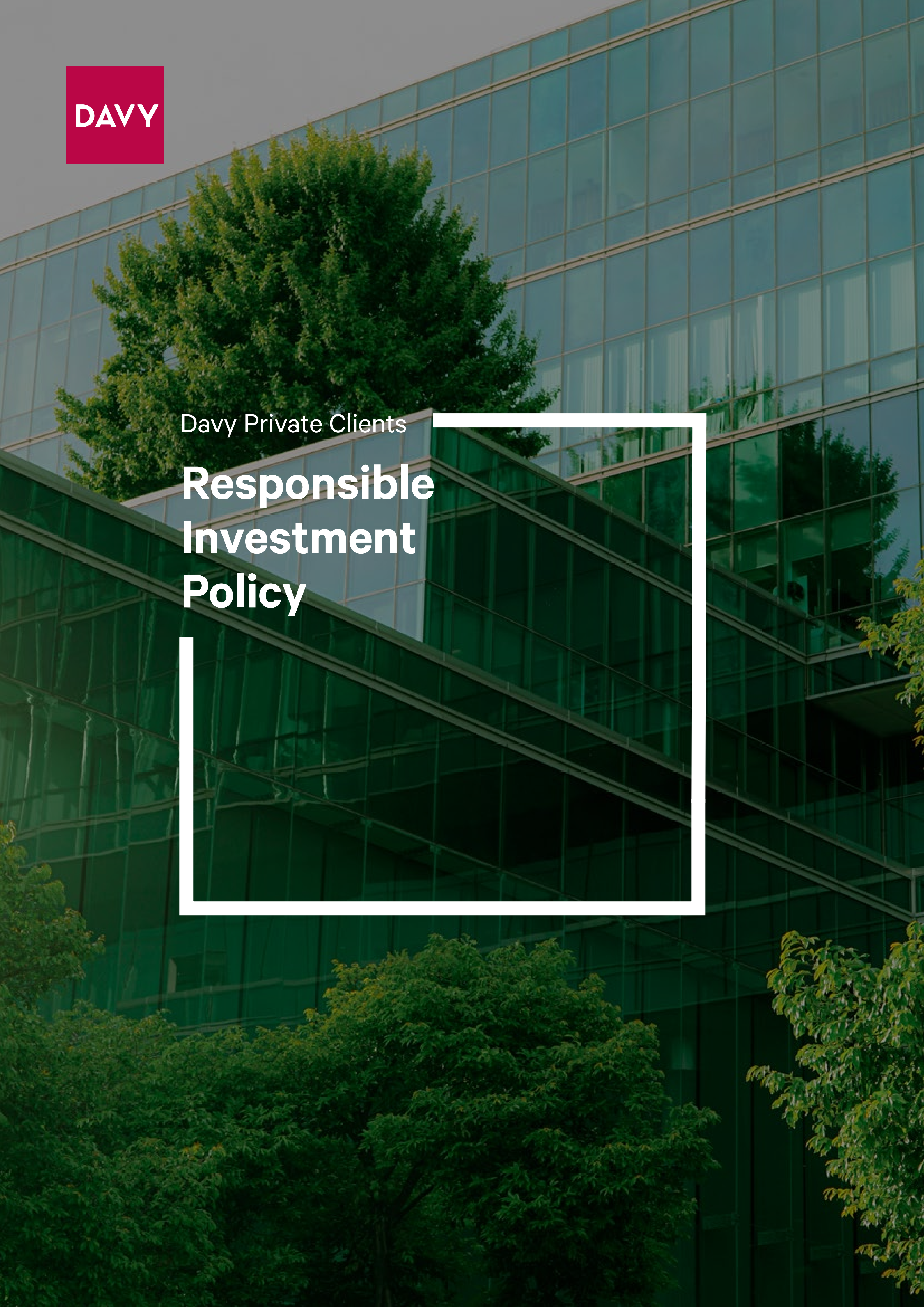

Davy Private Clients

Responsible Investment Policy

Introduction

At Davy, we are committed to supporting global and 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 our client propositions.

Our client proposition includes our investment activities within Davy Private Clients. Our core investment offering consists of diversified multi-asset portfolios that use a range of different assets – equities, bonds, alternatives – aiming to deliver consistent investment returns over the investment cycle. As long-term investors, we believe that environmental, social and governance (ESG) factors can have a material impact on the value of investments, and where relevant we incorporate these impacts into our investment analysis.

In addition to Davy firmwide commitments to a more sustainable and equal society, our focus on responsible investment is influenced by being a signatory to the United Nations supported Principles for Responsible Investment (The PRI) and as a regulated financial market participant within the EU (European Union).

