

## FairPensions' Climate Change Questionnaire 2009

Name of Firm: **Jupiter Asset Management**  
Assets Under Management: £16.3bn as at 31/12/08

**NB: Jupiter Asset Management were happy to give permission for Sections B, C and D of their survey response to be published online. They would prefer for their response to Section A not to be published.**

### 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:

Jupiter has been a signatory to the Carbon Disclosure Project since its inception.

In addition, this year Jupiter has written to all UK companies in which it is invested, that either do not report or which provide inadequate disclosure.

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
- e) In an increasing number of sectors we invest in

Please comment on which sectors and why:

The global context for business is changing - there is now wide acceptance that dealing with, for example, climate change is about economic self-interest at every level. We are convinced that the transition from a high-carbon to low-carbon economy will be one of the primary drivers of industrial and economic development for the coming decades.

We believe our sustainability analysis provides Jupiter with a more comprehensive understanding of a company. Our research provides insight into how a company approaches its environmental and governance responsibilities and whether it is thinking strategically about long-term risks and opportunities. This underpins our belief that companies managing both sustainability risks and opportunities operate the most sustainable businesses and so will also make the best investments over the long term.

**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
- e) In an increasing number of companies where data is available

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

We have found that sell side analysts are beginning to use GHG emissions data as part of their analysis of companies.

This data needs to be looked at in the context of a changing regulatory environment

**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
- e) In sectors which have a focus on providing environmental/climate change solutions

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

**Opportunities:** a number of our fund managers have been investing in companies which are providing environmental/climate change related opportunities.

**Risks:** This has been difficult to do due to lack of relevant data sets available throughout this period. We believe that this is set to change.

**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
- e) core holdings

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:

For Jupiter the most effective way of implementing our engagement policy on behalf of clients is to focus on those companies in which we have a meaningful shareholding.

Our engagement focuses on promoting environmental sustainability, including climate change related risks and opportunities where we consider that this is either aligned with the improvement of financial performance or risk management.

## Extract from Engagement Report - period 1<sup>st</sup> July-31<sup>st</sup> December 2008

Amid a very difficult period for the global economy, tackling climate change is being viewed as a potential way to create jobs and stimulate economic growth. This comes at a time when the US is taking a much greater role in addressing environmental issues.

The election of President Barack Obama has marked a sea-change in US federal government attitudes and policy towards climate change. His green policies, such as those featured in the US\$787bn American Recovery and Reinvestment Act, are expected to create long term growth opportunities for businesses at the forefront of the transition to a green economy. They are also expected to lead to the creation of green collar jobs - potentially half a million.

In the UK, meanwhile, some 400,000 jobs could be created through a government push towards a low carbon economy. In March 2009, the government published 'Low Carbon Industrial Strategy: A vision' which outlined how it envisaged the UK would meet its objective of reducing carbon emissions by 80% by 2050. According to the report, this target will be achieved by radically transforming the industrial landscape, as well as our work and consumption patterns. For the government, such a transformation is 'an environmental and economic imperative' as well as an 'economic opportunity'.<sup>1</sup>

### Our engagement

We believe that engagement with companies we invest in is an important part of our fiduciary duties and responsible ownership, and climate change remains a key focus of our discussions. Not only is it good for the planet, but is good for the long term sustainability of investment performance.

The following demonstrates some of the ways companies in which we invest are addressing this issue. In the six month period, we held over 90 meetings with companies from a range of sectors. One of the core themes in our discussions has been how companies are progressing with green initiatives in a challenging economic environment.

We invited Sir David King and CEOs of some of the UK's largest companies, from the energy, mining and retail sectors, to discuss corporate decarbonising during the downturn. Writing about the meeting in The Observer, Sir David summarised the mood in this way: "Almost as one, they spoke of the need for governments to take action to reverse global warming and for the carbon to be taken out of the world economy."<sup>2</sup> We remain encouraged by the level of corporate support for tougher climate change policy, particularly given the breadth of the UK economy covered by these businesses.

We engaged with several mining companies during the period on such issues as energy conservation, waste management and corporate responsibility. We believe it is important to understand the attitudes of these companies towards issues such as climate change and social responsibility, particularly as emerging legislation has the potential to increase their operating costs dramatically.

Overall, we have noticed a positive shift in attitudes among mining companies in recent years towards environmental and social governance (ESG). The International Council on Mining & Metals (ICMM) announced in February 2009 that its members have "reaffirmed their ongoing commitment to the sustainable development agenda" in spite of the sharp falls in commodity prices.<sup>3</sup> ICMM members include **Anglo American, BHP Billiton and Rio Tinto.**

In the six months under review, we met with Xstrata to examine how its ESG strategy and auditing process has evolved over the last six years and how this has been used to monitor and improve operational performance. We spoke with **International Ferro Metals** about the measures it has taken to conserve energy, including the installation of a waste gas facility to generate power. Finally, we engaged with **Anglo American** on a number of issues. These included employee welfare in Zimbabwe, its involvement in the Extractive Industries Transparency Initiative (EITI) which promotes social responsibility, and its HIV anti-retroviral programme.

### Sustainability spotlight

In October 2008, Jupiter became a signatory to the United Nations (UN) **Principles for Responsible Investment**<sup>4</sup>, which we believe are aligned with our policy and approach to engaging with companies on

their environmental, social and governance risks. The Principles were set down by the UN in 2006, as a voluntary code for pension schemes and asset managers to adhere to when considering where to invest.

As nations prepared for the UN Conference on Climate Change 2008, which was held in December in Poznan, Jupiter became a signatory to two separate initiatives, the **Investor Statement on a Global Agreement on Climate Change**<sup>5</sup> and the **'Poznan Communiqué on Climate Change'**<sup>6</sup>.

The **Investor Statement on a Global Agreement on Climate Change** was produced by international investor groups and involved over 130 global investment institutions with assets exceeding US\$6trillion. The statement concludes that clear, credible long-term policy signals are critical for investors to integrate climate change considerations into their decision making processes and to support investment flows into a low-carbon economy and into measures for adaptation.

The **Poznan Communiqué**, initiated by the Prince of Wales's UK and EU Corporate Leaders Group on Climate Change, calls on world leaders to establish a pathway towards long-term reductions in global emissions. The Communiqué, supported by the business leaders of over 140 global companies, sets out what they believe should be the key elements of an international deal on climate change.

1 'Low Carbon Industrial Strategy: A vision; [www.hmg.gov.uk/lowcarbon](http://www.hmg.gov.uk/lowcarbon)

2 David King in The Observer, 13.07.08, p.29

3 <http://www.icmm.com/page/12302/news-and-events/news/articles/icmm-releases-its-2008-annual-review-embracing-change>

4 <http://www.unpri.org>

5 <http://www.iigcc.org>

6 <http://www.poznancommuniqué.com/>

## 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 - This will depend on the company's activities and which sector it operates in

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

Our engagement varies company by company and sector by sector. This will depend how a changing climate will most impact a business: it could be due to a changing regulatory environment, risks in the supply chain, the physical risks due to climate change.

## **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:

Our six monthly engagement reports can be found on our website.

<http://www.jupiteronline.co.uk/ApplicationFiles/GetFile.pdf?docId=701>

Institutional clients receive more detailed engagement reports on six monthly basis.

Retail clients are made aware of our engagement reports and how to get hold of one.

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

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