

## FairPensions' Climate Change Questionnaire 2009

Name of Firm: **Threadneedle Asset Management Ltd.**

Assets Under Management: £50 bn (Dec 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	2
b) low current carbon price / difficulties in determining material financial impact	1
c) lack of regulatory requirements for investee companies	4
d) poor quality data on GHG emissions disclosed by firms	3
e) lack of regulatory requirements for investors	
f) other - please specify; lack of clarity of regulations / solid framework	

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

- Difficult to break traditional investment practices
- With an increase in clarity around climate change policies we believe there will be less barriers

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

We see a benefit from both regulatory and market based instruments. Not comfortable to pick either or in this instance

**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:

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?

A few insightful KPI's are useful. A standard set allows us to compare.

## **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:

- Important sectors are: oil and gas, electricity, utilities chemicals etc
- we are signatories to the CDP which means that we support a high level of reporting across industries
- we encourage clear and transparent information
- we appreciate the fact that climate change has different material risks across 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:

- sectors where there is not a material risk linked to climate change we may not include it in the analysis and investment decision
- we do believe however that it is a macro theme

**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 analyse what type and the extent to which companies report on CC data, particularly where it is material.
- we also use ESG ratings and brokers

**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:

- climate change has indirectly affected all sectors as a macro theme view but concrete cases of investment/divestment has been concentrated around oil and gas and utilities sectors.

**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:

- as a key ESG issue we regards this area as one of the most important engagement issues
- there is an increasing financial case for addressing climate change from a company standpoint.
- We work with PRI (clearing house), in-house company meetings, conferences, group meetings (brokers) and investment forums

**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

depends on company.

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:

## **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 policy is disclosed publicly but have yet to take steps for disclosure on votes beyond clients. We are currently looking into this and hope to have an action plan over the next quarters.

**Other comment:** we found some of the questions difficult to answer because they are industry specific. We have tried to make a balanced judgement but please feel free to contact us if anything is unclear.

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

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