



# CLIMATE TRANSPARENCY REPORT

## 2019

Davy Asset Management

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-62509B7B-9E8F-4504-B246-316A9DEDEAC0/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-62509B7B-9E8F-4504-B246-316A9DEDEAC0/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	-	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.4	✓	Private				
SG 14.5	-	Private				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	-	Private				
SG 15.3	-	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Davy Asset Management
<b>Signatory Category</b>	Fund of funds, manager of managers, sub-advised products - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 5 - 9.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2016
<b>Region</b>	Europe
<b>Country</b>	Ireland
<b>Disclosure of Voluntary Indicators</b>	14% from 38 Voluntary indicators

# Davy Asset Management

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Our approach to integration of ESG factors which is fully embedded in our firm-wide investment philosophy, a philosophy based on the principle of Quality investing.

In terms of Quality, we believe companies that are long-term winners exhibit common identifiable characteristics which we refer to as Quality pillars. We believe the market systematically misprices companies demonstrating these characteristics and an investment process focused on identifying Quality companies, at an appropriate valuation, will deliver superior performance for our clients over the long term.

We see Quality as a characteristic which can be represented both qualitatively and quantitatively in terms of our four Quality pillars: Profitability, Persistence, Protection and People. We strongly believe a company's management of ESG risks acts as a strong proxy for management of long term business risks. As such, we find that ESG analysis serves as a highly complementary qualitative analysis tool for our our Quality-based investment philosophy.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Consideration of ESG risks is firmly embedded in our quantamental-based investment approach, which blends both quantitative and fundamental investment techniques, a source of qualitative, non-financial analysis.

We are long term investors, which supports an active engagement approach. We do not see any need for exceptions or variations in our Quality-based investment philosophy or quantamental approach to accommodate our responsible investment approach. We see responsible investment as complementary.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

<b>SG 01 CC</b>	Voluntary	Public	Descriptive	General
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**SG 01.6  
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

As long term Quality based investors, we are inherently aware of the long term business risks reflected in all ESG risks, none more so than the risks posed by climate change. We believe that climate change risk represents perhaps the largest ESG risk to companies in operation today. As such, we launched the Davy ESG ex Fossil Fuels strategy in April 2018 as a strategy which only invests in companies that demonstrate best-in-class performance in managing carbon emissions risk, while also avoiding companies involved in the exploration, extraction or burning for profit of fossil fuels.

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8  
CC**

Indicate the associated timescales linked to these risks and opportunities.

We believe that these climate risks already pose large social and economic risks and there is mounting pressure on companies to address climate change risk, which we anticipate will only increase. We believe that these risks and opportunities will be come increasingly visible over the next three to five years.

We look at the risks presented by climate change on two levels. One one hand, we see adaptation to climate change risk as broadly representative of how a company manages their long term business risks. A company which fails to address climate change risk may exhibit complacency elsewhere across their long-term business risk management. In the main, we see that companies which fail to adapt to climate change may leave themselves exposed to costly climate-related litigation or regulatory risk.

No

**SG 01.9  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

Explain the rationale

We are currently undertaking a review of climate change related organisations which we may look to support or partner with, and may subsequently support TCFD in the future.

**SG 01.10  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Davy aims to minimise the environmental impact of our operational activities. We seek to achieve continuous environmental improvement, to prevent pollution, to encourage environmental awareness within our organisation and to contribute to environmental sustainability.

Davy is committed to embedding leading environmental practices into our business operations, and to seek to comply with applicable environmental, legal and other requirements that apply to our activities.

The Environmental Policy applies to all Davy offices.

A set of environmental goals has been set for the organisation, which Davy will strive to achieve, in the following areas:

- waste management and recycling
- energy use
- water use
- transport and travel
- procurement of goods and services
- environmental education and awareness among our staff.

We will communicate our Environmental Policy, plans and performance to staff and stakeholders. We recognise the contribution our staff make towards improving the environmental performance of Davy.

The Davy senior management team has ultimate responsibility for the environmental performance of the organisation. It will ensure that the necessary environmental policies and resources are put in place to seek to minimise the environmental impacts of the organisation.

It is the responsibility of both the firm and the staff to contribute towards our Environmental Policy goals.

No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{[hyperlink:http://www.davyassetmanagement.com/about/investment-approach](http://www.davyassetmanagement.com/about/investment-approach)}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Engagement policy
- We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

Attachment

File Attachment

{[hyperlink:165\\_18757\\_DAM SRI Policy\\_FINAL.pdf \[305KB\]](#)}

Your investment objectives that take ESG factors/real economy influence into account

Time horizon of your investment

ESG incorporation approaches

Active ownership approaches

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

Our Responsible Investment Policy covers engagement also, while we also maintain a Proxy Voting Policy. Our RI Policy also covers ESG incorporation.

## Governance and human resources

**SG 07 CC**

Voluntary

Public

Descriptive

General

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Private</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>SG 14.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

<b>SG 14.2</b>	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

	Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.
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	trillions	billions	millions	thousands	hundreds
Total AUM			12	000	000
Currency	EUR				
Assets in USD			13	690	718

Specify the framework or taxonomy used.

We believe that climate change risk, as an ESG risk, represents the largest business risk to companies in operation today. As such, the Davy ESG ex Fossil Fuels strategy only invests in companies which are leading the transition to a low carbon economy. The strategy specifically looks at companies' carbon emissions performance relative to peers as a means of; a) identifying superior risk managers by using carbon emissions management as a proxy for long term business risk management, b) constructing a portfolio which carries a significantly lower carbon footprint than the market.

Identifying leaders in carbon emissions performance requires rigorous research. To maintain independence and objectivity in our research, we use the carbon emissions analysis of a third party provider. Carbon emissions leaders are identified by looking at carbon risk along two axes; carbon risk exposure and carbon risk management.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.4**

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We review our SRI portfolios for greenhouse gas intensity, waste generated, energy intensity and water intensity. These measurements are taken in terms of metric tonnes per million of USD sales and aggregated for both the portfolio and the benchmark. For RI portfolios we expect to considerably lower environmental impact.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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<b>SG 14.6 CC</b>	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.
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<b>Metric Type</b>	<b>Coverage</b>	<b>Purpose</b>	<b>Metric Unit</b>	<b>Metric Methodology</b>
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Benchmarking versus broader market or benchmark	Metric tonnes per million of sales (USD)	
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Benchmarking versus broader market or benchmark	Metric tonnes per million of sales (USD)	

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	Ongoing (measured quarterly)	Target <math>\leq 50\%</math> of greenhouse gas emissions versus MSCI World within low carbon-oriented fund.	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

At present there is no process for integrating climate change into risk management specifically. More generally, ESG had been adopted into our firmwide equity risk management processes; through overall ESG profiling of portfolios, monitoring of ESG performance of individual portfolio holdings and adoption of ESG into our performance attribution system.

**SG 14.9  
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Private	Descriptive	PRI 1
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**SG 15.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No