



# CLIMATE TRANSPARENCY REPORT 2020

First Sentier Investors (including First State Investments)

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-84A12CE0-A224-42AC-8D12-DDAD064630AA/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	First Sentier Investors (including First State Investments)
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ > 50 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Internally Managed
<b>Signed PRI Initiative</b>	2007
<b>Region</b>	Oceania
<b>Country</b>	Australia
<b>Disclosure of Voluntary Indicators</b>	100% from 38 Voluntary indicators

# First Sentier Investors (including First State Investments)

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01.6	Additional information [Optional].
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Further information and policies can be found on our public website  
<https://www.firststateinvestments.com/global/responsible-investment/responsible-investment-reports-and-policies.html>

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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We understand Climate Change will impact different assets in different ways, both in relation to their contribution to climate change in the form of greenhouse gas emissions, but also their exposure to changes occurring in the physical environment, this is taken into account in investment decisions. Climate change considerations have been incorporated into the organisational and investment governance structures. Climate change and Stranded Assets working groups have been set up with a reach across all investment teams to put additional focus on these specific areas of risk and opportunity.

Management of climate change related risk is incorporated into our broader responsible investment strategy. The governance structures and strategy we have in place have been designed so that they are flexible enough to cater to the needs of our diverse organisation while remaining clear and practical. Given the diversity of our investment capabilities and consequently the range of risks and opportunities posed by climate change, we believe this integrated approach is more effective than a stand-alone strategy.

With climate change as a key consideration in the investment process, our active managers look to invest in companies that are actively taking steps to solve the climate change problem, or at least recognise and are adapting to the risks and opportunities posed by it.

Reports and policies can be found on the following URL:  
<https://www.firststateinvestments.com/global/responsible-investment/responsible-investment-reports-and-policies.html>. Our Climate Change Statement is available at the following URL:  
<https://www.firststateinvestments.com/global/responsible-investment/responsible-investment-and-climate-change.html>. Each investment team has also provided a climate change statement in their team profile on this website so that the way they consider climate change and related issues for their specific investment strategies is clear to clients and other stakeholders.

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

In general, our investment teams take a long term approach to risk, often maintaining an interest in an investee company or country for over a decade, therefore the consideration of very long term (>10 year) risks is integral to our investment process.

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Climate change has been considered and incorporated as an investment risk, including in relation to product strategy.

As a strategic response in 2015, a Climate Change working group was formed (joining the existing Stranded Assets Working Group) as a sub group of the Global ESG Committee. The group was charged with developing guidance for all investment teams on the integration and management of climate change risks and opportunities. The output has been integrated into organisation-wide governance structures and broader responsible investment strategy. Given the diversity of our investment capabilities and consequently the range of risks and opportunities posed by climate change, we believe this integrated approach is more effective than a stand-alone strategy. The key elements of our Responsible Investment Strategy which are directly related to climate change are:

- Integration of carbon and other climate related data into our systems and reporting processes including portfolio assessments for climate change risks.
- Actively engaging with our clients to ensure we can anticipate and meet their needs now and into the future.
- Including climate change as part of our training program for example by inviting in external experts to present and engage with our investment teams.
- Improved disclosure of climate change as a material business and investment issue.
- Continued support of the IGCC and other industry bodies who are working on climate change.

Climate change, and in particular the carbon exposure of portfolios, was raised at the Global Investment Committee in March 2016. In December 2016 we appointed MCSI to provide carbon and related data which we are now regularly reporting to the committee and also publicly. The Global Investment Committee is responsible for monitoring the risk and performance of all investment capabilities across our global business and meets quarterly. The committee is chaired by the CEO and includes the Chief Investment officers of each asset class and the Global Head of RI.

We have prepared our climate change disclosures to align as much as practicable with the TCFD and The Global Investor Coalition on Climate Change - Guide to Investor Disclosure.

In addition each investment team is required to provide a climate change statement in their team profile on our public website so that the way they consider climate related risk in their specific investment strategies is clear to clients and other stakeholders.

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Company website: <https://www.firststateinvestments.com/global/responsible-investment/responsible-investment-and-climate-change.html>

- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues



#### Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Other role, specify (1)

##### RI Representative per investment team

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6**  
**CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Board members are provided with information on investment risks from our investment assurance team prior to every board meeting. These risks include ESG risks including those relating to climate change. The information available to the board members includes an overview of the carbon exposure of all FSI's equity funds compared to their respective benchmarks. Non Executive board members of the UK business are regularly invited to attend ESG and climate related training and education sessions. In addition, board members comprise an important target segment of the businesses RI Learning and Development plan which was agreed in Q4 2019.

FSI believe that Non Executive board members at Holding Co and Fund Board levels should have an understanding and an awareness of how climate related (and ESG) issues comprise sources of risk and return and therefore directly influence the long term performance of FSI's investment strategies and overall business.