The PRI mission is based on the belief that an economically efficient, sustainable global financial system is a necessity for long-term value creation, and that such a system will reward long-term, responsible investment and benefit the environment and society as a whole. As a signatory to the PRI, Davy Private Clients shares this belief. Our obligations under the EU Sustainable Finance Disclosure Regulation (SFDR) mean Davy Private Clients considers principal adverse impacts of its investment decisions on environmental and social factors.

What is Responsible Investment?

Responsible investment considers ESG factors when making investment decisions and looks to influence companies or assets for good outcomes for all stakeholders (known as active ownership or stewardship). It looks to complement, rather than contradict, traditional investment research and portfolio construction techniques.

Responsible investors can have different objectives. Some focus exclusively on financial returns and consider ESG issues that could impact these. Others aim to generate financial returns and to achieve positive outcomes for people and the planet, while avoiding negative ones.

At Davy Private Clients, our investment research, which underpins our investment offering, will consider ESG issues while our Socially Responsible Investment (SRI) offering, looks to achieve the additional objectives described above.

SRI is the activity that ensures that environmental, social and governance (ESG) factors are considered alongside financial factors during the investment process. It aims to provide good or improving outcomes for all stakeholders, promoting a healthy, safe, clean, and equitable world.

The Purpose and Scope of our Policy

Our responsible investing policy aims to align our approach to investment research and portfolio construction with our desire to contribute to a more sustainable and equal society. This policy covers investments recommended by Davy Private Clients' investment team only and therefore will not cover all client assets. However, through communication and advocacy, we will look to inform all our clients about responsible investment. This communication includes a dedicated sustainability article in each MarketWatch, which is our quarterly investment publication to clients.

Our Investment Approach

We believe that through the integration of ESG factors into our investment process and engaging with the asset managers with whom we invest, we can help advance the discussion and implementation of responsible investing practices. Investment research for our multi asset portfolios is conducted by our investment strategy and investment selection teams.

The role of the investment strategy team is to develop our view on the major economies and markets, and to translate this view into asset allocation recommendations. ESG factors are incorporated at a higher level in our macro analysis, and in forming our asset class views across all portfolios.

Developing a view on economic growth or on an economic variable, like inflation or interest rates, involves considering the factors that influence them, and in the modern environment energy policy and climate change are having an increasing impact on economic outcomes. However, the largest influencer of economic conditions is probably policy, both monetary and fiscal. Social issues are increasingly influencing the decision-making of central banks, and especially of governments, and therefore are considered as we form our macro views.

After an economic assessment, the next stage of the strategy process is to investigate whether financial markets are consistent with macro conditions, and whether there are any implications for asset prices from this outlook. The job is complicated by the fact that the correlation between economic growth and asset returns is very low. What matters more for investors is expectations for growth, asset valuations and risk, and here ESG factors have a significant role to play.

Despite the market fixation on the short term, most asset valuations are based on long horizon assumptions for growth, and the sustainability of a sector and its profitability are key assumptions for these estimates. The higher the uncertainty or threat to future earnings, the lower the valuation an asset class can support, and so the increasing importance of ESG factors means that they are having a larger influence on asset valuations.

For example, as environmental pressures intensify, there are serious questions around the future earnings of sectors such as energy and materials. Or as the transmission between economic and earnings growth is linked to governance, emerging markets and more lightly regulated sectors require extra caution. While natural for SRI investors, we believe that these considerations are relevant for all types of portfolios.

The role of the investment selection team is to conduct due diligence on the instruments in which we invest. The due diligence stage is the part of the process that involves the detailed analytical work. For our active manager investments, a comprehensive due diligence document will be filled out comprising of 80-100 elements to analyse, the number varying depending on the asset class. The elements analysed broadly fall into the four categories below, with some examples of the key areas we look at within each category. Each category includes elements specific to responsible investment.

Firm	■ Is it a stable corporate structure? ■ Do they have a long-term business focus? ■ Is the firm a signatory to the PRI? ■ Is responsible investing as part of the corporate culture?
Team	■ Is the investment team well resourced & experienced? ■ Is there focused decision making with clear accountability? ■ Are there adequate resources allocated to ESG/SRI research?
Philosophy & Process	■ Is there established investment criteria & detailed research process? ■ Is there robust portfolio construction? ■ How are ESG factors integrated into the investment process? ■ How does the investment manager engage with portfolio companies on ESG matters?
Quality of Performance	■ Is there confidence the track record is repeatable? ■ Are the sources of performance consistent with manager objective? ■ Is there a track record of adding alpha by investing in companies with strong or improving ESG profiles?

