

## FairPensions' Climate Change Questionnaire 2009

Name of Firm: **Hermes Equity Ownership Services Ltd.**  
 Assets Under Management: £50bn assets under advice

### Section A: Assessment of climate change as an investment issue

1. In your business, how important is climate change as a factor in investment research, decision making and engagement activities with companies?

- a) Very unimportant
- b) Unimportant
- c) Important
- d) Very important

2. With regard to question 1, and compared to 2007, has climate change become:

- a) Less important
- b) Unchanged from 2007
- c) More important

3. As a fund manager, which of these factors do you see as a barrier to incorporation of climate change risks/opportunities into investment analysis and decision making?  
 (please mark any that apply in priority order with 1 as the most significant barrier)

a) lack of demand from clients	2
b) low current carbon price / difficulties in determining material financial impact	3
c) lack of regulatory requirements for investee companies	5
d) poor quality data on GHG emissions disclosed by firms	4
e) lack of regulatory requirements for investors	1
f) other - please specify	

Please comment on barriers to integrating climate change into investment analysis and decision making:

Short duration of investment mandates; Short time horizons of investment managers.

4. As a business, would you welcome regulatory requirements on investee companies to report GHG emissions?

- a) Yes
- b) No

5. As a business, would you welcome regulatory requirements on investee companies to reduce GHG emissions?

- a) Yes
- b) No

6. Do you (directly or through any collaborative initiatives) engage with government regarding regulation for companies and investors concerning GHG emission measurement, reporting and reduction responsibilities?

a) Yes

Please specify if via membership of any collaborative initiatives:

IIGCC; UNPRI

b) No

Please comment on your firm's stance on the regulatory framework for companies:

Should be more robust and consistent within sectors.

7. As a business, would you welcome stock exchange listing rules which require companies to disclose on a comparable basis climate change related risks?

a) Yes

b) No

Please comment on the relevance of listing requirements to achieving useful disclosure?

A good place for this, but needs to recognise diversity of activities, exposures and impacts.

## **Section B: Use of climate change data**

1. Does your firm request climate change related information (including data on emissions) from investee companies?

a) In no sectors

b) In a minority of sectors you invest in

c) In a majority of sectors you invest in

d) In all sectors

Please comment on which sectors and why:

We focus on those sectors with the most exposure and material impact, such as extractive industries.

2. As a business, do you factor climate change related risks and opportunities into analysis and investment decisions?

a) In no sectors

b) In a minority of sectors you invest in

c) In a majority of sectors you invest in

d) In all sectors

Please comment on which sectors and why:

We focus on those sectors with the most exposure and material impact, such as extractive industries.

**3. Are you currently making use of climate change related data provided by companies (including data on emissions) in investment decision making?**

- a) In no companies
- b) In a minority of companies where data is available
- c) In a majority of companies where data is available
- d) In all companies where data is available

Please comment on your use of climate change information from investee companies:

We focus on those sectors with the most exposure and material impact, such as extractive industries.

**4. In the last 2 years, have climate change related factors affected investment allocations at your firm (n.b. excluding specialist SRI / Environmentally focused funds)?**

- a) In no sectors
- b) In a minority of sectors you invest in
- c) In a majority of sectors you invest in
- d) In all sectors

Please comment on why climate change does or does not affect investment allocations:

It affects investment allocations because it is financially material.

### **Section C: Engagement on climate change issues**

**1. As a business, do you engage (via written or face-to-face communication) with investee companies to ensure that they address climate change related risks and opportunities effectively?**

- a) with no companies
- b) with a minority of companies you invest in
- c) with a majority of companies you invest in
- d) with all companies you invest in

Please comment on why you engage or do not engage with companies to address climate change related risks/opportunities, and if relevant how you undertake engagement:

We focus on those companies and sectors with the most exposure and material impact, such as extractive industries. Engagement is undertaken in direct face to face meetings with the board members and senior management of investee companies.

**2. Where engagement occurs, which of the following do you seek to have in place at investee companies?**

i) Named board member / senior executive responsible for addressing climate change risks/opportunities

- a) Yes
- b) No

ii) Company measures its GHG emissions and discloses to shareholders

- a) Yes
- b) No

iii) Company has an action plan with targets to reduce GHG emissions over a specified timetable

- a) Yes
- b) No

  

iv) Other - Please specify

Please comment on the purpose of climate change related engagement with companies:

To raise the value of those companies and promote their sustainability to the benefit of our clients.

## **Section D: Reporting**

**1. As a business, do you report on action taken (including engagement with companies) to reduce portfolio risks and enhance opportunities arising from climate change?**

- a) no reporting
- b) to clients who request it
- c) to all clients
- d) publicly on a website

  
  
  

Please comment on your policy for reporting action to reduce climate change risk and enhance opportunity:

**Please return the completed questionnaire by Friday 12<sup>th</sup> June 2009 to:**

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