**SG 07.7**  
**CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

#### **ESG Impacts Committee - Climate Change Working Group**

In late 2015 a climate change working group was established as a subgroup of the ESG committee. The group includes members from a cross section of our investment teams. The group is charged with developing guidance for all investment teams on the integration and management of climate change risks and opportunities.

#### **ESG Committee - Stranded Assets Working Group (Completed)**

In late 2013 we established a stranded assets working group which like the climate change working group comprised a cross section of investment teams to develop guidance. The group developed guidance which we described in our 2015 responsible investment and stewardship report.

## Responsible Investment (RI) Specialists

The RI team helps support investment teams in a number of ways as it relates to climate change. The team also distributes research, provides advice and engages with clients and the industry on climate change related issues and feed these back into the organisation through the teams. The team also leads our work with industry groups and other stakeholders on climate change related activities. We are active members of the Investor Group on Climate Change (IGCC) among others. The IGCC conduct national and international policy advocacy, investor engagement and education, and outreach to other important stakeholders.

### ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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#### SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

We have trialled and continue to support the Cambridge ILG Impact Framework which models a portfolios 3 environmental and 3 social impacts which can be mapped back to the SDG's.

- Yes, in order to assess future climate-related risks and opportunities

Describe

We have started to test climate scenario analysis vendors and have completed a test review of one portfolio. We have trialled and continue to support the Cambridge ILG Impact Framework which includes climate stability as a future portfolio impact.

- No, our organisation does not currently carry out scenario analysis and/or modelling

#### SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

ESG issues are considered in all active management processes

- We do not consider ESG issues in strategic asset allocation

#### SG 13.3

Additional information. [OPTIONAL]

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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Initial assessment

	Describe
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We are reviewing scenario analysis vendors and have completed a test of one portfolio and are awaiting results of assessments on 2 further equity portfolios.

Incorporation into investment analysis

	Describe
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Scenario analysis will be reviewed annually as part of our investment risk assurance activities with oversight from the Global Investment Committee. This will become a formal part of the businesses governance and oversight process.

Inform active ownership

	Describe
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This work will feed directly into our engagement with companies.

Other

SG 13.5 CC	Indicate who uses this analysis.
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Board members, trustees, C-level roles, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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Yes

No

	Please explain the rationale
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Individual teams are each responsible for their own investment strategies. At a company level, guidance is provided by the RI team, but no overarching evaluation of climate-related risk beyond the investment time horizon has been completed.

For most of the active management teams, risks and opportunities are considered at asset level over an extended time horizon, typically ten years or more.

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> 2 degrees C
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Systematic tax avoidance, long term impacts of plastic pollution

- Other, specify(2)

other description (2)

Transition and rates of change to a low carbon economy in the listed infrastructure sectors

- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

	other description
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Company engagement.  
 Climate change working group and internal investment team guidance.

None of the above

<b>SG 14.5</b>	Additional information [Optional]
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Information on approach to climate change is provided in our RI Report: <http://ri.firststateinvestments.com/our-approach/featured-content/climate-change/>

Information on our views regarding the limitations of carbon footprinting methodologies is provided in our RI Report: <http://ri.firststateinvestments.com/2016/improving-our-climate-risk-reporting.htm>

Investment team specific statements and footprints are available in our RI report: <https://www.firststateinvestments.com/uk/en/intermediary/about-us/responsible-investment/responsible-investment-reports-and-policies.html>

<b>SG 14 CC</b>	Voluntary	Public		<b>General</b>
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<b>SG 14.6 CC</b>	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, governance	CO2e / \$M revenue	Weighted average
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, engagement opportunity		
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, engagement		
<b>Total carbon emissions</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, engagement		
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, engagement opportunity identification.	CO2e / \$M revenue	
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment	Av number of fossil fuel co per portfolio	
<b>Other emissions metrics</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk assessment, engagement opportunity identification.		

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

Ⓞ Processes for climate-related risks are integrated into overall risk management



Please describe

Climate risk exposures are reported to our Global Investment Committee (investment assurance)

Processes for climate-related risks are not integrated into overall risk management

**SG 14.9 CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

Yes

Please describe

Individual teams including the unlisted infrastructure team encourage TCFD adoption through direct company engagement and governance activity.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

10.4

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology
- Renewable energy

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

10

- Cash
- Other (1)

Brief description and measures of investment

A number of our listed equities teams (including but not limited to the Global Listed Infrastructure team and Stewart Investors) as well as our direct infrastructure team, invest in companies that derive revenue from renewable energy infrastructure and supporting products and services.

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Infrastructure

Percentage of AUM (+/-5%) per asset class invested in the area

5

- Cash
- Other (1)

Brief description and measures of investment

Our Unlisted Infrastructure team owns Anglian Water in the UK along with water utility and technology assets in Australia. Equity teams have exposure to a range of water utilities and technology companies.

Other area, specify

Our Stewart Investors team offers a range of sustainability funds with a focus on sustainable development as a key driver of long term investment performance.

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

15

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

Our Stewart Investors team offers a range of sustainability funds with a focus on sustainable development as a key driver of long term investment performance.

No