New investment ideas from both the investment selection and investment strategy teams are presented to and discussed at Investment Committee where the proposal is debated. The Investment Committee must approve or reject the recommendation by majority vote.

Once an investment is approved, it is continuously monitored and will be subject to periodic team review. Should there be any material changes that would change our view on an existing investment, that investment will be brought to the Investment Committee again.

Socially Responsible Investment Offering

For Davy Private Clients' SRI offering, a strong emphasis is put on assessing the ESG integration and engagement elements of an investment fund. This is assessed through our due diligence and monitoring process described above. However, given this is predominantly an internal, qualitative assessment, there are binding elements that Davy Private Clients has committed to with respect to its SRI offering.

The investment managers included in the SRI offering must be a signatory to the PRI. We also look for equity and fixed income funds to, at a minimum, exclude companies involved in the production of tobacco, controversial weapons, thermal coal, and companies that are deemed to be in violation of the United Nations Global Compact with respect to Human Rights, Labour, Environment and Anti-Corruption. Many responsible investment focused funds will have more extensive lists. These criteria would cause investment recommendations from either the strategy or selection teams to be excluded from the SRI offering.

In addition to these investment restrictions, Davy Private Clients undertakes an analysis of indicators which includes the carbon footprint and the exposure of portfolios to fossil fuels as it looks for this offering to have a lower environmental impact that other offerings. We use third party data providers to monitor the ESG profile of the portfolios and underlying investments.

Signatory of: PRI Principles for Responsible Investment

WE SUPPORT UN GLOBAL COMPACT

Active Ownership

As our investment approach employs a multi-manager approach most of our clients' holdings are held via funds. We assess the funds and instruments we invest in and work out an engagement plan to interact on key initiatives that are a focus for the firm.

Our sustainability engagement plan is based on our commitment to being advocates to promote the aims of the PRI. As mentioned above, our SRI offering will only include investment managers that are signatories to the PRI. For our other offerings, where an investment manager is not a signatory to the PRI, we will look to engage with them on their responsible investment approach and encourage membership of the PRI.

As Davy is also a signatory to the United Nations Global Compact, we will also look to understand how an investment manager will assess and monitor any potential breaches in international norms with respect to human rights, labour, governance, and the environment.

Davy has made Sustainability Commitments, which are aligned with the United Nations Sustainable Development Goals (SDG) and given this, we have also included some of these commitments into engagement items that are aligned with Climate Action (SDG #13) and Gender Equality (SDG #5)

Our engagement plan is further informed by our obligations under SFDR.

Governance of Responsible Investment

The activities of the investment team are overseen by the Investment Committee. When a new investment is proposed to the investment committee for inclusion in client portfolios, an ESG assessment is included for consideration.

For our SRI offering, which had its own investment committee, there will be an additional discussion around the sustainability profile of new recommendations and how any portfolio change will affect the sustainability profile of the overall portfolio. Sustainability factors are frequently updated, discussed and monitored. Our investment committees meet monthly. Any changes or additions to this policy will be discussed at Investment Committee.

The Sustainable Executive Committee, which sets the sustainability agenda for the firm, works with the investment team to align our responsible investment strategy with the overall sustainability agenda. In addition, the Principles for Responsible Investment are considered from a risk perspective and incorporated into Davy's Risk Appetite Statement.

Reporting on our Responsible Investment Activities

Our membership of the PRI means that we will report annually on our Responsible Investment efforts. From 2025, this will be a publicly available report and assessment. Under SFDR, Davy publishes a statement on principal adverse impacts of investment decisions on sustainability factors annually.

Our responsible investment policy is aligned with Davy's sustainability commitments, which are published and periodically updated on our website: **https://www.davy.ie/sustainability**

Conflicts of Interest

As a regulated entity, Davy are required to identify, manage and disclose conflicts of interest that arise in the context of providing services to our clients, as well as to establish appropriate criteria for determining the types of conflicts of interest whose existence may give rise to a material risk of damage to the interests of a client, taking appropriate action, including in some cases not proceeding with the activity. Davy entities can perform multiple roles across different entities. Therefore, conflicts should be widely considered, including within and between entities of the Davy Group, between entities and clients, between entities and employees, between employees and clients and between clients. Any actual or potential conflict which may arise must be managed in accordance with our Conflicts of Interest Policy. For more detail, please refer to our Conflicts of Interest Policy.

Appendix

United Nations Sustainable Investment Goals