

FairPensions' Climate Change Questionnaire 2009

Name of Firm: **RCM (Allianz Global Investors)**

Assets Under Management:

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

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

When climate change becomes a material, financial risk (due to internalising the cost of CO2 emission), then investors will be forced to integrate climate change into analysis. At present, it is definitely on the longer-term radar at RCM and leading management of climate change can be viewed as a proxy for good management generally, but the mis-match between short-term investment horizons and the long-term risk of climate change remains a key barrier.

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:

PRI: - signatories to the Principles for Responsible Investment

DVFA Committee on Non-Financials: - identifying RPIs on material, non-financial issues

Carbon Disclosure Project: - RCM was the first Allianz entity to sign up. Now report within Allianz figures.

- b) No

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

Until investment performance is measured over a longer timeframe, the regulatory framework for companies will be key. Without a clear cost for carbon to encourage reduction, there will be little impact on the investment case for any business. Measurement, reporting and targeting reduction are all nice to have and do suggest good management that is leading the business for long-term growth, but they will have little impact on asset management unless they can be translated into potential revenue growth and/or cost cutting.

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?

See above - an outlook on risk is nice to have, but it makes no difference for short-term investment decision making if that risk is unlikely to be realised within the necessary timeframe.

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:

Utilities, those industrial companies covered by the ETS e.g. cement, airlines and autos. These are the sectors where there is or there will imminently be a price for carbon and therefore a cost associated with emission levels above legal allocations.

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:

See above.

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:

Climate change information is used to calculate the potential impact of the carbon price in sectors regulated by the European ETS.

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:

See above.

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 engage with companies on climate change risk to better understand their strategy for dealing with existing and/or future regulation that might bring a cost for carbon and therefore an impact on the bottom line.

We engage with companies on climate change opportunities where they are providing products and services that are responding to the challenge of reducing emissions and these products and services are material to revenue growth.

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:

Please note the 'requirements' listed above are not essential to the investment decision-making process. We do look for them, but just because a company does not have a GHG action plan, doesn't mean we wouldn't make an investment. Engagement on climate change helps to better understand how to estimate a company's future earnings, but it is one of a number of indicators an analyst or portfolio manager must consider.

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:

NB: Please note all responses relate to our mainstream investment portfolios. RCM also manages a Global Sustainability Fund and a Global Eco Trends Fund which look more specifically at climate change-related performance and analyse companies in a slightly different way.

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

The Research Team
FairPensions
Trowbray House
108 Weston Street
London SE1 3QB