

FairPensions' Climate Change Questionnaire

Name of Firm: **Newton Investment Management Ltd.**

Assets Under Management: £35bn (end 2008)

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	
b) low current carbon price / difficulties in determining material financial impact	X
c) lack of regulatory requirements for investee companies	
d) poor quality data on GHG emissions disclosed by firms	
e) lack of regulatory requirements for investors	
f) other - please specify - lack of comparable data, targets not always specific	

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

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:

Newton has participated in the government stakeholder workshop on voluntary guidance for measuring and reporting GHG emissions.

b) No

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

Companies should be encouraged to report GHG emission data on a "comply or explain" basis. Reporting guidance should remain flexible to account for the broad range of sectors, and the differences within each sector.

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?

Newton believes a "comply or explain" approach best served to achieve change in the entities in which it invests. Newton would welcome investee companies reporting on this basis on how they are managing GHG emissions within the business. Mandatory rules and requirements may create a box-ticking exercise which could prevent the clear identification of a best-in-class approached taken by companies.

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:

Where this is relevant and where the information is not already in the public domain (e.g. CDP).

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:

Climate change legislation affects all sectors and all companies to a lesser or greater degree. The degree to which this particular issue is factored into analysis will be dependent on level of risk to the business.

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:

Newton is able to request climate related information from all the companies in which it invests. The degree to which this is then used will vary for the same reasons as in previous answers.

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

ANSWER N/A

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

This question is impossible to answer. Investment decisions are made using a variety of factors in order to meet the risk/reward requirements of individual clients. There is no doubt the issue of climate change will have been considered over the past 2 years, however it is unlikely that a single reason will be used to decide investment allocations.

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:

Newton engages with all the companies in which it invests on a range of financial, environmental and social issues. Climate change issues do form part of engagement activities where relevant. The depth of engagement will depend on a number of factors such as risk to the business, CDP membership, public levels of disclosure, carbon intensity of the business, prior engagement, size of company and size of holding in the company.

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 - where relevant
b) No

ii) Company measures its GHG emissions and discloses to shareholders

- a) Yes - where possible
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:

Climate change related engagement focuses on the material risk to business of increased legislation, changing weather patterns, public perceptions, reputational issues and other risks linked to carbon emissions management.

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:

Newton's engagement on all environmental, social and governance risks (including climate related engagement) is reported quarterly in the responsible investment reports and focus reports. These can be found at:

http://www.newton.co.uk/core/resources/responsible_investment/responsible_investment.html

Please return the completed questionnaire by Friday 12th June 2009 to:

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