

FairPensions' Climate Change Questionnaire 2009

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

Assets Under Management: £103.1bn (March 2009)

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	x
d) poor quality data on GHG emissions disclosed by firms	
e) lack of regulatory requirements for investors	
f) other - please specify	

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

Integrating the risks and opportunities presented by climate change will vary by sector. Renewable energy companies are likely to benefit from efforts to mitigate emissions and many of these companies are now listed on mainstream indices. These are specialist areas though and this question appears to be focusing on more traditional sectors. Some sectors are covered by emissions trading schemes which will mean that financial analysts will have to integrate a consideration of a company's carbon exposure due to the fact that carbon has a price. However this is only really having an impact in Europe on large emitters (e.g. utility companies and refineries), but there are plans for other emissions trading schemes around the world (which will also be more extensive in the sectors they cover). As this happens analysts will naturally integrate a consideration of a company's financial exposure to these schemes into their considerations. Though it is important to mention that other form of legislation (e.g. building efficiencies or CO2 emissions from cars) will grow in there relevance to stock selection and valuation. Once legislation is in place then this will influence analysts and fund managers views on a company.

If talking about the long term implications of climate change (e.g. changing weather patterns, rising sea levels) it is very difficult to predict how, when or the extent that these impacts will take and hence challenging to integrate into analysis and decision making.

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

a) Yes (definitely in high emitting sectors)
b) No

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

a) Yes
b) No

As a business we analyse the implications of climate change regulations on the businesses we invest in. We would welcome mid-term and long-term targets to be set at the political level so we would have greater clarity of the potential impacts these targets may have on different sectors.

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:

We are a founding member of the Institutional Investor group on Climate Change which has a public policy work-stream, that has written several investor statements (e.g. the Investor Statement on Climate Change for the Poznan conference on climate change) which have been communicated to governments.

We have also been signatories to the Prince of Wales Business Leaders communiqué on Climate Change for both the Bali and Poznan conferences; as well as providing feedback to UK government queries on climate change reporting.

b) No

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

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?

Any relevant information that can enhance our analysis and understanding of a company and the risks and opportunities it is exposed as well as how it is managing them is welcome.

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 are a signatory and advisor to the Carbon Disclosure Project which asks the world's largest companies to disclose their green house gas emissions as well as the risks and opportunities that climate change presents to their businesses.

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:

Mostly in sectors where legislation regarding climate change has been implemented already (e.g. utilities and autos) or is likely to be implemented (aviation).

However we also have a Global Climate Change fund which invests in companies that will realise business benefits from efforts to mitigate global greenhouse gas emissions and adapt to a changing climate.

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:

Please see the answer to question 2.

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:

Mostly in sectors where legislation regarding climate change has been implemented already (e.g. utilities and autos) or is likely to be implemented (aviation).

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:

Where relevant, we engage with companies to either improve our understanding of the companies ability to manage risks and opportunities presented by climate change, or to encourage improvements in its policies/performances/disclosure which will enable us to have a better idea of how it is managing risks and opportunities or will decrease risk to shareholder value.

As mentioned previously we are signatories to the Carbon Disclosure Project and members of the IIGCC (which has produced frameworks for GHG disclosure in the Autos and Utilities sector).

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 - if of significant relevance to a company
- b) No

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

- a) Yes - though again, only if climate change presents material risks/opportunities to a company
- b) No

iv) Other - Please specify

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

We engage with companies to either improve our understanding of a company's' ability to manage risks and opportunities presented by climate change, or to encourage improvements in its policies/performances/disclosure which will enable us to have a better idea of how it is managing risks and opportunities or will decrease risk to shareholder value.

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:

We provide quarterly and annual reports on our responsible investment activities which would include reference to climate change related activities where these have occurred.

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

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