davy Horizons. The SEC initiates, develops and drives company-wide sustainability and environmental programmes. The committee sets the Group's objectives and targets in terms of sustainability, energy management, waste management and recycling, transportation initiatives and water conservation. The SEC builds awareness among Davy employees about the importance of making a positive impact on our environment.

Marketplace

Our business is founded on mutual trust and public confidence. Integrity, confidentiality, professionalism, compliance, and legality form the basis of the Davy Code of Conduct, the standards which all of our employees sign up to and practice day-to-day.

Integration of ESG within Davy

Building on the foundations of existing CSR structures, Davy is integrating ESG on a proportionate basis into its business operations and risk governance structures consistent with the Bank of Ireland Group ESG approach, which in turn is informed by the principles of the relevant EBA guidelines.

This encompasses the strategy, risk management activities and governance arrangement of J & E Davy.

ESG and Strategy

As Ireland's leading wealth management and investment bank in Ireland, Davy is committed to supporting national efforts to build a more sustainable and equal society.

This commitment is embedded across our purpose, values, and strategic priorities.

It also now embeds in our governance and risk processes, and across all our client propositions.

Davy can play a substantial role in our transition to a green economy, sitting as we do at the heart of wealth and capital in Ireland. We are investing to deliver on this potential, in line with the expectations of our stakeholders.

To provide the foundations for our sustainability programme, we conducted a baseline sustainability review of our activities, products, services, and operations across all our locations in 2022.

The review assessed all of our material environmental and social impacts, and benchmarked Davy's current performance versus best practice as defined by policy, law, and standards. This included measuring our energy consumption, Greenhouse Gas emissions, water, waste, procurement, and diversity performance, among others. Based on this review, we developed a five-year roadmap, which is now in its second year of implementation.

While we are at an early stage in strategy execution, we are committed to continuous improvement in all aspects.

Risk Management

Davy is integrating ESG on a proportionate basis into its risk management framework and its approach to managing risks arising from ESG factors. This is principally manifesting itself in the central risk management processes noted below.

Separately, Davy is also focused on ensuring compliance with the various ESG-related regulatory requirements and voluntary commitments e.g., the disclosure requirements required by the Sustainable Finance Disclosure Regulation.

Risk Management Framework

ESG is embedded in the overall risk management framework of Davy in adopting the approach to treat ESG as risk drivers of its enterprise risks.

This integrated approach requires an evaluation of the material risk to assess the key impact on its business operations and to translate that into potential, relevant risk appetite and risk policy statements.

Risk Appetite Statement

A well-developed risk appetite framework, articulated through the Risk Appetite Statement, is a cornerstone of a sound and effective Risk Management Framework, 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 material risks. This comes in the form of worded (qualitative) statements about the nature and type of risk that Davy Group will assume, and (quantitative) limits that define and measure the range of acceptable risk.

Davy has codified initial ESG-related risk appetite positions and will continue to evolve this approach as the ESG risk management approach gets further embedded.

Additionally, Davy operates with a number of ESG-related Key Risk Indicators and Key Performance Indicators that track developments and performance, which will be further enhanced in tandem with the further embedding of ESG.

Enterprise Top Risk Assessment

Davy is conducting and maintaining periodic Enterprise Top Risk Assessments, which is a ‘top-down’ risk assessment that seeks to identify the key external and internal risks that can potentially pose a threat to the successful achievement of J & E Davy’s Business Strategy, Objectives and/or Financial Planning outcomes.

This process and approach consider ESG risks in the identification, assessment, mitigation, governance, and reporting of the Enterprise Top Risks. Key considerations include the existing Enterprise Top Risk profile, local business unit risk profiles (arising from ‘bottom-up’ risk assessments), internal risk event history, key risks contained in J & E Davy’s Risk Library, outputs from environmental scanning for emerging risks e.g., risk surveys, upstream regulatory change, industry and/or geo-political/climate risk events and local, unique risks pertaining to Davy Group entities.

ESG risks may be captured as stand-alone risks or more commonly be treated as so-called ‘risk-drivers’ of other risks such as operational risk or business strategic risks.

The Enterprise Top Risk profile is monitored and reported at least quarterly to relevant governance fora including the RCC.

The outputs of the Enterprise Top Risk Assessment help inform Risk Appetite setting, Business Strategy, Objectives and Financial Planning, Pillar 2 capital assessment and stress testing activities as well as the formulation of risk mitigation strategies and potential areas for policy development.

Risk Policies

As part of J & E Davy’s further integration of ESG into its risk management processes, relevant Risk Policies are reviewed in the ordinary course of business to assess appropriate amendments to take account of J & E Davy’s ESG strategy and risk profile.

Where ESG Risk factors are assessed to potentially impact on the risk profile of an enterprise risk or underlying risk, this will be appropriately reflected 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

Summary of key regulatory requirements, which Davy is subject to:

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

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

Further, Davy has published its Gender Pay Gap Report as required under the Gender Pay Gap Information Act 2021 and Davy is also compliant with the UK’s Modern Slavery Act 2015 – both documents are available on J & E Davy’s 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.