



CLIMATE TRANSPARENCY REPORT 2020

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 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-856621B2-0A32-4D10-AA7C-E7C8D7D9A18F/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). 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 2020 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 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	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	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	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	
Name	Davy Asset Management
Signatory Category	Fund of funds, manager of managers, sub-advised products - Majority
Signatory Type	Investment Manager
Size	US\$ 5 - 9.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2016
Region	Europe
Country	Ireland
Disclosure of Voluntary Indicators	19% 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
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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.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

The firm believes that companies operating today face major business risks related to climate change, which can result increased operating costs and reduced revenue. Operating costs may increase because of increased compliance costs, raw material cost inflation, increased insurance premiums, increased capital costs as a result of damage to facilities and also, sanctions and fines. Reduced revenues can come from decreased production capacity, reduced consumer demand or reduced ability to deliver goods or services. Similarly, companies who can avoid these risks and embrace the opportunities afforded by a low carbon economy offer a significant investment opportunity in the future.

To this end Davy launched a climate change focused investment strategy in 2018. The strategy seeks to invest in companies which demonstrate the ability to mitigate against climate change by reducing carbon emissions in their own business while also innovating around climate change through their products and processes. The strategy believes that companies across all industries (bar fossil fuels) are capable of contributing to climate change mitigation.

Companies which meet the criteria of being a low carbon business, while also addressing climate change mitigation are considered suitable for the portfolio. This analysis is considered a powerful complement to the firm's investment philosophy of QUALITY, helping to identify sustainable business models which marry leading fundamental characteristics with superior long-term business risk management.

No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe 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 01.8
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 01.9
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

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

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

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

Dedicated responsible investment staff

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

**SG 07.6
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Board review includes review of portfolio carbon levels among other general environmental impact metrics. In the last year, we have incorporated some TCFD metrics into our reporting.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Weighted average carbon intensity	<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)	
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Portfolio monitoring	Metric tonnes of GHG emission	
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Portfolio monitoring	Metric tonnes per million of sales (USD)	
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Carbon intensity	<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)	
Exposure to carbon-related assets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identification of high intensity businesses	Metric tonnes per million of sales (USD)	

**SG 14.7
CC**

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	Ongoing (measured quarterly)		Target <50% 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 risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into 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 your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

